

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 EXEMPTION AND OTHER TAX MATTERS" herein.

For further information concerning federal and state tax matters relating to the Bonds, see "Tax Exemption" herein.

\$48,505,000
West Chester Area School District
(Chester and Delaware Counties, Pennsylvania)
Consisting of:
\$30,305,000 General Obligation Bonds, Series of 2025
\$18,200,000 General Obligation Bonds, Series A of 2025

Bonds Dated: Date of Delivery

Interest Due: May 15 and November 15

Principal Due: May 15, as shown on inside cover

First Interest Payment: November 15, 2025

The Bonds described herein are in the combined, aggregate principal amount of \$48,505,000 and consist of two series, the \$30,305,000 General Obligation Bonds, Series of 2025 (the "2025 Bonds"), and the \$18,200,000 General Obligation Bonds, Series A of 2025 (the "2025A Bonds"). The 2025 Bonds and 2025A Bonds are sometimes collectively referred to as 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 paper Bond certificates. 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 November 15, 2025 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 consisting of portions of Chester and Delaware Counties, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted in a Resolution adopted by the Board of the School District on March 24, 2025 (the "Resolution"), that authorized and secures the Bonds, 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 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 2025 Bonds are subject to optional redemption prior to maturity, as described herein.

The 2025A Bonds are not subject to optional redemption prior to maturity.

Proceeds of the 2025 Bonds will be used to: (1) plan, design, acquire and construct alterations and improvements to elementary schools, and other buildings and facilities, and (2) pay the allocable issuance costs of the 2025 Bonds.

Proceeds of the 2025A Bonds will be used to: (1) currently refund a portion of the School District's outstanding General Obligation Bonds, Series AA of 2014, and (2) pay the allocable issuance costs of the 2025A 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 May 8, 2025.

BAIRD

\$48,505,000

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

\$30,305,000 General Obligation Bonds, Series of 2025

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: November 15, 2025
Form: DTC Book-Entry Only

2025 BOND MATURITY SCHEDULE:

| Maturity Date | | | | | |
|----------------------|------------------|-----------------|-------------------------|-------------------------|----------------------------|
| (May 15) | Principal | Interest | Initial Offering | Initial Offering | |
| Year | Amounts | Rates | Yields | Prices | CUSIP⁽¹⁾ |
| 2026 | \$5,000 | 5.000% | 3.000% | 101.992% | 9520307R9 |
| 2027 | 5,000 | 5.000 | 3.050 | 103.790 | 9520307S7 |
| 2028 | 5,000 | 5.000 | 3.100 | 105.435 | 9520307T5 |
| 2029 | 5,000 | 5.000 | 3.150 | 106.932 | 9520307U2 |
| 2030 | 5,000 | 5.000 | 3.200 | 108.285 | 9520307V0 |
| 2031 | 5,000 | 5.000 | 3.250 | 109.497 | 9520307W8 |
| 2032 | 5,000 | 5.000 | 3.290 | 110.639 | 9520307X6 |
| 2033 | 1,655,000 | 4.000 | 3.330* | 104.162* | 9520307Y4 |
| 2034 | 1,720,000 | 4.000 | 3.410* | 103.654* | 9520307Z1 |
| 2035 | 1,790,000 | 4.000 | 3.500* | 103.087* | 9520308A5 |
| 2036 | 1,860,000 | 4.000 | 3.570* | 102.648* | 9520308B3 |
| 2037 | 1,935,000 | 4.000 | 3.640* | 102.211* | 9520308C1 |
| 2038 | 2,010,000 | 4.000 | 3.700* | 101.839* | 9520308D9 |
| 2039 | 2,090,000 | 4.000 | 3.780* | 101.344* | 9520308E7 |
| 2040 | 2,175,000 | 4.000 | 3.890* | 100.669* | 9520308F4 |
| 2041 | 2,265,000 | 4.000 | 4.000 | 100.000 | 9520308G2 |
| 2042 | 2,355,000 | 4.000 | 4.060 | 99.267 | 9520308H0 |
| 2043 | 2,445,000 | 4.125 | 4.125 | 100.000 | 9520308J6 |
| 2044 | 2,550,000 | 4.125 | 4.190 | 99.152 | 9520308K3 |
| 2045 | 2,655,000 | 4.250 | 4.250 | 100.00 | 9520308L1 |
| 2046 | 2,765,000 | 4.250 | 4.300 | 99.311 | 9520308M9 |

⁽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.

*Priced/Yield to Optional Redemption Date of May 15, 2032

\$18,200,000 General Obligation Bonds, Series A of 2025

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: November 15, 2025

Form: DTC Book-Entry Only

2025A BOND MATURITY SCHEDULE:

| Maturity Date | | | | | |
|----------------------|------------------|-----------------|-------------------------|-------------------------|----------------------------|
| (May 15) | Principal | Interest | Initial Offering | Initial Offering | |
| Year | Amounts | Rates | Yields | Prices | CUSIP⁽¹⁾ |
| 2026 | \$5,000 | 5.000% | 2.680% | 102.317% | 9520308N7 |
| 2027 | 18,195,000 | 5.000 | 2.680 | 104.530 | 9520308P2 |

⁽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.

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

BOARD OF SCHOOL DIRECTORS

| | |
|--------------------|----------------------|
| Karen Fleming | President |
| Gary Bevilacqua | Vice President |
| Alex Christy | Member |
| Dr. Laura Detre | Member |
| Daryl Durnell | Member |
| Katy Frey | Member |
| Dr. Karen Herrmann | Member |
| Jewell Parkinson | Member |
| Stacey Whomsley | Member |
| | |
| Linda Cherashore | Secretary* |
| Karen Avagliano | Assistant Secretary* |
| John T. Scully | Treasurer* |

*Non-Voting Member

SUPERINTENDENT
DR. DAVID CHRISTOPHER

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 FOR THE 2025 BONDS
ROBERT W. BAIRD & CO. INCORPORATED
Milwaukee, Wisconsin

UNDERWRITER FOR THE 2025A BONDS
JEFFERIES LLC
New York, New York

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.

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OFFICIAL STATEMENT
\$48,505,000
West Chester Area School District
(Chester and Delaware Counties, Pennsylvania)
Consisting of:
\$30,305,000 General Obligation Bonds, Series of 2025
\$18,200,000 General Obligation Bonds, Series A of 2025

INTRODUCTION

This Official Statement, including the cover page and inside cover page hereof and Appendices hereto, is furnished by West Chester Area School District (the "School District"), a public school district consisting of portions of Chester County and Delaware County, Pennsylvania, in connection with the offering of the \$48,505,000 aggregate principal amount of general obligation bonds consisting of the \$30,305,000 General Obligation Bonds, Series of 2025 (the "2025 Bonds") and the \$18,200,000 General Obligation Bonds, Series A of 2025 (the "2025A Bonds"), to be dated as of the date of settlement (collectively, the 2025 Bonds and the 2025A Bonds are sometimes referred to collectively as 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 March 24, 2025 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), 53 Pa. C.S. Chs. 80-82 (the "Debt Act")

PURPOSE OF THE ISSUE

Proceeds of the 2025 Bonds will be used to: (1) plan, design, acquire and construct alterations and improvements to elementary schools, and other buildings and facilities, and (2) pay the allocable costs of issuing the 2025 Bonds.

Proceeds of the 2025A Bonds will be used to: (1) currently refund a portion (\$18,505,000 principal amount) of the School District's \$54,930,000 outstanding General Obligation Bonds, Series AA of 2014 (the "Refunded 2014AA Bonds"); and (2) to pay the allocable costs of issuing the 2025A Bonds.

Proceeds of the 2025A Bonds will be deposited with Manufacturers and Traders Trust Company, as paying agent for the Refunded 2014AA Bonds, in amounts sufficient (without investment earnings) to optionally redeem the Refunded 2014AA Bonds on or within 90 days of the issuance date of the 2025A Bonds.

Sources and Uses of Bond Proceeds

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

| <u>Sources of Funds</u> | <u>2025 Bonds</u> | <u>2025A Bonds</u> | <u>Total</u> |
|---|-------------------------------|-------------------------------|-------------------------------|
| Par Amount of the Bonds | \$30,305,000.00 | \$18,200,000.00 | \$48,505,000.00 |
| Original Issue Premium..... | 303,018.60 | 824,349.35 | 1,127,367.95 |
| <i>Total Sources of Funds.....</i> | <u><i>\$30,608,018.60</i></u> | <u><i>\$19,024,349.35</i></u> | <u><i>\$49,632,367.95</i></u> |
| <u>Uses of Funds</u> | | | |
| Amount Required to Redeem the Refunded 2014AA Bonds | \$0 | \$18,949,634.03 | \$18,949,634.03 |
| Construction Fund Deposit ⁽¹⁾ | 30,000,000.00 | 0 | 30,000,000.00 |
| Costs of Issuance ⁽²⁾ | 608,018.60 | 74,715.32 | 682,733.92 |
| <i>Total Uses of Funds</i> | <u><i>\$30,608,018.60</i></u> | <u><i>\$19,024,349.35</i></u> | <u><i>\$49,632,367.95</i></u> |

⁽¹⁾Interest earnings on the Construction Fund Deposit will remain in the Construction Fund and applied to the capital projects.

⁽²⁾Includes legal, financial advisor, printing, rating, total underwriters' discount, CUSIP, paying agent, and miscellaneous costs.

THE BONDS

Description

The 2025 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 \$30,305,000. The 2025 Bonds will be dated as of the date of the original issuance and delivery thereof, and of the 2025A Bonds (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 2025 Bonds will be payable initially on November 15, 2025, and, thereafter, semiannually on May 15 and November 15 of each year until the maturity date of such 2025 Bond or, if such 2025 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.

The 2025A 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 \$18,200,000. The 2025A Bonds will be dated as of 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 2025A Bonds will be payable initially on November 15, 2025, and, thereafter, semiannually on May 15 and November 15 of each year until the maturity date of such 2025A Bond.

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 November 15, 2025, 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," any 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 each other, and all other 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 School District Debt Service Payments” below).

Commonwealth Enforcement of School District 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.

Past Delays and Legislative Impasses in Adopting Pennsylvania Budgets

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor passed a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor timely signed the state’s 2021-2022 fiscal year budget on June 30, 2021. That budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a record high of \$13.55 billion in the 2021-2022 budget.

After a week’s delay, a \$42.7 billion budget for the state’s 2022-2023 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$525 million increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$44.9 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-2023 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget included \$8.097 billion for the basic education funding appropriation. The total amount was a \$225 million increase over the 2023-2024 fiscal year appropriation. The budget also provided \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

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 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 School Code during any future budget impasses. See "Pa. Act 85 of 2016 - State Enforcement of School District Debt Service Payments During a State Budget Impasse" below.

Pa. Act 85 of 2016 – State Enforcement of School District Debt Service Payments During a State Budget Impasse

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 XV1-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.

Bonds Sinking Fund

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

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

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

Actions in the Event of Default on Bonds

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, 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 an action in assumpsit in the Court of Common Pleas of a county in which the School District is located. The Debt Act provides 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.

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 of 2025 Bonds

The 2025 Bonds stated to mature on or after May 15, 2033, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on May 15, 2032 or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount redeemed, together with accrued interest to the redemption date.

Optional Redemption of 2025A Bonds

The 2025A Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemptions

Bidders may elect to structure the issue to include term bonds, which term bonds, if selected by the bidder, will be subject to mandatory redemption prior to maturity, in the years and amounts as shown in the Invitation to Bid, upon payment of the principal amount of Bonds to be redeemed, together with accrued interest to the date fixed for redemption, or upon maturity, as applicable. Bonds to be redeemed from within a particular maturity shall be selected by lot by the Paying Agent.

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

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.

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 eleven 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 | 2024-25 Enrollment |
|----------------------------------|---|--|---------------|-------------------------------|
| <u>High Schools</u> | | | | |
| B. Rustin High School | 2003-06 | - | 9-12 | 1,159 |
| East High School | 1973 | 1976/92/93/04 | 9-12 | 1,217 |
| Henderson High School | 1951 | 1956/64/76/94/98/04 | 9-12 | 1,446 |
| <u>Middle Schools</u> | | | | |
| E. N. Peirce Middle School | 1963 | 1998/01/03 | 6-8 | 1,040 |
| G. A. Stetson Middle School | 1959 | 1961/98/03/07 | 6-8 | 808 |
| J. R. Fugett Middle School | 1969 | 2009 | 6-8 | 931 |
| <u>Elementary Schools</u> | | | | |
| East Bradford Elementary | 1958 | 1966/70/89/14 | K-5 | 455 |
| East Goshen Elementary | 1955 | 1960/64/67/95/01/20 | K-5 | 511 |
| Exton Elementary | 1940 | 1953/57/91/92/93/00/19 | K-5 | 533 |
| Fern Hill Elementary | 1955 | 1960/89/2016 | K-5 | 408 |
| Glen Acres Elementary | 1966 | 1997/2024 | K-5 | 451 |
| Greystone Elementary | 2021 | - | K-5 | 511 |
| Hillsdale Elementary | 1976 | 2007 | K-5 | 537 |
| Mary C. Howse Elementary | 1962 | 1965/97 | K-5 | 442 |
| Penn Wood Elementary | 1966 | 1970/89/01/13 | K-5 | 439 |
| Sarah W. Starkweather Elementary | 1991 | 1998 | K-5 | 576 |
| Westtown-Thornbury Elementary | 1954 | 1956/89/13/22 | K-5 | 529 |
| <u>Other</u> | | | | |
| Facilities & Operations Center | 1999 | - | - | |
| Spellman Education Center | 1988 | 2017 | Admin | |
| East/Fugett Athletic Fields | 2004 | - | - | |
| Henderson-North Campus Athletics | 2006 | - | - | |
| 402 North Penn Street | 2020* | | | |
| 400 North Penn Street | 2025** | | | |
| | | | Totals | 11,993 |

*The School District purchased the building on April 28, 2020 for special education use.

**The School District purchased the building on January 31, 2025 for special education use.

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

| Actual Enrollments | | | | | Projected Enrollments | | | | |
|--------------------|-------|-------|-------|--------|-----------------------|-------|-------|-------|--------|
| School Year | K-5 | 6-8 | 9-12 | Total | School Year | K-5 | 6-8 | 9-12 | Total |
| 2020-21 | 5,225 | 2,843 | 3,900 | 11,968 | 2025-26 | 5,447 | 2,808 | 3,794 | 12,049 |
| 2021-22 | 5,399 | 2,819 | 3,875 | 12,093 | 2026-27 | 5,460 | 2,835 | 3,749 | 12,044 |
| 2022-23 | 5,466 | 2,771 | 3,909 | 12,146 | 2027-28 | 5,571 | 2,800 | 3,720 | 12,091 |
| 2023-24 | 5,459 | 2,698 | 3,906 | 12,063 | 2028-29 | 5,678 | 2,776 | 3,816 | 12,270 |
| 2024-25 | 5,392 | 2,779 | 3,822 | 11,993 | 2029-30 | 5,775 | 2,761 | 3,847 | 12,383 |

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 Withum, Philadelphia, Pennsylvania, 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.

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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 five years and the budgeted 2024-25.

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

| ASSETS | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Current: | | | | | |
| Cash and Cash Equivalents | \$25,548,566 | \$25,884,217 | \$22,871,678 | \$24,846,582 | \$22,005,377 |
| Investments | 87,046,824 | 112,768,222 | 128,831,956 | 138,122,350 | 126,013,698 |
| Internal Balances | 91,859 | 71,600 | 141,140 | 144,798 | 0 |
| Property Taxes Receivable, Net | 3,586,978 | 3,683,216 | 3,426,557 | 3,389,065 | 3,694,763 |
| Due from other Governments | 8,288,183 | 7,856,799 | 7,620,991 | 8,501,248 | 9,354,913 |
| Other Receivables | 1,454,032 | 1,401,002 | 1,875,545 | 2,002,109 | 2,291,289 |
| Prepaid Expenditures | 3,499,326 | 3,243,482 | 2,429,655 | 1,958,564 | 2,448,273 |
| TOTAL CURRENT ASSETS | \$129,515,768 | \$154,908,538 | \$167,197,522 | \$178,964,716 | \$165,808,313 |
| Noncurrent Assets | | | | | |
| Capital Assets: | | | | | |
| Investments | \$497,497 | \$5,655,289 | \$474,483 | \$0 | \$0 |
| Land | 28,289,916 | 28,289,916 | 28,289,916 | 28,289,916 | 28,289,916 |
| Land Improvements | 16,416,508 | 16,502,403 | 17,020,529 | 17,333,220 | 18,032,787 |
| Buildings | 426,266,132 | 428,617,821 | 431,623,868 | 470,640,314 | 501,902,105 |
| Construction in Progress | 44,337,846 | 63,813,485 | 70,496,090 | 47,023,603 | 30,445,829 |
| Right to use leased equipment | 0 | 0 | 875,444 | 1,063,021 | 1,063,021 |
| Furniture and Equipment | 43,349,091 | 49,661,778 | 54,750,468 | 56,426,141 | 58,874,995 |
| NET OF DEPRECIATION | \$559,156,990 | \$592,540,692 | \$603,530,798 | \$620,776,215 | \$638,608,653 |
| Less: Accumulated depreciation | (\$248,116,393) | (\$261,975,935) | (\$277,192,516) | (\$293,791,222) | (\$313,070,148) |
| TOTAL ASSETS | \$440,556,365 | \$485,473,295 | \$493,535,804 | \$505,949,709 | \$491,346,818 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred amount on refunding | \$3,422,433 | \$2,267,669 | \$2,887,253 | \$2071,995 | \$1,937,657 |
| Deferred Pension Contributions | 39,469,196 | 53,622,239 | 58,085,055 | 58,092,817 | 59,198,129 |
| Deferred OPEB | 3,243,222 | 4,243,207 | 5,650,393 | 5,074,878 | 4,476,721 |
| TOTAL DEFERRED OUTFLOWS | \$46,134,851 | \$60,133,115 | \$66,622,701 | \$65,239,690 | \$65,612,507 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$486,691,216 | \$545,606,410 | \$560,158,505 | \$571,189,399 | \$556,959,325 |
| LIABILITIES | | | | | |
| Current: | | | | | |
| Accounts Payable and other current liabilities | \$26,769,956 | \$28,147,215 | \$28,941,067 | \$38,531,263 | \$29,757,830 |
| Bond and Notes Payable Due Within One Year | 19,974,941 | 20,839,036 | 21,058,911 | 20,172,007 | 20,854,392 |
| Accrued Interest | 1,639,225 | 1,628,691 | 1,728,798 | 1,483,652 | 1,288,382 |
| Deferred Revenues | 235,320 | 177,622 | 174,357 | 379,787 | 275,030 |
| TOTAL CURRENT LIABILITIES | \$48,619,442 | \$50,792,564 | \$51,903,133 | \$60,566,709 | \$52,175,634 |
| Long-Term: | | | | | |
| Bonds and Notes Payable Due After One Year | \$266,661,598 | \$282,433,599 | \$262,391,917 | \$242,219,910 | \$221,413,347 |
| Lease Liabilities | 0 | 0 | \$431,818 | \$350,234 | 134,948 |
| Accrued Severance and Compensated Absences | 5,440,155 | 6,117,856 | 5,820,153 | 5,506,988 | 6,061,021 |
| Other post-employment benefits | 28,809,834 | 29,066,162 | 30,992,288 | 23,053,277 | 23,333,388 |
| Net pension liability | 320,414,000 | 341,620,000 | 291,380,000 | 322,770,000 | 324,751,000 |
| TOTAL LONG-TERM LIABILITIES | \$621,325,587 | \$659,237,617 | \$591,016,176 | \$593,900,409 | \$575,693,704 |
| TOTAL LIABILITIES | \$669,945,029 | \$710,030,181 | \$642,919,309 | \$654,467,118 | \$627,869,338 |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Deferred pension | \$12,393,000 | \$8,728,000 | \$50,434,000 | \$8,268,000 | \$4,446,000 |
| Deferred OPEB | 1,672,040 | 2,386,273 | 2,447,216 | 9,822,392 | 8,656,405 |
| | \$14,065,040 | \$11,114,273 | \$52,881,216 | \$18,090,392 | \$13,102,405 |
| NET POSITION (DEFICIT) | | | | | |
| Net investment in capital assets | \$49,714,318 | \$63,045,948 | \$73,083,096 | \$82,415,067 | \$90,657,451 |
| Restricted for Capital Projects | 21,345,455 | 23,571,239 | 23,443,492 | 32,138,400 | 33,101,201 |
| Unrestricted (Deficit) | (268,378,626) | (262,155,231) | (232,168,608) | (215,921,578) | (207,771,070) |
| TOTAL FUND EQUITIES | (\$197,318,853) | (\$175,538,044) | (\$135,642,020) | (\$101,368,111) | (\$84,012,418) |
| TOTAL LIABILITIES AND FUND EQUITIES/NET ASSETS | \$486,691,216 | \$545,606,410 | \$560,158,505 | \$571,189,399 | \$556,959,325 |

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)

| | Actual | | | | | Budgeted |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025⁽¹⁾ |
| Beginning Fund Balance | \$38,868,824 | \$55,455,484 | \$69,152,527 | \$83,612,008 | \$88,560,621 | \$94,036,155 |
| Revenues over (under) Expenditure | \$16,586,661 | \$13,697,042 | \$14,459,482 | \$4,948,613 | \$5,475,534 | (\$35,092,202) |
| Ending Fund Balance | <u>\$55,455,485</u> | <u>\$69,152,527</u> | <u>\$83,612,008</u> | <u>\$88,560,621</u> | <u>\$94,036,155</u> | <u>\$58,943,953</u> |

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 29, 2024.

Source: School District Annual Financial Reports and Budget.

General Fund Revenue

The School District received \$295,885,080 in total revenue in FY 2023-24 and has budgeted total revenue of \$287,471,747 in FY 2024-25. Local sources decreased as a share of total revenue in the past five years, from 81.83% in FY 2019-20 to 81.54% in FY 2023-24. Revenue from Commonwealth sources increased slightly as a share of the total revenue from 17.28% in FY 2019-20 to 17.66% in FY 2023-24. Federal and other revenue decreased as a share of the total revenue from 0.89% in FY 2019-20 to 0.80% in FY 2023-24.

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

| REVENUE: | Actual | | | | | Budgeted |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025⁽¹⁾ |
| Local Sources: | | | | | | |
| Real Estate Taxes (Current) | \$173,636,758 | \$174,260,525 | \$180,091,669 | \$186,360,120 | \$188,958,992 | \$189,783,564 |
| Interim Real Estate Taxes | 984,090 | 1,997,620 | 4,054,176 | 1,933,510 | 1,350,888 | 759,951 |
| Total Act 511 Taxes | 26,240,881 | 30,440,986 | 35,622,969 | 33,796,490 | 34,806,900 | 32,964,775 |
| Public Utility Realty Tax | 177,571 | 195,012 | 203,574 | 204,098 | 199,704 | 180,000 |
| Delinquencies on Taxes Levied | 3,160,170 | 3,264,401 | 3,485,512 | 2,920,511 | 2,606,238 | 2,858,800 |
| Earnings from Temporary Deposits & Investments | 2,179,046 | 220,923 | 76,773 | 6,556,409 | 9,815,331 | 627,580 |
| PA Rev. Rec'd – Other Intermediate Sources | 0 | 0 | 240,864 | 281,110 | 266,120 | 196,500 |
| Fed. Rev. Rec'd.-Other Intermediate | 1,334,850 | 1,545,191 | 1,730,783 | 1,371,535 | 1,993,365 | 1,749,835 |
| Tuition from Patrons | 42,389 | 13,604 | 50,974 | 38,577 | 30,062 | 104,000 |
| Rentals | 270,577 | 212,546 | 319,729 | 702,634 | 709,676 | 310,200 |
| Contributions and Donations | 9,557 | 0 | 5,357 | 1,950 | 7,027 | 0 |
| Receipts from Other LEAs | 302,217 | 89,407 | 40,095 | 94,260 | 10,7054 | 0 |
| Refund of Prior Years' Expenditures | 5,666 | 20,080 | 2,219 | 6,110 | 11,304 | 380,490 |
| All Other Local Revenues Not Specified | 302,605 | 1,575 | 277,825 | 339,981 | 103,222 | 0 |
| Other Sources | 97,425 | 119,487 | 110,607 | 79,116 | 303,679 | 0 |
| Total Local Sources | <u>\$208,743,801</u> | <u>\$212,381,357</u> | <u>\$226,313,124</u> | <u>\$234,686,412</u> | <u>\$241,269,561</u> | <u>\$229,915,695</u> |
| State Sources: | | | | | | |
| Total State Sources | <u>\$44,089,036</u> | <u>\$43,625,782</u> | <u>\$46,937,783</u> | <u>\$49,369,225</u> | <u>\$52,257,112</u> | <u>\$55,347,636</u> |
| Federal Sources: | | | | | | |
| Total Federal Sources | <u>\$2,275,583</u> | <u>\$5,216,880</u> | <u>\$4,460,397</u> | <u>\$5,749,009</u> | <u>\$2,358,407</u> | <u>\$2,208,416</u> |
| Other Sources: | | | | | | |
| Total Other Sources | <u>\$0</u> | <u>\$0</u> | <u>\$2,750,000</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| TOTAL REVENUE | <u>\$255,108,420</u> | <u>\$261,224,019</u> | <u>\$280,461,303</u> | <u>\$289,804,646</u> | <u>\$295,885,080</u> | <u>\$287,471,747</u> |

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 29, 2024.

Source: School District Annual Financial Reports and Budget.

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

| EXPENDITURES: | Actual | | | | | Budgeted |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 ⁽¹⁾ |
| Instruction | \$139,156,059 | \$144,653,283 | \$153,855,965 | \$161,529,452 | \$169,326,800 | \$181,204,144 |
| Pupil Personnel | 9,151,408 | 9,591,075 | 10,293,457 | 10,667,933 | 11,549,870 | 12,342,027 |
| Instructional Staff | 5,668,075 | 5,753,212 | 6,258,064 | 6,940,569 | 7,403,116 | 8,523,868 |
| Support Services - Administration | 11,293,929 | 11,643,066 | 12,731,825 | 13,018,620 | 13,908,372 | 15,272,162 |
| Support Services - Pupil Health | 2,395,807 | 2,585,826 | 2,793,028 | 3,064,317 | 3,252,228 | 3,507,496 |
| Business | 1,787,151 | 1,813,374 | 1,903,562 | 2,085,139 | 2,020,420 | 2,218,795 |
| Operation & Maintenance | 16,068,868 | 17,085,115 | 21,212,062 | 20,601,526 | 21,515,635 | 23,547,369 |
| Pupil Transportation | 12,409,575 | 12,015,030 | 12,302,371 | 13,489,718 | 14,210,531 | 15,338,969 |
| Central Support Services | 3,595,539 | 4,138,486 | 4,045,747 | 4,512,355 | 5,120,139 | 5,985,826 |
| Support Services - Other | 147,771 | 269,364 | 725,038 | 267,609 | 276,722 | 230,344 |
| Non-instructional Services | 4,854,313 | 4,928,997 | 5,493,284 | 5,810,137 | 5,896,493 | 6,203,382 |
| Facilities, Acquisition, Construction & Improv. | 0 | 0 | 0 | 2,382,380 | 0 | 0 |
| Debt Service | 26,541,652 | 25,416,626 | 27,657,315 | 28,028,782 | 27,290,642 | 27,520,541 |
| Budgetary Reserves & Transfers | 5,451,612 | 7,633,522 | 6,730,104 | 12,457,496 | 8,638,577 | 20,669,026 |
| TOTAL EXPENDITURES | \$238,521,759 | \$247,526,976 | \$266,001,822 | \$284,856,033 | \$290,409,546 | \$322,563,949 |
| SURPLUS (DEFICIT) OF REVENUES | | | | | | |
| OVER EXPENDITURES | \$16,586,661 | \$13,697,042 | \$14,459,482 | \$4,948,613 | \$5,475,534 | (\$35,092,202) |

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 29, 2024.

Source: School District Annual Financial Reports and Budget.

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) – Limitations on Pennsylvania School Districts Raising Taxes

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 next, current, and prior fiscal years are as follows:

| <u>Fiscal Year</u> | <u>Index %</u> |
|---------------------------|-----------------------|
| 2025-26 | 4.0% |
| 2024-25 | 5.3 |
| 2023-24 | 4.1 |
| 2022-23 | 3.4 |
| 2021-22 | 3.0 |

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 on raising School District taxes are expected to apply to the 2025 Bonds.

A portion of the 2025A Bonds described in this Official Statement are being issued to refund indebtedness that was originally approved (“incurred”) by the School District under the Local Government Unit Debt Act prior to June 27, 2006, the effective date of the Taxpayer Relief Act. The School District already has levied and has in place sufficient tax millage to provide for payment of the annual debt service on the indebtedness being refunded. The annual debt service on the 2025A Bonds will be less than or approximately equal to the annual debt service on the indebtedness being refunded by the 2025A Bonds and, therefore, for the School District does not expect to levy any new tax or to increase the rate of any existing tax in order to provide for payment of the interest and principal of the 2025A 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 appropriable 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.

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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 municipalities within the School District, and the entire Counties of Chester and Delaware, Pennsylvania.

TABLE 6
WEST CHESTER AREA SCHOOL DISTRICT TAX RATES

| | Chester County (mills) | Delaware County (mills) | Real Estate Transfer⁽¹⁾ (%) | Wage and Income⁽¹⁾ (%) |
|---------|---------------------------------------|--|---|--|
| 2020-21 | 21.6622 | 16.6626 | 1.00 | 1.00 |
| 2021-22 | 22.0604 | 9.5164 | 1.00 | 1.00 |
| 2022-23 | 22.4364 | 9.9343 | 1.00 | 1.00 |
| 2023-24 | 22.4364 | 9.9424 | 1.00 | 1.00 |
| 2024-25 | 22.7319 | 11.0434 | 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>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> | <u>2024-25</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>School District</i> | | | | | |
| Chester County | 21.6622 | 22.0604 | 22.4364 | 22.4364 | 22.7319 |
| Delaware County | 16.6626 | 9.5164 | 9.9343 | 9.9424 | 11.0434 |
| | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
| East Bradford Township | 1.5000 | 1.7500 | 1.5000 | 1.7500 | 2.0000 |
| East Goshen Township | 1.2500 | 1.2500 | 1.2500 | 1.2500 | 1.7500 |
| 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 | 7.4000 | 7.7000 | 7.4000 | 7.7000 | 8.0900 |
| West Goshen Township | 2.0000 | 2.0000 | 2.0000 | 2.0000 | 2.0000 |
| West Whiteland Township | 0.7140 | 0.7140 | 0.7140 | 0.7140 | 2.0000 |
| Westtown Township | 3.5000 | 3.5000 | 3.5000 | 3.7100 | 3.9200 |
| Chester County | 4.5510 | 4.5510 | 4.5510 | 4.5510 | 5.1640 |

Source: Chester County and Delaware County websites.

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Real Property Tax

The real property tax (including interim collections and excluding delinquent collections) produced will produce revenues estimated at \$192,421,945 in FY 2023-24, approximately 66.4% of the School District's total revenue.

The following tables summarize trends of assessed and market valuations of real property. Since FY 2008-09, 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 2021.

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> |
|---------------|---------------------|-----------------------|--------------|
| 2023-24 | \$17,742,692,125 | \$9,458,602,368 | 53.31% |
| 2022-23 | 16,620,743,291 | 9,379,278,253 | 56.43% |
| 2021-22 | 15,125,128,108 | 9,149,232,077 | 60.49% |
| 2020-21 | 15,025,213,325 | 8,613,242,229 | 77.59% |
| 2019-20 | 14,366,083,784 | 8,569,423,385 | 59.65% |

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>2022</u> | <u>2022</u> | <u>2023</u> | <u>2023</u> |
|---------------------------------|------------------|-----------------|------------------|-----------------|
| | <u>Market</u> | <u>Assessed</u> | <u>Market</u> | <u>Assessed</u> |
| | <u>Value</u> | <u>Value</u> | <u>Value</u> | <u>Value</u> |
| <i>School District</i> | \$16,620,743,291 | \$9,379,278,253 | \$17,742,792,125 | \$9,458,602,368 |
| <i>Chester County</i> | 71,488,670,628 | 39,760,762,452 | 76,720,937,109 | 40,398,200,356 |
| East Bradford Township | 1,479,106,943 | 829,312,024 | 1,598,906,810 | 847,292,174 |
| East Goshen Township | 2,906,662,229 | 1,661,461,790 | 3,041,939,590 | 1,650,653,375 |
| Thornbury Township | 542,745,815 | 322,869,539 | 570,474,960 | 322,641,099 |
| Thornbury Township (Del County) | 1,051,730,149 | 1,146,418,326 | 1,172,300,164 | 1,150,410,236 |
| West Chester Borough | 1,811,860,773 | 757,590,425 | 1,893,568,117 | 771,469,745 |
| West Goshen Township | 3,758,574,726 | 1,955,377,249 | 4,069,819,990 | 2,000,043,304 |
| West Whiteland Township | 3,508,774,741 | 1,883,653,271 | 3,742,855,139 | 1,892,014,076 |
| Westtown Township | 1,561,287,915 | 822,595,629 | 1,652,927,355 | 824,078,359 |

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

TABLE 10
WEST CHESTER AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Residential | \$6,407,158,423 | \$6,444,006,872 | \$6,951,595,655 | \$7,063,640,405 | \$7,165,713,770 |
| Lots | 27,024,966 | 38,674,826 | 43,527,414 | 35,823,054 | 31,756,884 |
| Industrial | 147,770,765 | 144,455,395 | 154,328,875 | 155,818,405 | 152,912,725 |
| Commercial | 1,961,867,841 | 1,960,283,726 | 1,973,256,133 | 2,097,144,059 | 2,080,589,919 |
| Agriculture | 22,327,250 | 22,616,460 | 12,057,940 | 23,158,940 | 23,302,370 |
| Trailers | 1,379,200 | 1,371,350 | 1,337,810 | 1,229,420 | 1,224,170 |
| Land | 1,894,940 | 1,833,600 | 2,128,250 | 2,463,970 | 3,102,530 |
| Total | \$8,569,423,385 | \$8,613,242,229 | \$9,149,232,077 | \$9,379,278,253 | \$9,458,602,368 |

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>Chester Co. Mills</u> | <u>Delaware Co. 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> |
|----------------|-------------------------------|----------------------------------|-----------------------------------|--|---|--|---|---|
| 2019-20 | \$8,569,659,150 | 21.6622 | 16.2597 | \$182,704,077 | \$177,235,011 | 98.74% | \$180,395,181 | 99.04% |
| 2020-21 | 8,613,242,229 | 21.6622 | 16.6626 | 184,489,773 | 177,830,871 | 96.39% | 181,095,272 | 98.16% |
| 2021-22 | 9,149,232,077 | 22.0604 | 9.5164 | 187,529,676 | 183,687,863 | 97.95% | 187,173,375 | 99.81% |
| 2022-23 | 9,379,278,253 | 22.4364 | 9.9343 | 196,104,602 | 190,642,621 | 97.21% | 193,563,132 | 98.70% |
| 2023-24 | 9,457,535,268 | 22.4364 | 9.9424 | 197,819,819 | 193,128,602 | 97.63% | 195,734,839 | 98.95% |
| 2024-25 (est.) | 9,518,082,761 | 22.7319 | 11.0434 | 202,830,009 | 196,695,168 | 96.98% | 199,553,968 | 98.38% |

⁽¹⁾Plus penalties, less discounts and exonerations.

⁽²⁾Includes real property assessments plus delinquent collections.

Source: School District officials.

The 10 real property taxpayers owning properties with the highest assessed valuations in the School District, together with their FY 2024-25 total assessed values, are shown on Table 12 which follows. The aggregate assessed values of these properties totals approximately 3.4% of total assessed value.

TABLE 12
WEST CHESTER AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2024-25

| <u>Owner</u> | <u>Property</u> | <u>2024-25 Assessed Value</u> |
|------------------------------------|-------------------|-----------------------------------|
| MAIN STREET AT EXTON LP | Shopping Center | \$76,575,590 |
| PP Exton Square Owner LLC | Apartment Complex | 37,116,670 |
| Jag/Oak Parkview Apartments | Apartment Complex | 34,824,940 |
| CTKB Exton Owner LLC | Apartment Complex | 29,659,740 |
| PP West Chester II Owner LLC | Apartment Complex | 27,976,000 |
| Wellington Senior Living | Senior Living | 27,000,000 |
| Keva Flats LP ⁽¹⁾ | Apartment Complex | 24,618,375 |
| Westtown Apartments ⁽¹⁾ | Apartment Complex | 24,367,500 |
| Exton Square Mall | Shopping Center | 21,918,835 |
| BRE ROOK SH BELLINGHAM LP | Senior Living | 21,552,770 |
| Total | | \$325,610,420 |

⁽¹⁾ Taxpayer initiated appeal.

Other Taxes

Under Act 511, the School District collected \$34,806,900 in taxes in FY 2023-24. 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 \$212,912,305.

Real Estate Transfer. The School District levies a tax of 0.5% of the value of real estate transfers. In FY 2023-24 the School District's collected share of this tax yielded \$5,532,286 of total revenue.

Wage and Income Tax. The School District levies a tax of 0.5% of the earned income of residents. In FY 2023-24 the School District's collected share of this tax yielded \$29,274,614 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 to Pay Debt Service Subsidies to School Districts

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".

The School District estimates the 2025 Bonds will not be subject to reimbursement by the Commonwealth.

Based on the current PlanCon program, School District officials have estimated that the Reimbursable Percentage of the 2025A Bonds will be 4.66% (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 1.28%, 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 most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenue Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, as well as its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. 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 bonds 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.

Act 70 of 2019 was adopted by the State legislature that has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the State would start to allow applicants to enter into the new program.

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 School District as of April 1, 2025, and includes the aggregate principal amount of the Bonds.

TABLE 13

WEST CHESTER AREA SCHOOL DISTRICT DEBT STATEMENT (As of April 1, 2025) *

| NONELECTORAL DEBT | Gross Outstanding |
|--|------------------------------|
| General Obligation Bonds, Series of 2025 (last maturity 2046) | \$30,305,000 |
| General Obligation Bonds, Series A of 2025 (last maturity 2027) | 18,200,000 |
| General Obligation Bonds, Series A of 2024 (last maturity 2044) | 9,995,000 |
| General Obligation Bonds, Series of 2024 (last maturity 2032) | 11,230,000 |
| General Obligation Bonds, Series of 2022 (last maturity 2032) | 30,105,000 |
| General Obligation Bonds, Series of 2021 (last maturity 2041) | 29,235,000 |
| General Obligation Bonds, Series of 2020 (last maturity 2032) | 9,885,000 |
| General Obligation Bonds, Series of 2019 (last maturity 2040) | 34,730,000 |
| General Obligation Bonds, Series of 2018 (last maturity 2039) | 9,965,000 |
| General Obligation Bonds, Series A of 2017 (last maturity 2032) | 9,720,000 |
| General Obligation Bonds, Series A of 2016 (last maturity 2027) | 13,850,000 |
| General Obligation Bonds, Series AA of 2014 (remaining portion) (last maturity 2030) | 36,425,000 |
| General Obligation Notes, Series of 2009 (last maturity 2027) | 6,810,000 |
| NONELECTORAL DEBT | \$250,200,000 |
| LEASE RENTAL DEBT | |
| NET LEASE RENTAL DEBT | \$0 |
| TOTAL NET NONELECTORAL AND LEASE RENTAL DEBT | \$250,200,000 |

*Includes the principal amount of Bonds offered through this Official Statement. Does not include the Refunded 2014AA Bonds herein.

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 \$250,455,000. After adjustment for available funds and estimated Commonwealth debt service subsidies, the local effort of direct debt will total \$243,611,978.

TABLE 14
WEST CHESTER AREA SCHOOL DISTRICT
OVERLAPPING INDEBTEDNESS AND DEBT RATIOS*
(As of April 1, 2025)*

| | Gross | Local Effort or Net of Available Funds and Estimated Commonwealth Aid⁽¹⁾ |
|--|--------------------------|--|
| SCHOOL DISTRICT (DIRECT) DEBT | Outstanding | |
| Nonelectoral Debt | \$250,455,000 | \$243,611,978 |
| Lease Rental Debt | 0 | 0 |
| TOTAL DIRECT DEBT | \$250,455,000 | \$243,611,978 |
| OVERLAPPING DEBT | | |
| Chester County, General Obligation ⁽²⁾ | \$88,347,369 | \$88,347,369 |
| Delaware County, General Obligation ⁽³⁾ | 7,872,189 | 7,872,189 |
| Municipal Debt..... | 108,357,537 | 108,357,537 |
| TOTAL OVERLAPPING DEBT | \$204,577,095 | \$204,577,095 |
| TOTAL DIRECT AND OVERLAPPING DEBT | \$455,032,095 | \$448,189,074 |
| DEBT RATIOS | | |
| Per Capita | \$4,087.35 | \$4,025.88 |
| Percent 2023-24 Assessed Value..... | 4.81% | 4.74% |
| Percent 2023-24 Market Value..... | 2.56% | 2.53% |

*Includes the principal amount of Bonds offered through this Official Statement. Does not include the Refunded 2014AA Bonds herein.

⁽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 20.57% share of \$429,585,000 principal outstanding, including self-supporting debt of the County or local municipalities.

⁽³⁾Pro rata 2.03% share of \$387,873,125 principal outstanding, including self-supporting debt of the County or local municipalities.

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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 2021-22 | \$273,803,348 |
| Total Revenues for FY 2022-23 | 284,992,583 |
| Total Revenues for FY 2023-24 | 294,678,352 |
| <i>Total Revenues, All Three Fiscal Years</i> | <u>\$853,474,283</u> |
| Annual Arithmetic Average (Borrowing Base) | <u><u>\$284,491,428</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 | \$640,105,713 | \$250,455,000 | \$389,650,713 |

*Includes the principal amount of the Bonds, 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.

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Debt Service Requirements

Table 15 presents the debt service requirements on all of the School District's outstanding general obligation indebtedness including the principal and interest payments 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 | General Obligation Debt | Series of 2025 | | | Series A of 2025 | | | Total Requirements |
|--------------|-------------------------------|---------------------|---------------------|---------------------|---------------------|--------------------|---------------------|-----------------------|
| | | Principal | Interest | Subtotal | Principal | Interest | Subtotal | |
| 2024-25 | \$26,462,187 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$26,462,187 |
| 2025-26 | 26,749,740 | 5,000 | 1,256,306 | 1,261,306 | 5,000 | 927,694 | 932,694 | 28,943,740 |
| 2026-27 | 8,223,753 | 5,000 | 1,232,094 | 1,237,094 | 18,195,000 | 909,750 | 19,104,750 | 28,565,596 |
| 2027-28 | 27,894,990 | 5,000 | 1,231,844 | 1,236,844 | 0 | 0 | 0 | 29,131,834 |
| 2028-29 | 26,824,378 | 5,000 | 1,231,594 | 1,236,594 | 0 | 0 | 0 | 28,060,971 |
| 2029-30 | 26,041,403 | 5,000 | 1,231,344 | 1,236,344 | 0 | 0 | 0 | 27,277,746 |
| 2030-31 | 20,411,778 | 5,000 | 1,231,094 | 1,236,094 | 0 | 0 | 0 | 21,647,871 |
| 2031-32 | 20,417,358 | 5,000 | 1,230,844 | 1,235,844 | 0 | 0 | 0 | 21,653,201 |
| 2032-33 | 10,830,940 | 1,655,000 | 1,230,594 | 2,885,594 | 0 | 0 | 0 | 13,716,534 |
| 2033-34 | 10,827,980 | 1,720,000 | 1,164,394 | 2,884,394 | 0 | 0 | 0 | 13,712,374 |
| 2034-35 | 10,827,200 | 1,790,000 | 1,095,594 | 2,885,594 | 0 | 0 | 0 | 13,712,794 |
| 2035-36 | 10,831,875 | 1,860,000 | 1,023,994 | 2,883,994 | 0 | 0 | 0 | 13,715,869 |
| 2036-37 | 10,833,350 | 1,935,000 | 949,594 | 2,884,594 | 0 | 0 | 0 | 13,717,944 |
| 2037-38 | 10,831,225 | 2,010,000 | 872,194 | 2,882,194 | 0 | 0 | 0 | 13,713,419 |
| 2038-39 | 10,835,100 | 2,090,000 | 791,794 | 2,881,794 | 0 | 0 | 0 | 13,716,894 |
| 2039-40 | 9,694,200 | 2,175,000 | 708,194 | 2,883,194 | 0 | 0 | 0 | 12,577,394 |
| 2040-41 | 4,392,200 | 2,265,000 | 621,194 | 2,886,194 | 0 | 0 | 0 | 7,278,394 |
| 2041-42 | 1,062,800 | 2,355,000 | 530,594 | 2,885,594 | 0 | 0 | 0 | 3,948,394 |
| 2042-43 | 1,060,000 | 2,445,000 | 436,394 | 2,881,394 | 0 | 0 | 0 | 3,941,394 |
| 2043-44 | 1,060,800 | 2,550,000 | 335,538 | 2,885,538 | 0 | 0 | 0 | 3,946,338 |
| 2044-45 | 0 | 2,655,000 | 230,350 | 2,885,350 | 0 | 0 | 0 | 2,885,350 |
| 2045-46 | 0 | 2,765,000 | 117,513 | 2,882,513 | 0 | 0 | 0 | 2,882,513 |
| Total | \$276,113,254 | \$30,305,000 | \$18,753,050 | \$49,058,050 | \$18,200,000 | \$1,837,444 | \$20,037,444 | \$345,208,749 |

*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*

| | |
|--|--------------|
| 2023-24 Commonwealth Aid Received | \$52,257,112 |
| 2023-24 Debt Service Requirements | 27,290,642 |
| Maximum Future Debt Service Requirements after Issuance of Bonds | 29,131,834 |
| 2022-23 Coverage of Debt Service Requirements | 1.91 times |
| Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds | 1.79 times |

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

Future Financing

The School District estimates a need to issue additional long-term (non-refunding) debt totaling approximately \$50 – 70 million over the next 2 years.

LABOR RELATIONS

School District Employees

There are approximately 1,586 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, 2027. Secretarial and clerical personnel are represented by the Pennsylvania Education Association (ESPA-PSEA-NEA) under a contract which expires June 30, 2028. Custodial and maintenance personnel are represented by ESPA-PSEA under a contract which expires June 30, 2029.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated 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 34.0% for the fiscal year 2025-26.

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:

| | |
|--------------------|--------------|
| 2020-21 | \$34,674,324 |
| 2021-22 | 37,059,663 |
| 2022-23 | 39,340,441 |
| 2023-24 | 39,817,743 |
| 2024-25 (budgeted) | 43,181,752 |

At June 30, 2024, the School District reported a liability of \$324,751,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2024, the School District’s proportion as 0.7300% which was an increase of 0.0040% from its proportion measured as of June 30, 2023.

As of June 30, 2024, the PSERS plan was 64.63% funded, with an unfunded actuarial accrued liability of approximately \$42.3 billion. PSERS' rate of return for fiscal year ended June 30, 2024 was 7.05%. The Fund had plan net assets of \$76.5 billion at June 30, 2024. 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, 2024, the District reported a liability of \$13,189,000 for its proportionate share of the net OPEB liability. The School District recognized OPEB expense of \$540,000 for June 30, 2024.

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 \$10,144,388, measured as of July 1, 2023. The District recognized OPEB expense of \$15,015 for year ended June 30, 2024.

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 EXEMPTION AND OTHER 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, [including interest 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 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 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 the 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, property and casualty insurance companies, 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 Section 265 of the Code, 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 the opinion of Bond Counsel included as APPENDIX B. Prospective 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; 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.

Bond Counsel is not rendering any opinion as to any Commonwealth of Pennsylvania tax matters other than those described under the caption “Pennsylvania” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX B hereto. Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all Commonwealth of Pennsylvania tax matters.

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 accessed 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 | Filing Deadline | Financial Statements | Budget | Operating Data |
|-------------|-----------------|-------------------------|-------------------------|-------------------------|
| Ending | [1] | Filing Date EMMA ID [2] | Filing Date EMMA ID [2] | Filing Date EMMA ID [2] |
| 6/30/2020 | 12/27/2020 | 12/21/2020 P11106409 | 12/20/2020 P11106409 | 12/20/2020 P11106409 |
| 6/30/2021 | 12/27/2021 | 12/20/2021 P21161679 | 12/20/2021 P21161679 | 12/20/2021 P21161679 |
| 6/30/2022 | 3/27/2023 | 12/16/2022 P11245095 | 12/16/2022 P11245095 | 12/16/2022 P11245095 |
| 6/30/2023 | 3/26/2024 | 12/18/2023 P11298896 | 12/18/2023 P11298895 | 12/18/2023 P11298900 |
| 6/30/2024 | 3/27/2025 | 02/28/2025 P21437596 | 12/19/2024 P21415442 | 12/19/2024 P21415442 |

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 summarized 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" 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

Robert W. Baird & Co. Incorporated (the “2025 Bonds Underwriter”) has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the 2025 Bonds if any of such 2025 Bonds are purchased. The 2025 Bonds will be purchased by the 2025 Bonds Underwriter for a purchase price of \$30,135,866.70 equal to the par value of the 2025 Bonds less an underwriters’ discount of \$472,151.90 plus an original issue premium of \$303,018.60.

Jefferies LLC (the “2025A Bonds Underwriter”) has agreed to purchase the 2025A Bonds from the School District, subject to certain conditions precedent, and will purchase all of the 2025A Bonds if any of such 2025A Bonds are purchased. The 2025A Bonds will be purchased by the 2025A Bonds Underwriter for a purchase price of \$18,998,467.13 equal to the par value of the 2025A Bonds less an underwriters’ discount of \$25,882.22 plus an original issue premium of \$824,349.35.

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/ Karen Fleming
President, Board of School Directors

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

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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 2020 age composition for the School District, Chester County and for the Commonwealth.

TABLE A-1
RECENT POPULATION TRENDS

| <u>Area</u> | <u>2010</u> | <u>2020</u> | Compound Average Annual Percentage Change <u>2010-2020</u> |
|----------------------|--------------------|--------------------|---|
| School District..... | 108,441 | 111,327 | 0.26% |
| Chester County..... | 498,886 | 534,413 | 0.69% |
| Pennsylvania | 12,281,054 | 13,002,700 | 0.57% |

Source: U.S. Census Bureau, Census 2010 & 2020 Redistricting Data (Public Law 94-171) Summary File and the Pennsylvania State Data Center.

TABLE A-2
AGE COMPOSITION

| | <u>0-17</u> | <u>18-64</u> | <u>65+</u> | <u>Persons Per</u> |
|----------------------|---------------------|---------------------|---------------------|---------------------------|
| | <u>Years</u> | <u>Years</u> | <u>Years</u> | <u>Household</u> |
| School District..... | 17.6% | 64.3% | 15.1% | 2.40 |
| Chester County..... | 22.7% | 60.9% | 16.4% | 2.54 |
| Pennsylvania | 20.8% | 61.4% | 17.8% | 2.42 |

Source: American Community Survey- 2020 1 year estimates.

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: | |
|---|--|-------------|-------------|-------------|------------------|-------------|
| | Nov 2024 | Oct 2024 | Sep 2024 | Nov 2023 | Oct 2024 | Nov 2023 |
| TOTAL NONFARM | 3,160,700 | 3,147,300 | 3,131,800 | 3,123,300 | 13,400 | 37,400 |
| TOTAL PRIVATE | 2,806,600 | 2,795,400 | 2,784,200 | 2,774,700 | 11,200 | 31,900 |
| GOODS PRODUCING | 308,400 | 309,600 | 309,400 | 306,800 | -1,200 | 1,600 |
| Construction, Natural Resources, and Mining | 128,700 | 130,400 | 129,600 | 124,500 | -1,700 | 4,200 |
| Manufacturing | 179,700 | 179,200 | 179,800 | 182,300 | 500 | -2,600 |
| Durable Goods | 91,900 | 91,900 | 92,100 | 92,800 | 0 | -900 |
| Non-Durable Goods | 87,800 | 87,300 | 87,700 | 89,500 | 500 | -1,700 |
| SERVICE-PROVIDING | 2,852,300 | 2,837,700 | 2,822,400 | 2,816,500 | 14,600 | 35,800 |
| PRIVATE SERVICE-PROVIDING | 2,498,200 | 2,485,800 | 2,474,800 | 2,467,900 | 12,400 | 30,300 |
| Trade, Transportation, and Utilities | 557,100 | 544,300 | 538,300 | 557,900 | 12,800 | -800 |
| Wholesale Trade | 121,800 | 121,800 | 120,900 | 121,600 | 0 | 200 |
| Retail Trade | 285,700 | 278,600 | 274,800 | 286,700 | 7,100 | -1,000 |
| Transportation, Warehousing, and Utilities | 149,600 | 143,900 | 142,600 | 149,600 | 5,700 | 0 |
| Information | 52,000 | 52,400 | 52,500 | 53,600 | -400 | -1,600 |
| Financial Activities | 230,300 | 230,300 | 231,000 | 229,100 | 0 | 1,200 |
| Finance and insurance | 188,300 | 188,200 | 188,900 | 187,600 | 100 | 700 |
| Professional and Business Services | 500,200 | 501,400 | 500,400 | 501,900 | -1,200 | -1,700 |
| Professional and technical services | 252,600 | 253,700 | 252,800 | 252,700 | -1,100 | -100 |
| Administrative and waste services | 177,800 | 178,300 | 178,900 | 180,300 | -500 | -2,500 |
| Education and Health Services | 758,400 | 752,200 | 743,100 | 729,100 | 6,200 | 29,300 |
| Health care and social assistance | 612,200 | 607,600 | 603,200 | 580,200 | 4,600 | 32,000 |
| Hospitals | 146,800 | 145,900 | 145,500 | 142,700 | 900 | 4,100 |
| Leisure and Hospitality | 275,200 | 280,300 | 285,600 | 271,700 | -5,100 | 3,500 |
| Accommodation and food services | 221,100 | 223,400 | 225,600 | 218,700 | -2,300 | 2,400 |
| Other Services | 125,000 | 124,900 | 123,900 | 124,600 | 100 | 400 |
| Government | 354,100 | 351,900 | 347,600 | 348,600 | 2,200 | 5,500 |
| Federal Government | 57,100 | 57,000 | 56,400 | 55,900 | 100 | 1,200 |
| State Government | 56,800 | 56,300 | 55,700 | 56,600 | 500 | 200 |
| Local Government | 240,200 | 238,600 | 235,500 | 236,100 | 1,600 | 4,100 |
| Data benchmarked to March 2023 | ***Data changes of 100 may be due to rounding*** | | | | | |

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

**Chester County
Top 10 Employers
3rd Quarter 2024**

Federal and State Government Entities Aggregated

1. The Vanguard Group Inc
2. The Chester County Hospital
3. County of Chester
4. Main Line Hospitals Inc
5. Federal Government
6. Giant Food Stores LLC
7. Downingtown Area School District
8. PA State System of Higher Education
9. QVC Network Inc
10. Chester County Intermediate Unit

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>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024⁽¹⁾</u> | Compound Average Annual % Rate |
|----------------------------|-------------|-------------|-------------|-------------|-------------|---------------------------|---|
| Chester County | | | | | | | |
| Civilian Labor Force (000) | 291.6 | 286.4 | 288.5 | 294.8 | 298.5 | 291.1 | 0.77% |
| Employment (000) | 282.4 | 268.5 | 277.1 | 286 | 290.8 | 283.9 | 1.61% |
| Unemployment (000) | 9.20 | 17.90 | 11.30 | 8.80 | 7.70 | 7.2 | -16.74% |
| Unemployment Rate | 3.20% | 6.20% | 3.90% | 3.00% | 2.60% | 2.50% | |
| Pennsylvania | | | | | | | |
| Civilian Labor Force (000) | 6,576.00 | 6,506.00 | 6,432.00 | 6,465.00 | 6,518.00 | 6,426.0 | -0.18% |
| Employment (000) | 6,292.00 | 5,930.00 | 6,054.00 | 6,202.00 | 6,296.00 | 6,215.0 | 1.07% |
| Unemployment (000) | 285.00 | 577.00 | 378.00 | 263.00 | 223.00 | 211.0 | -18.56% |
| Unemployment Rate | 4.30% | 8.90% | 5.90% | 4.00% | 3.40% | 3.30% | |

⁽¹⁾As of November 2024.

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 2010-2020 period.

TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME*

| | <u>2010</u> | <u>2020</u> | <u>Percentage Change</u> <u>2010-2020</u> |
|-----------------------|-------------|-------------|--|
| School District | \$41,435 | \$54,726 | 3.14% |
| Chester County | 40,138 | 52,711 | 3.07% |
| Pennsylvania..... | 26,374 | 35,518 | 3.36% |

*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: 2010 & 2020 American Community Survey – 1 year estimates.

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 shops and the Chester County Library centered around two 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, Main Street at Exton, and Whiteland Towne Center.

Table A-6 shows retail sales for the 2019-2023 period for the County and the Commonwealth.

TABLE A-6
TOTAL RETAIL SALES
(000)

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|----------------|--------------|--------------|--------------|--------------|--------------|
| Chester County | \$16,149,514 | \$16,586,181 | \$16,689,538 | \$20,551,778 | \$19,467,582 |
| Pennsylvania | 244,709,540 | 251,185,116 | 274,685,600 | 297,770,326 | 310,912,244 |

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) U.S. 76 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 local 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 and municipal authorities 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

Pennsylvania municipalities are statutorily required to provide full-time fire protection, primarily through local, volunteer fire companies. Police protection is provided by municipally funded police departments or, in the absence of a municipal police force, the Pennsylvania State Police. The Embreeville State Police Station is located just outside the boundaries of the School District.

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APPENDIX B
Form of Opinion of Bond Counsel

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[FORM OF BOND COUNSEL OPINION]

[Date of Delivery]

Re: \$_____ aggregate principal amount
West Chester Area School District, Chester and Delaware Counties, Pennsylvania
General Obligation Bonds, Series ____ of 2025

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 \$_____ aggregate principal amount General Obligation Bonds, Series ____ of 2025 (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 March 24, 2025, by the Board of School Directors of the Issuer.

The proceeds of the Bonds will fund the purposes described in the Resolution, 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; 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

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APPENDIX C
Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

Re: WEST CHESTER AREA SCHOOL DISTRICT,
Chester and Delaware Counties, Pennsylvania
\$_____ Aggregate Principal Amount
General Obligation Bonds, Series__ of 2025
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 2025 (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>.

“Financial Obligation” shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of either (i) or (ii) above. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. *As of the date of this Disclosure Certificate, the rules of the MSRB require all filings described herein shall be made using EMMA.*

“Obligated Person” shall mean, for purposes of this Disclosure Certificate, the School District.

“Official Statement” shall mean the final official statement relating to the Bonds prepared by or on behalf of the School District and distributed in connection with the offering and sale of the Bonds by the Participating Underwriters.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Filing of Annual Reports. The School District shall file annually with the MSRB, on or before **April 1, 2026**, and on or before **April 1** of each year thereafter, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the School District for the most recent completed fiscal year are not available to be included in the Annual Report when filed, such audited financial statements may be filed separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements of the School District for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed with the MSRB as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the School District reasonably expects the audited financial statements to become available and to be filed with the MSRB.

SECTION 4. Content of Annual Reports. The School District's Annual Report shall contain or incorporate by reference the following financial information and operating data with respect to the School District:

- (a) **financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units;**
- (b) **a summary of the budget for the then current fiscal year;**
- (c) **the total assessed value and aggregate market value of all taxable real estate for the then current fiscal year;**
- (d) **the taxes and millage rates imposed for the then current fiscal year; and**
- (e) **the real property tax collection results for the most recent fiscal year, including (a) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (b) the dollar amount of real estate taxes collected that represented current collections (expressed as an aggregate dollar amount), (c) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (d) the total amount of real estate taxes collected (expressed as an aggregate dollar amount).**

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.

SECTION 5. Notices of Late Filing of Annual Information. If the School District has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3 above, the School District will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the School District expects to file the Annual Report.

SECTION 6. Reporting of Listed Events. In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the School District will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

- (1) **principal and interest payment delinquencies;**
- (2) **non-payment related defaults, if material;**
- (3) **unscheduled draws on debt service reserves reflecting financial difficulties;**
- (4) **unscheduled draws on credit enhancements reflecting financial difficulties;**
- (5) **substitution of credit or liquidity providers, or their failure to perform;**

- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the School District;
- (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(*Note:* The events listed above are those specified in the Rule, not all of which may be relevant to the Bonds.)

The School District may from time to time choose to provide notice of the occurrence of certain other events affecting the Bonds or the School District, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

SECTION 7. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB.

As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using EMMA.

SECTION 8. Dissemination Agent. The School District may, at any time and from time to time, appoint or engage another person (the “Dissemination Agent”) to assist it in carrying out

its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor and without notice to Bondholders.

SECTION 9. Termination of Disclosure Obligation. The School District's obligations under this Disclosure Certificate shall terminate upon the prior redemption, defeasance or payment in full of all of the Bonds or if and when the School District no longer remains an "obligated person" with respect to the Bonds, within the meaning of the Rule.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriters and Bondholders, and shall create no rights in any other person or entity.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, The School District causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors all as of the date set forth above.

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

By: _____
President of the Board of
School Directors

APPENDIX D
Audited Financial Statements

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WEST CHESTER AREA SCHOOL DISTRICT
Inspiring students to achieve their personal best

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024



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

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WEST CHESTER AREA SCHOOL DISTRICT

Inspiring students to achieve their personal best

**ANNUAL
COMPREHENSIVE
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2024



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

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

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

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June 30, 2024

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WEST CHESTER AREA SCHOOL DISTRICT

INTRODUCTORY SECTION



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WEST CHESTER AREA SCHOOL DISTRICT

Inspiring students to achieve their personal best

February 7, 2025

Dear Community Member,

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of West Chester Area School District for the fiscal year ended June 30, 2024. This District's Business Office prepared this report.

The ACFR is published to present complete and accurate financial information on all the funds and financial activities of the District for the 2023-24 fiscal year. The Business Office staff and management are responsible for the accuracy of the statements, notes, schedules and statistical tables. We believe that the information in the report is a fair presentation of the financial position and the results of operations of the District based upon a comprehensive framework of internal controls that have been established for this purpose. The report is prepared in accordance with generally accepted accounting and financial reporting principles applicable to governmental entities in the United States of America. Most importantly, this report will provide the reader with a comprehensive understanding of the District's financial affairs.

WithumSmith+Brown, PC, an independent firm of certified public accountants, have audited the District's financial statements. They have issued an unmodified opinion on the West Chester Area School District's financial statements for the Year ending June 30, 2024. Their report is located at the beginning of the Financial Section of the ACFR.

The Management's Discussion and Analysis (MD&A), which follows the independent auditors' report, provides an overview of the District's financial performance during the fiscal year ending June 30, 2024. It should be read in conjunction with this transmittal letter and the District's basic financial statements.

Reporting Entity

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

Profile of the District

The West Chester Area School District was formed by Pennsylvania state law and began operations on July 1, 1966. The population of the school district is approximately 111,000. The District encompasses several communities in Chester County and one in western Delaware County. The District covers an area of approximately 75-square-miles. The School District's boundaries are coterminous with those of the Borough of West Chester, and the Townships of East Bradford, East Goshen, Thornbury, West Goshen, Westtown and West Whiteland in Chester County and the Township of Thornbury in Delaware County. The Borough of West Chester, located in the geographic center of the School District and is the county seat for Chester County, is approximately 25 miles west of Philadelphia. The Borough of West Chester is the financial and professional center for the surrounding area. The Townships are principally residential in character, with regional shopping centers and industrial parks.

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

The purpose of the District is to provide an education system Kindergarten through 12th grade, including regular instruction, special instruction, vocational education and support services to the approximately 15,300 students that live within the School District boundaries. To accomplish this goal, the District operates eleven (11) elementary schools, three (3) middle schools and three (3) high schools. The District maintains seventeen school buildings that were initially built in the years spanning 1940 through 2021 (for additional information please see the district facilities page in the statistical section of this report). Additionally, the District is required to pay the tuition for the 403 children that live within the District boundaries that attend charter schools. During the year ending June 30, 2024, the District paid \$7,580,797 in tuition to Charter Schools.

Budget Process

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

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

During the course of the year, the Pennsylvania School Code prohibits spending to exceed the approved budget. To adjust for price changes and other changes to the original budget assumptions, the District allows for the transfer of funds among budget line items upon the recommendation of the Superintendent and the Director of Business Affairs. By law, such transfers may only be made during the last nine months of the fiscal year and all transfers require Board approval.

Internal Controls

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

Economic Condition and Outlook

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

That having been said, the District has been impacted by a number of factors. In 2006, the Pennsylvania General Assembly passed into law Act 1 of 2006. This law places restrictions on the amount that School Districts can raise property taxes to within a cost of living increase. The law does allow for exceptions to Act 1 tax increase above the index for Special Education and State Retirement purposes. In 2023-24, the index allowed for a 4.1% increase in property taxes and the School Board opted to not increase property tax and the tax rate in Chester County remained at 22.4364 mills.

As the District continues to navigate under the budgetary constraints of Act 1 funding restrictions, other school districts throughout Pennsylvania incurred a number of unfavorable budgetary impacts. The Pennsylvania economy, which has a direct effect on the District's earned income tax and other local revenues, has seen a slight growth over the past few years. The District pension program, which is administered by the State, saw a decrease in the pension contribution rate from 35.26% in 2022-23 to 34.00% for 2023-24. The pension rates are expected to increase through 2028-29. State revenue increased moderately during the past year although the District anticipates minimal increases in the upcoming years. The District's experienced a decrease in federal revenues during the 2023-24 fiscal year, as the remaining available CARES federal funds were spent down in the prior fiscal year.

Annually, The District compiles student enrollment projections for the upcoming five school years. Enrollment projections are based on cohort survival calculation method and do not include new student growth. The District projects student enrollment to increase from 11,993 in 2024-25 to 12,383 in 2029-30.

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

Long Term Financial Planning and Financial Policies

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

Major Initiatives

The District is in the midst of a multiyear elementary school renovation project. The most recent elementary school master plan includes renovations of the District's existing ten (10) elementary schools between 2011-2012 and 2028-2029. In 2023-2024, the District completed the final phase of construction of Glen Acres Elementary School and started the design and construction of Mary C Howse Elementary. The original construction and renovation of the District buildings is included in the statistical section of the ACFR under operating information.

The District will be implementing a new elementary special area class called Design Lab that integrates the new STEELS (Science, Technology & Engineering, Environmental Literacy & Sustainability) standards with an emphasis on Design Thinking.

Independent Audit

The District engages an independent certified public accounting firm to audit the School District's annual financial statements. The auditor's report on the Fiscal 2023-2024 financial statements is included in the Financial Section of this report and complies with applicable guidelines.

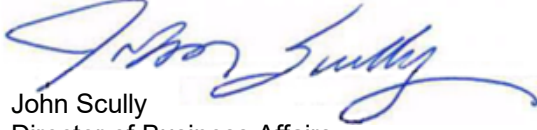
Awards

The Association of School Business Officials International (ASBO) awarded the Certificate of Excellence (COE) in Financial Reporting to the West Chester Area School district for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This award confirms the school business officials' commitment to financial accountability and transparency. Recognition through the COE program can help strengthen a district's presentation for bond issuance statements and promotes a high level of financial reporting.

Acknowledgements

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

Respectfully,



John Scully
Director of Business Affairs

West Chester Area School District
List of Board of School Directors and District Administrators
June 30, 2024

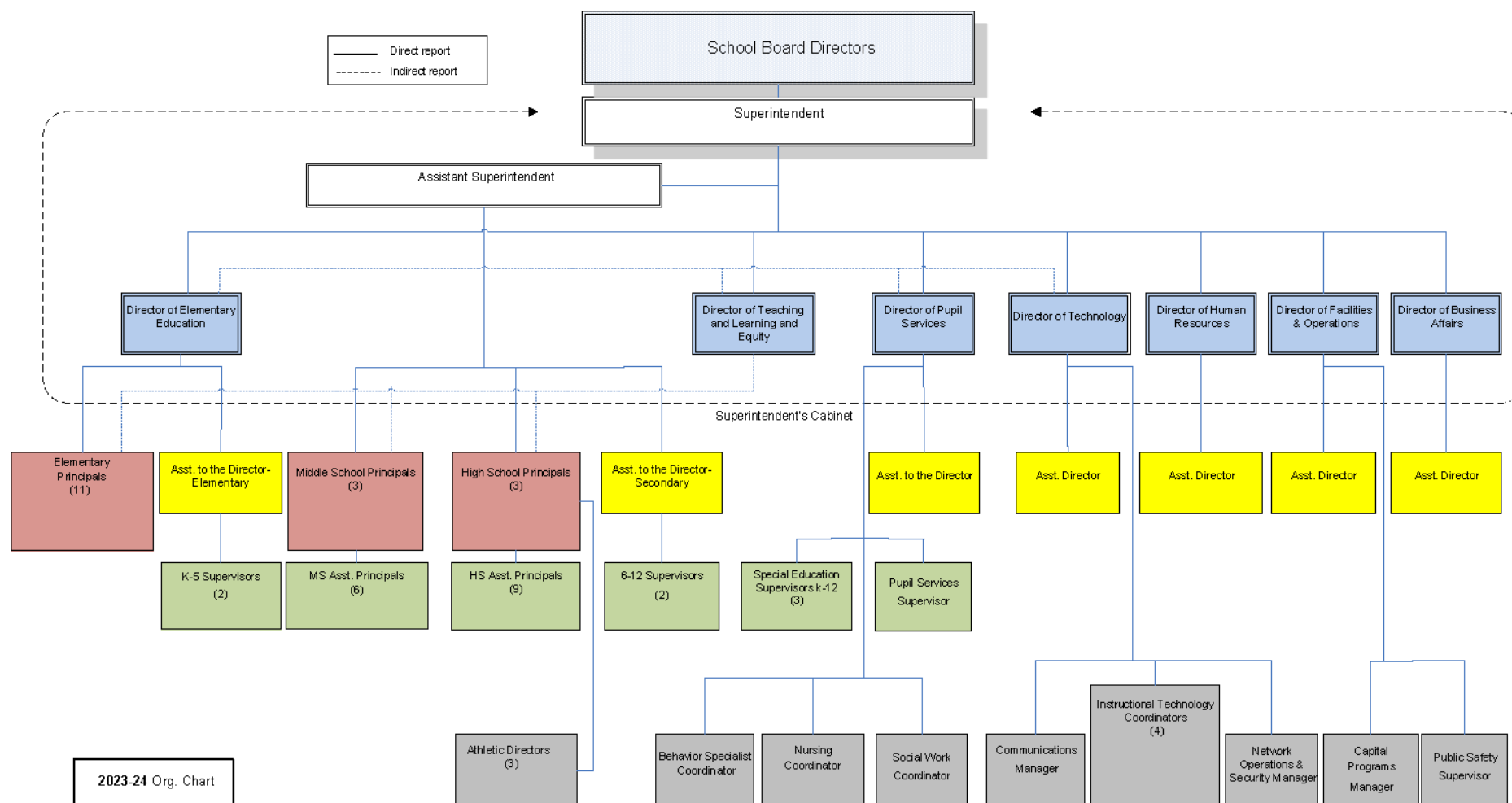
2023-24 School Board Members

| | |
|------------------|-----------------------------|
| Karen Fleming | School Board President |
| Gary Bevilacqua | School Board Vice President |
| Alex Christy | Member |
| Laura Detre | Member |
| Daryl Durnell | Member |
| Katy Frey | Member |
| Karen Herrmann | Member |
| Jewell Parkinson | Member |
| Stacey Whomsley | Member |

District Administrators

| | |
|-----------------------|--|
| Dr. David Christopher | Superintendent |
| Dr. Kalia Reynolds | Assistant Superintendent |
| Dr. Sara Missett | Director of Elementary Education |
| Wayne Birster | Director of Facilities and Operations |
| John McGowan | Director of Information Technology |
| Dr. Jeff Ulmer | Director of Human Resources |
| John Scully | Director of Business Affairs |
| Melissa Kleiman | Director of Pupil Services |
| Dr. Stephen Brown | Director of Teaching and Learning and Equity |

**West Chester Area School District
West Chester Area School District Organization Chart
June 30, 2024**





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

West Chester Area School District

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2023.**

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



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
SFO
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE,
CEO/Executive Director

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WEST CHESTER AREA SCHOOL DISTRICT

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors of
West Chester Area School District:

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Chester Area School District, Exton, Pennsylvania as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise West Chester Area School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Chester Area School District, Exton, Pennsylvania as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability - PSERS and pension plan contributions - PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability -PSERS and OPEB plan contributions – PSERS on pages 11 through 20 and 64 through 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information Included in the Financial Statements

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 7, 2025, on our consideration of West Chester Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Chester Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering West Chester Area School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

February 7, 2025

West Chester Area School District Management's Discussion and Analysis - Unaudited June 30, 2024

INTRODUCTION

The discussion and analysis of the financial performance of West Chester Area School District (the "District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers also should review the financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

DISTRICT MISSION STATEMENT

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

DISTRICT PROFILE

The District consists of eleven elementary schools, three middle schools and three high schools, serving 12,100 students. The District serves a 75 square-mile suburban, urban and rural area in Chester County, Pennsylvania and is comprised of West Chester Borough and the surrounding townships of East Goshen, West Goshen, East Bradford, West Whiteland, Westtown and Thornbury in Chester County and Thornbury Township in Delaware County. The Staff, headed by Superintendent Dr. David Christopher, includes more than 1,000 teachers, 70 administrators and 400 support staff. More than 63% of our certified teaching staff, and 100% of our administrative staff hold advanced degrees.

Student achievement is the primary focus in the district as it is consistently ranked among the best in the state and nation, with 93% of its graduates attending college after graduation. Recognition includes US News and World Report, and Newsweek's Best Public High Schools in the nation. Niche, a national database of public schools, rated the district as 31 out of 500 Pennsylvania school districts, and The National Music Merchants rated the District as one of 37 districts in the state and 570 in the nation as Best Communities in Education.

FINANCIAL HIGHLIGHTS

- The largest District revenue stream is local property tax. In 2023-24, the School Board did not raise property taxes to balance the budget. The taxpayers in Chester County were assessed for property taxes at 22.4364 mills. (Please note that one mill is equal to one-tenth of a cent or \$0.001 of assessed value.) Delaware County tax rate was assessed based upon the equalized millage calculation, which resulted in a tax rate of 9.9424 mills in 2023-24.
- On a fund level reporting basis, compared to the prior year, the District's General Fund total revenues, excluding other financing sources, increased 2.10% or \$6,075,239. This increase was driven primarily by property tax revenue growth, earned income tax, investment income, basic education state funding, and retirement state subsidy revenue. The Increases were offset by a reduction in federal Coronavirus Aid, Relief, and Economic Security ("CARES") and American Rescue Plan ("ARP") funding.
- On a fund level reporting basis, compared to the prior year, the District's General Fund expenditures increased \$9,376,456 or 3.44%. This increase was the result of planned contract increases in salaries for the professional staff, medical benefits costs, student transportation costs and student tuition expense. Salary expense increased by \$4,663,917 or 4.13%. Medical expenses increased by \$4,131,268 or 24.50%. Student transportation expense increased by \$677,286 or 5.03% and Student tuition expense increased by \$542,871 or 3.66%. The increases were partially offset by a decrease in construction and equipment expense of \$2,379,341.

West Chester Area School District Management's Discussion and Analysis – Unaudited June 30, 2024

- The statement of Net position reflects the actuarially determined net pension liability of \$324,751,000, deferred outflows of resources of \$59,198,129 comprising contributions made by the District made after the measurement date of June 30, 2023 and deferred inflows of resources of \$4,446,000 comprised of investment returns on pension assets over projected returns. The governmental activities increase in net position was driven by the combined change in the District's actuarially determined proportionate share of the PSERS liability, and related deferred outflows and deferred inflows, resulting in a reduction of expenses which increased net position.
- On an entity-wide basis, the District's total net position was negative \$80,898,052 at June 30, 2024. This represented a decrease of 17.87% from the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

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

Entity-Wide Financial Statements

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

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

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

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

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

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

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

Fund Level Financial Statements

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

West Chester Area School District
Management's Discussion and Analysis – Unaudited
June 30, 2024

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

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

FINANCIAL ANALYSIS OF THE DISTRICT - ENTITY-WIDE STATEMENTS

The District's total net position was negative \$80,898,052 at June 30, 2024. This represents a decrease of \$17,598,652 over the prior year. The table below presents condensed financial information for the net position of the District as of June 30, 2024 and 2023.

| | Governmental Activities | | Business-type Activities | | Totals | |
|---------------------------------------|--------------------------------|-------------------------|---------------------------------|---------------------|------------------------|------------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Assets | | | | | | |
| Current and other assets | \$ 165,808,313 | \$ 178,964,716 | \$ 3,064,501 | \$ 2,846,284 | \$ 168,872,814 | \$ 181,811,000 |
| Capital assets | <u>325,538,505</u> | <u>326,984,993</u> | <u>904,132</u> | <u>782,489</u> | <u>326,442,637</u> | <u>327,767,482</u> |
| Total assets | <u>491,346,818</u> | <u>505,949,709</u> | <u>3,968,633</u> | <u>3,628,773</u> | <u>495,315,451</u> | <u>509,578,482</u> |
| Deferred outflows of resources | <u>65,612,507</u> | <u>65,239,690</u> | <u>-</u> | <u>-</u> | <u>65,612,507</u> | <u>65,239,690</u> |
| Liabilities | | | | | | |
| Current liabilities | 52,175,634 | 60,566,709 | 854,267 | 757,366 | 53,029,901 | 61,324,075 |
| Noncurrent liabilities | <u>575,693,704</u> | <u>593,900,409</u> | <u>-</u> | <u>-</u> | <u>575,693,704</u> | <u>593,900,409</u> |
| Total liabilities | <u>627,869,338</u> | <u>654,467,118</u> | <u>854,267</u> | <u>757,366</u> | <u>628,723,605</u> | <u>655,224,484</u> |
| Deferred inflows of resources | <u>13,102,405</u> | <u>18,090,392</u> | <u>-</u> | <u>-</u> | <u>13,102,405</u> | <u>18,090,392</u> |
| Net position (deficit) | | | | | | |
| Net investment in capital assets | 90,657,451 | 82,415,067 | 904,132 | 782,489 | 91,561,583 | 83,197,556 |
| Restricted for capital projects | 33,101,201 | 32,138,400 | - | - | 33,101,201 | 32,138,400 |
| Unrestricted (Deficit) | <u>(207,771,070)</u> | <u>(215,921,578)</u> | <u>2,210,234</u> | <u>2,088,918</u> | <u>(205,560,836)</u> | <u>(213,832,660)</u> |
| Total net position (deficit) | <u>\$ (84,012,418)</u> | <u>\$ (101,368,111)</u> | <u>\$ 3,114,366</u> | <u>\$ 2,871,407</u> | <u>\$ (80,898,052)</u> | <u>\$ (98,496,704)</u> |

West Chester Area School District
Management's Discussion and Analysis – Unaudited
June 30, 2024

The governmental activities restricted net position in the amount of \$33,101,201 is set aside to fund capital improvements, the replacement of and additions to public works, and deferred maintenance. The total unrestricted net position in the amount of negative \$205,560,836 included \$2,210,234 which could be used for capital and other expenditures within the District's food service program.

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

The table below presents condensed financial information for the Statement of Activities in a different format so that the reader can see the total revenues for the year. Compared to the prior year, the District's total revenues increased by \$6,629,551 or 2.24%. The largest changes in revenue occurred in property taxes, other revenues and operating grants and contributions. Other revenues increased by \$3,514,310 or 41.61% related to increases in investment revenue. Property taxes increased by \$1,701,977 or 0.89%. Grants and subsidies not restricted to specific programs increased by \$1,590,656 or 10.46% due to increases in state subsidy funding.

Expenses increased by \$23,360,290 or 8.93%. The largest drivers of this increase were instruction, student support services, administrative and financial support services, and pupil transportation. The main driving factors for the increase were related to contracted salaries increases, retirement expense and contracted professional services.

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|--------------------------------|-------------------------|---------------------------------|---------------------|------------------------|------------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program services | | | | | | |
| Charges for services | \$ 1,346,203 | \$ 1,381,820 | \$ 2,906,819 | \$ 2,381,987 | \$ 4,253,022 | \$ 3,763,807 |
| Operating grants and contributions | 39,805,060 | 41,272,583 | 1,941,784 | 1,928,693 | 41,746,844 | 43,201,276 |
| General revenues | | | | | | |
| Property taxes | 192,916,118 | 191,214,141 | - | - | 192,916,118 | 191,214,141 |
| Other taxes | 35,001,582 | 34,213,757 | - | - | 35,001,582 | 34,213,757 |
| Grants and subsidies not restricted to specific programs | 16,803,823 | 15,213,167 | - | - | 16,803,823 | 15,213,167 |
| Other revenues | <u>11,787,755</u> | <u>8,326,618</u> | <u>172,744</u> | <u>119,571</u> | <u>11,960,499</u> | <u>8,446,189</u> |
| Total revenues | <u>297,660,541</u> | <u>291,622,086</u> | <u>5,021,347</u> | <u>4,430,251</u> | <u>302,681,888</u> | <u>296,052,337</u> |
| Expenses | | | | | | |
| Instruction | 178,747,627 | 163,696,662 | - | - | 178,747,627 | 163,696,662 |
| Instructional student support services | 22,945,048 | 20,769,504 | - | - | 22,945,048 | 20,769,504 |
| Administrative and financial support services | 26,333,243 | 23,733,426 | - | - | 26,333,243 | 23,733,426 |
| Operation and maintenance of plant services | 23,867,995 | 21,275,695 | - | - | 23,867,995 | 21,275,695 |
| Pupil transportation | 15,202,250 | 14,310,797 | - | - | 15,202,250 | 14,310,797 |
| Student activities | 6,221,829 | 5,699,023 | - | - | 6,221,829 | 5,699,023 |
| Community services | 20,533 | 187,223 | - | - | 20,533 | 187,223 |
| Interest on long-term debt | 6,966,323 | 7,675,847 | - | - | 6,966,323 | 7,675,847 |
| Food service | - | - | <u>4,778,388</u> | <u>4,374,769</u> | <u>4,778,388</u> | <u>4,374,769</u> |
| Total expenses | <u>280,304,848</u> | <u>257,348,177</u> | <u>4,778,388</u> | <u>4,374,769</u> | <u>285,083,236</u> | <u>261,722,946</u> |
| Change in net position | 17,355,693 | 34,273,909 | 242,959 | 55,482 | 17,598,652 | 34,329,391 |
| Net position (deficit) | | | | | | |
| Beginning of year | <u>(101,368,111)</u> | <u>(135,642,020)</u> | <u>2,871,407</u> | <u>2,815,925</u> | <u>(98,496,704)</u> | <u>(132,826,095)</u> |
| End of year | <u>\$ (84,012,418)</u> | <u>\$ (101,368,111)</u> | <u>\$ 3,114,366</u> | <u>\$ 2,871,407</u> | <u>\$ (80,898,052)</u> | <u>\$ (98,496,704)</u> |

West Chester Area School District
Management's Discussion and Analysis – Unaudited
June 30, 2024

EXPENSES

The table below presents condensed financial information on the expenses of the District by function. The table illustrates both the gross and net costs of services. Unrestricted grants, subsidies and contributions are deducted to reflect the amount needed to be funded by other revenue sources. The amount needed to be funded by other revenue sources increased by \$22,869,155 or 11.5% over the prior year. The table for business-type activity reflects condensed financial activities of the food service program, the only business-type activity of the District.

| | Total Cost of Services | | Net Cost of Services | |
|--|-------------------------------|-----------------------|-----------------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 |
| Governmental activities | | | | |
| Expenses | | | | |
| Instruction | \$ 178,747,627 | \$ 163,696,662 | \$ 152,072,109 | \$ 134,863,930 |
| Instructional student support | 22,945,048 | 20,769,504 | 18,966,442 | 16,886,754 |
| Administrative and financial support | 26,333,243 | 23,733,426 | 23,933,451 | 21,520,666 |
| Operation and maintenance of plant services | 23,867,995 | 21,275,695 | 19,911,999 | 17,474,044 |
| Pupil transportation | 15,202,250 | 14,310,797 | 12,256,117 | 11,584,489 |
| Student activities | 6,221,829 | 5,699,023 | 5,026,677 | 4,500,845 |
| Community services | 20,533 | 187,223 | 20,467 | 187,199 |
| Interest on long-term debt | 6,966,323 | 7,675,847 | 6,966,323 | 7,675,847 |
| Total expense | <u>\$ 280,304,848</u> | <u>\$ 240,265,013</u> | 239,153,585 | 199,447,306 |
| Less: Grants, subsidies and contributions not restricted | | | <u>(16,803,823)</u> | <u>(15,213,167)</u> |
| Amount needed to be funded by other revenue sources | | | <u>\$ 222,349,762</u> | <u>\$ 199,480,607</u> |
| Business-type activities | | | | |
| Food services | <u>\$ 4,778,388</u> | <u>\$ 4,374,769</u> | <u>\$ (70,215)</u> | <u>\$ (1,482,889)</u> |

THE DISTRICT FUNDS

General Fund

At June 30, 2024, the District reported a total fund balance of \$94,036,156 which was an increase of \$5,475,532 over the prior year. Of this amount, the District committed \$66,044,229 of the fund balance towards tax rate stabilization. These funds will be used to offset the 2024-25 budget gaps and eliminate the need for future tax increases. Due to the nature of self-insuring health insurance claims, the District experiences volatility in annual health insurance costs, to smooth these expenditures, the District established a health insurance rate stabilization fund and committed \$4,159,909 which is consistent with the prior year. The District assigned \$2,000,000 to fund fluctuations in alternative education cost and \$1,000,000 to help minimize the property assessment fluctuations, which both are consistent with the prior year. In 2024 the District assigned \$1,100,000 to fund future staffing needs. The remaining assigned fund balance of \$52,138 is assigned for athletic activities. There are nonspendable amounts of \$2,299,476 in fund balance for prepaid expenditures. The remaining fund balance of \$17,380,404 is classified as unassigned and represents 6.17% of total expenditures.

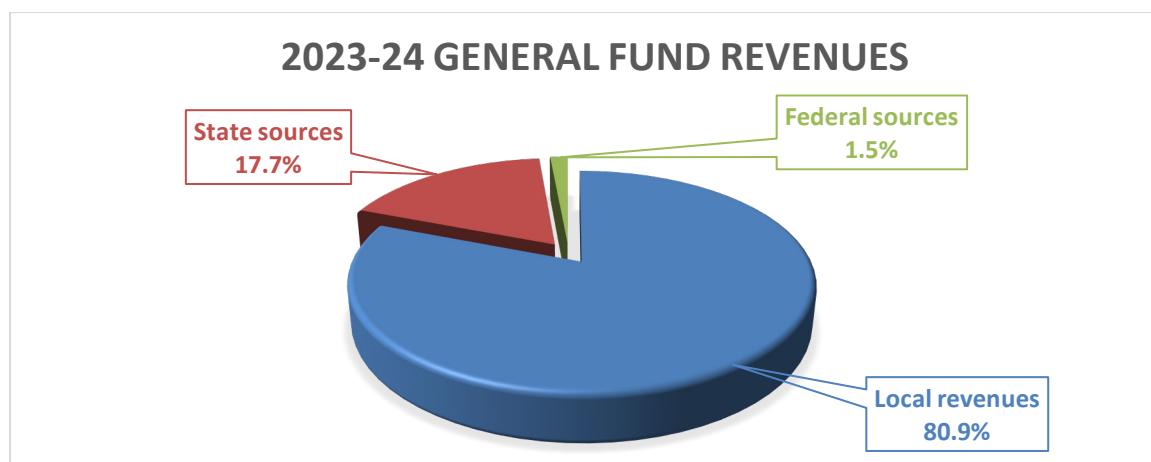
**West Chester Area School District
Management's Discussion and Analysis – Unaudited
June 30, 2024**

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

REVENUE

General Fund Revenues, excluding other financing sources, total \$295,873,775 which is an increase from the collections in the prior year. The table below reflects a comparison of current year revenues to prior year revenues:

| | General Fund Revenue 2024 | Percentage of Total | Increase/ (Decrease) from 2023 | Variance Over/(Under) Final Budget |
|-----------------|--|--------------------------------|---|---|
| Local revenues | \$ 239,264,892 | 80.9% | \$ 5,956,126 | \$ 23,045,759 |
| State sources | 52,257,112 | 17.7% | 2,887,887 | 1,549,838 |
| Federal sources | <u>4,351,771</u> | <u>1.4%</u> | <u>(2,768,774)</u> | <u>771,875</u> |
| Total | <u>\$ 295,873,775</u> | <u>100.00%</u> | <u>\$ 6,075,239</u> | <u>\$ 25,367,472</u> |



Local revenues Increased by \$5,956,126. The District's real estate tax revenue increased \$2,016,250, or 1.07% from the prior year due to overall property growth within the District. The District's investment revenues increased \$3,258,922, or 49.71% from the prior year. The District's earned income tax revenues increased \$1,651,613, or 5.98% from the prior year. Additionally, real estate transfer tax revenue and delinquent tax collection revenue decreased by \$641,203 or 10.39% and \$314,273 or 10.76%, respectively, from the prior year.

The increase in State revenues is due to increases in basic education funding, retirement subsidy revenue and social security and Medicare subsidy revenue. Basic education funding increased by \$1,699,525. State pension retirement and social security and Medicare subsidies increased by \$867,458 and \$237,519, respectively. The state reimburses the District for 50% of the District's pension and social security and Medicare costs.

Federal revenues decreased by 38.88%, which is the result of the decrease in Coronavirus Aid, Relief, and Economic Security ("CARES") and American Rescue Plan ("ARP") funding totaling \$3,769,147. The decreases were offset by increases in IDEA funding of \$621,829, Title I funding of \$395,922, Title II funding of \$1,688 and Title III funding of \$10,673.

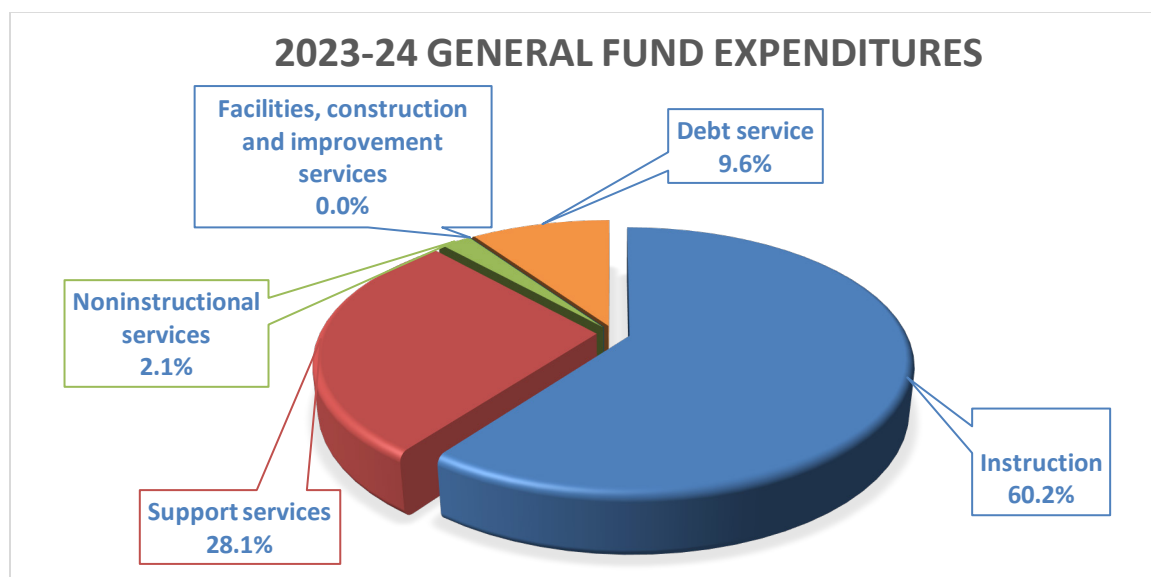
**West Chester Area School District
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EXPENDITURES

General Fund expenditures, excluding transfers to other governmental funds, totaled \$281,770,970. This was an increase of \$9,376,456 or 3.44% over the prior year, and it was \$11,885,448 under the approved budget. The expenditures were segregated into various programs depending on the functions of the activity. These programs and the costs associated with each, as well as comparison to the costs incurred in the prior year and the final 2023-24 budget, are as follows:

| | General Fund Revenue 2024 | Percentage of Total | Increase/ (Decrease) from 2023 | Variance Over/(Under) Final Budget |
|--|--|--------------------------------|---|---|
| Instruction | \$ 169,466,011 | 60.2% | \$ 7,793,787 | \$ (5,387,813) |
| Support services | 79,257,033 | 28.1% | 4,609,247 | (5,964,230) |
| Noninstructional services | 5,896,493 | 2.1% | 86,355 | (323,260) |
| Facilities acquisition, construction and improvement services | - | 0.0% | (2,382,380) | - |
| Debt service | <u>27,151,433</u> | <u>9.6%</u> | <u>(730,553)</u> | <u>(210,145)</u> |
| Total | <u>\$ 281,770,970</u> | <u>100.0%</u> | <u>\$ 9,376,456</u> | <u>\$ (11,885,448)</u> |

The driving factors for the 2023-24 increases in instructional and support services were contracted salary increases, retirement expense and student transportation costs. The decrease in 2023-24 facilities acquisition, construction and improvement services was the result of one-time construction costs funded through a federal grant in the prior year.



Capital Projects Fund

Fiscal 2023-24 represented the fourteenth year of the District's elementary school master plan renovations. By the completion of this plan, all ten existing elementary schools will have been renovated. In 2019 the District identified the need for an eleventh elementary school due to the student growth within the District. As of June 30, 2024, the District had a capital projects fund balance of \$7,087,644. This was a decrease of \$10,763,701 from the prior year. The District also reported expenditures of \$15,423,744 in 2023-24. These expenditures were primarily related to the design and renovation of the elementary schools.

**West Chester Area School District
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Capital Reserve Fund

The Capital Reserve Fund had a fund balance of \$33,101,201 at June 30, 2024. This was a \$962,801 increase from the prior year. The Capital Reserve Fund is funded by transfers from the General Fund. In 2023-24, the capital outflows from the Capital Reserve Fund were spent on maintenance projects. The Capital Reserve Fund received a transfer in of \$3,980,986 from the General Fund. This transfer represented general fund maintenance projects and debt service savings achieved through refinancing an existing bond issue.

GENERAL FUND BUDGET

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

Due to legislative restrictions, the District must adopt a preliminary budget six months before the start of the fiscal year. Subsequent to the start of the fiscal year, the District's projections indicated that future budget years would experience a budgetary shortfall due to rising pension rates and limited local revenue increases. In reaction to this anticipated gap, the District has been conservative with spending. This is evident when reviewing the District's actual expenditures versus the approved budget. Total revenues were collected above budgeted amounts at \$25,367,472 over budget or 9.38%. Total expenditures were under the amended budget by \$11,885,448 or 4.05%.

CAPITAL ASSETS

At June 30, 2024, the District had \$326,442,637 invested in a broad range of governmental capital assets, including land, buildings, furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$1,324,845 or .004% from the prior year. Additionally, the District's construction in progress balance decreased by \$16,577,774 from the prior year.

The following schedule depicts the capital assets for the period July 1, 2023 through June 30, 2024. More detailed information about Capital assets is included in the notes to the financial statements.

| | Governmental Activities | Business-Type Activities | Total Assets |
|--------------------------------|------------------------------------|-------------------------------------|-------------------------|
| Capital assets | | | |
| Land | \$ 28,289,916 | \$ - | \$ 28,289,916 |
| Land improvements | 18,032,787 | - | 18,032,787 |
| Buildings | 501,902,105 | - | 501,902,105 |
| Construction-in-progress | 30,445,829 | - | 30,445,829 |
| Furniture and equipment | 58,874,995 | 1,852,398 | 60,727,393 |
| Right-to-use leased equipment | 1,063,021 | - | 1,063,021 |
| Total capital assets | 638,608,653 | 1,852,398 | 640,461,051 |
| Total accumulated depreciation | 313,070,148 | 948,266 | 314,018,414 |
| Capital assets, net | <u>\$ 325,538,505</u> | <u>\$ 904,132</u> | <u>\$ 326,442,637</u> |

**West Chester Area School District
Management's Discussion and Analysis – Unaudited
June 30, 2024**

DEBT ADMINISTRATION

As of June 30, 2024, the District had total outstanding bonds and related charges of \$242,267,739, a decrease of \$20,124,178 from the prior year. Based upon a projection of future debt margins, the retirement of principal on current issues and estimated future borrowing, the District is certain that it will not exceed its debt limit.

| | Principal Outstanding June 30, 2023 | Maturities/ Refinancing | Additions | Principal Outstanding June 30, 2024 |
|---------------------------------------|--|------------------------------------|----------------------|--|
| General obligation bonds and notes | \$ 242,135,000 | \$ 29,975,000 | \$ 11,300,000 | \$ 223,460,000 |
| Deferred amounts | | | | |
| Net Issuance premium | 20,256,917 | 2,450,780 | 1,001,602 | 18,807,739 |
| Long-term debt | <u>\$ 283,168,168</u> | <u>\$ 32,425,780</u> | <u>\$ 12,301,602</u> | <u>\$ 242,267,739</u> |

OTHER LONG-TERM LIABILITIES

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

THE DISTRICT'S FUTURE

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

Expense growth in the future will continue to be driven by staffing, pension and employee benefit costs. The District's employer pension contribution rate decreased from 35.26% in 2022-2023 to 34.00% in 2023-2024 and is projected to increase moving forward. The District also projects an annual increase of 7.57% per year in health benefits. The District uses fund balance management techniques to reserve funds for future staffing needs, potential health care costs, alternative education costs and reduce millage impact. The District has changed health care plans for all its labor groups in an attempt to limit health care expenses. While currently, the District is showing a deficit, the District School Board and staff are working hard to develop methods to address the District's long-term financial needs.

During the past few years, the District has continued to see a large number of residential development projects approved within the School District's boundaries. In anticipation of the influx of new students, the District has adjusted its long-term elementary school master plan that included an 11th elementary school. The District will continue the renovations and/or additions to each of its existing 10 elementary schools. The District has completed seven building renovations and is in progress with the eighth and ninth renovations. The remaining elementary school renovations are estimated to be completed through 2029. As for the financing of the remaining renovations plan, the District has always exercised caution in a conservative approach to borrowing, including waiting until long-term bonds (20-year notes) were capable of being sold at advantageous, fixed rates of interest.

**West Chester Area School District
Management's Discussion and Analysis – Unaudited
June 30, 2024**

FINANCIAL MANAGEMENT

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

West Chester Area School District
Government-Wide - Statement of Net Position (Deficit)
June 30, 2024

| | Primary Government | | |
|--|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Assets and Deferred Outflows of Resources | | | |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 22,005,377 | \$ 519,698 | \$ 22,525,075 |
| Investments | 126,013,698 | 2,621,892 | 128,635,590 |
| Internal balances | 170,303 | (170,303) | - |
| Due from other governments | 9,354,913 | 55,988 | 9,410,901 |
| Other receivables | 2,120,986 | 27,784 | 2,148,770 |
| Taxes receivables | 3,694,763 | - | 3,694,763 |
| Prepaid expenses | 2,448,273 | - | 2,448,273 |
| Inventories | - | 9,442 | 9,442 |
| Total current assets | <u>165,808,313</u> | <u>3,064,501</u> | <u>168,872,814</u> |
| Noncurrent assets | | | |
| Capital assets | | | |
| Land | 28,289,916 | - | 28,289,916 |
| Construction-in-progress | 30,445,829 | - | 30,445,829 |
| Land improvements | 18,032,787 | - | 18,032,787 |
| Buildings | 501,902,105 | - | 501,902,105 |
| Furniture and equipment | 58,874,995 | 1,852,398 | 60,727,393 |
| Leased right to use building and equipment | 1,063,021 | - | 1,063,021 |
| Less: Accumulated depreciation | <u>(313,070,148)</u> | <u>(948,266)</u> | <u>(314,018,414)</u> |
| Total noncurrent assets | <u>325,538,505</u> | <u>904,132</u> | <u>326,442,637</u> |
| Total assets | <u>491,346,818</u> | <u>3,968,633</u> | <u>495,315,451</u> |
| Deferred Outflow of Resources | | | |
| Deferred amount on refunding | 1,937,657 | - | 1,937,657 |
| Deferred outflows relating to OPEB | 4,476,721 | - | 4,476,721 |
| Deferred outflows relating to pension | <u>59,198,129</u> | <u>-</u> | <u>59,198,129</u> |
| Total deferred outflow of resources | <u>65,612,507</u> | <u>-</u> | <u>65,612,507</u> |
| Total assets and deferred outflows of resources | <u>\$ 556,959,325</u> | <u>\$ 3,968,633</u> | <u>\$ 560,927,958</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Government-Wide - Statement of Net Position (Deficit)
June 30, 2024

| | Primary Government | | |
|---|----------------------------|-----------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total |
| Liabilities and Net Position (Deficit) | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and other current liabilities | \$ 29,757,830 | \$ 331,265 | \$ 30,089,095 |
| Accrued interest | 1,288,382 | - | 1,288,382 |
| Unearned revenues | 59,744 | 523,002 | 582,746 |
| Bonds and notes payable, net | 20,854,392 | - | 20,854,392 |
| Lease liability | 215,286 | - | 215,286 |
| Total current liabilities | <u>52,175,634</u> | <u>854,267</u> | <u>53,029,901</u> |
| Noncurrent liabilities | | | |
| Bonds and notes payable, net | 221,413,347 | - | 221,413,347 |
| Accrued severance and compensated absences | 6,061,021 | - | 6,061,021 |
| Net OPEB liability | 23,333,388 | - | 23,333,388 |
| Net pension liability | 324,751,000 | - | 324,751,000 |
| Lease liability | 134,948 | - | 134,948 |
| Total noncurrent liabilities | <u>575,693,704</u> | <u>-</u> | <u>575,693,704</u> |
| Total liabilities | <u>627,869,338</u> | <u>854,267</u> | <u>628,723,605</u> |
| Deferred inflow of resources | | | |
| Deferred inflow relating to OPEB | 8,656,405 | - | 8,656,405 |
| Deferred inflow relating to pension | 4,446,000 | - | 4,446,000 |
| Total deferred inflow of resources | <u>13,102,405</u> | <u>-</u> | <u>13,102,405</u> |
| Net position | | | |
| Net investment in capital assets | 90,657,451 | 904,132 | 91,561,583 |
| Restricted for capital projects | 33,101,201 | - | 33,101,201 |
| Unrestricted (deficit) | <u>(207,771,070)</u> | <u>2,210,234</u> | <u>(205,560,836)</u> |
| Total net position (deficit) | <u>(84,012,418)</u> | <u>3,114,366</u> | <u>(80,898,052)</u> |
| Total liabilities, deferred inflow of resources and net position (deficit) | <u>\$ 556,959,325</u> | <u>\$ 3,968,633</u> | <u>\$ 560,927,958</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Government-Wide - Statement of Activities
Year Ended June 30, 2024

| | <u>Expenses</u> | <u>Charges for Service</u> | <u>Operating Grants</u> | <u>Capital Grants</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
|--|-----------------------|----------------------------|-------------------------|-----------------------|--------------------------------|---------------------------------|------------------------|
| Primary Government | | | | | | | |
| Governmental activities | | | | | | | |
| Instruction | \$ 178,747,627 | \$ 137,116 | \$ 26,538,402 | \$ - | \$ (152,072,109) | \$ - | \$ (152,072,109) |
| Instructional student support | 22,945,048 | - | 3,978,606 | - | (18,966,442) | - | (18,966,442) |
| Administrative and financial support services | 26,333,243 | - | 2,399,792 | - | (23,933,451) | - | (23,933,451) |
| Operation and maintenance of plant services | 23,867,995 | 709,676 | 3,246,320 | - | (19,911,999) | - | (19,911,999) |
| Pupil transportation | 15,202,250 | - | 2,946,133 | - | (12,256,117) | - | (12,256,117) |
| Student activities | 6,221,829 | 499,411 | 695,741 | - | (5,026,677) | - | (5,026,677) |
| Community services | 20,533 | - | 66 | - | (20,467) | - | (20,467) |
| Interest on long-term debt | <u>6,966,323</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(6,966,323)</u> | <u>-</u> | <u>(6,966,323)</u> |
| Total governmental activities | <u>280,304,848</u> | <u>1,346,203</u> | <u>39,805,060</u> | <u>-</u> | <u>(239,153,585)</u> | <u>-</u> | <u>(239,153,585)</u> |
| Business-type activities | | | | | | | |
| Food service | <u>4,778,388</u> | <u>2,906,819</u> | <u>1,941,784</u> | <u>-</u> | <u>-</u> | <u>70,215</u> | <u>70,215</u> |
| Total primary government | <u>\$ 285,083,236</u> | <u>\$ 4,253,022</u> | <u>\$ 41,746,844</u> | <u>\$ -</u> | <u>(239,153,585)</u> | <u>70,215</u> | <u>(239,083,370)</u> |
| General revenues | | | | | | | |
| Property taxes, levied for general purpose | | | | | 192,916,118 | - | 192,916,118 |
| Taxes levied for specific purposes | | | | | 35,001,582 | - | 35,001,582 |
| Grants, entitlements and contributions not restricted to specific programs | | | | | 16,803,823 | - | 16,803,823 |
| Investment earnings | | | | | 11,595,815 | 168,844 | 11,764,659 |
| Other | | | | | <u>191,940</u> | <u>3,900</u> | <u>195,840</u> |
| Total general revenues | | | | | <u>256,509,278</u> | <u>172,744</u> | <u>256,682,022</u> |
| Change in net position | | | | | 17,355,693 | 242,959 | 17,598,652 |
| Net position (deficit), beginning of year | | | | | <u>(101,368,111)</u> | <u>2,871,407</u> | <u>(98,496,704)</u> |
| Net position (deficit), current year | | | | | <u>\$ (84,012,418)</u> | <u>\$ 3,114,366</u> | <u>\$ (80,898,052)</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Balance Sheet – Governmental Funds
June 30, 2024

| | General Fund | Capital Projects Fund | Capital Reserve Fund | Other Governmental Fund | Totals |
|---|-------------------------|--------------------------------------|-------------------------------------|--|-----------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 15,811,691 | \$ 1,355,306 | \$ 4,838,380 | \$ - | \$ 22,005,377 |
| Investments | 89,334,123 | 8,057,609 | 28,621,966 | - | 126,013,698 |
| Taxes receivable | 3,694,763 | - | - | - | 3,694,763 |
| Due from other funds | 170,303 | - | - | - | 170,303 |
| Due from other governments | 9,354,913 | - | - | - | 9,354,913 |
| Other receivables | 2,120,986 | - | - | - | 2,120,986 |
| Prepaid expenditures | 2,299,476 | 148,797 | - | - | 2,448,273 |
| Total assets | <u>\$ 122,786,255</u> | <u>\$ 9,561,712</u> | <u>\$ 33,460,346</u> | <u>\$ -</u> | <u>\$ 165,808,313</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | | | | | |
| Liabilities | | | | | |
| Accounts payable and accrued liabilities | \$ 5,885,246 | \$ 2,474,068 | \$ 359,145 | \$ - | \$ 8,718,459 |
| Unearned revenue | 59,744 | - | - | - | 59,744 |
| Payroll accruals and withholdings | 21,039,371 | - | - | - | 21,039,371 |
| Total liabilities | <u>26,984,361</u> | <u>2,474,068</u> | <u>359,145</u> | <u>-</u> | <u>29,817,574</u> |
| Deferred inflows of resources | | | | | |
| Unavailable revenue - property taxes | 1,765,738 | - | - | - | 1,765,738 |
| Total deferred inflows of resources | <u>1,765,738</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,765,738</u> |
| Fund balances (deficit) | | | | | |
| Nonspendable | 2,299,476 | 148,797 | - | - | 2,448,273 |
| Restricted | - | 6,938,847 | 33,101,201 | - | 40,040,048 |
| Committed | 70,204,138 | - | - | - | 70,204,138 |
| Assigned | 4,152,138 | - | - | - | 4,152,138 |
| Unassigned | 17,380,404 | - | - | - | 17,380,404 |
| Total fund balances (deficit) | <u>94,036,156</u> | <u>7,087,644</u> | <u>33,101,201</u> | <u>-</u> | <u>134,225,001</u> |
| Total liabilities, deferred inflows of resources and fund balance (deficit) | <u>\$ 122,786,255</u> | <u>\$ 9,561,712</u> | <u>\$ 33,460,346</u> | <u>\$ -</u> | <u>\$ 165,808,313</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
(Deficit)
June 30, 2024

Total Fund Balances for Governmental Funds **\$ 134,225,001**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of assets was \$638,608,653 accumulated depreciation and amortization was \$313,070,148. 325,538,505

Some of the District's revenues will be collected after year end but are not available soon enough to pay the current year's expenditures and, therefore, are reported as unavailable revenue - property taxes in the governmental funds. 1,765,738

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the life of the refunding debt. 1,937,657

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

| | | |
|--|----------------|---------------|
| Accrued interest | \$ (1,288,382) | |
| Bonds and notes payable in future years, net | (242,267,739) | |
| Accumulated compensated absences | (6,061,021) | |
| Net pension liability | (324,751,000) | |
| Net OPEB liability | (23,333,388) | |
| Lease liability | (350,234) | (598,051,764) |

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

| | | |
|--------------------------------|-------------|------------|
| Deferred outflows of resources | | |
| Deferred outflows - OPEB | 4,476,721 | |
| Deferred outflows - pension | 59,198,129 | |
| Deferred inflows of resources | | |
| Deferred inflows - OPEB | (8,656,405) | |
| Deferred inflows - pension | (4,446,000) | 50,572,445 |

| | | |
|---|--|-----------------|
| Total net position of governmental activities | | \$ (84,012,418) |
|---|--|-----------------|

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental
Funds
Year Ended June 30, 2024

| | General Fund | Capital Projects Fund | Capital Reserve Fund | Other Governmental Fund | Totals |
|--|-------------------------|--------------------------------------|-------------------------------------|--|-----------------------|
| Revenues | | | | | |
| Local sources | \$ 239,264,892 | \$ - | \$ 1,780,484 | \$ - | \$ 241,045,376 |
| State sources | 52,257,112 | - | - | - | 52,257,112 |
| Federal sources | 4,351,771 | - | - | - | 4,351,771 |
| Total revenues | <u>295,873,775</u> | <u>-</u> | <u>1,780,484</u> | <u>-</u> | <u>297,654,259</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Instruction | 169,466,011 | - | - | - | 169,466,011 |
| Support services | 79,257,033 | 3,727,418 | - | - | 82,984,451 |
| Operation of noninstructional services | 5,896,493 | - | - | - | 5,896,493 |
| Debt service | | | | | |
| Principal | 17,975,000 | - | - | - | 17,975,000 |
| Interest | 9,176,433 | - | - | - | 9,176,433 |
| Bond Issuance costs | - | 2,452 | - | 151,763 | 154,215 |
| Capital outlays | <u>-</u> | <u>11,693,874</u> | <u>4,798,669</u> | <u>-</u> | <u>16,492,543</u> |
| Total expenditures | <u>281,770,970</u> | <u>15,423,744</u> | <u>4,798,669</u> | <u>151,763</u> | <u>302,145,146</u> |
| Excess (Deficiency) of revenues over (under) expenditures | <u>14,102,805</u> | <u>(15,423,744)</u> | <u>(3,018,185)</u> | <u>(151,763)</u> | <u>(4,490,887)</u> |
| Other financing sources (uses) | | | | | |
| Refund of prior year expenditures | 11,304 | - | - | - | 11,304 |
| Bonds issued for refunding | - | - | - | 11,300,000 | 11,300,000 |
| Payment to refund bonds | - | - | - | (12,147,387) | (12,147,387) |
| Premium on bonds issued | - | - | - | 1,001,602 | 1,001,602 |
| Transfers in | - | 4,660,043 | 3,980,986 | - | 8,641,029 |
| Transfers out | <u>(8,638,577)</u> | <u>-</u> | <u>-</u> | <u>(2,452)</u> | <u>(8,641,029)</u> |
| Total other financing sources (uses) | <u>(8,627,273)</u> | <u>4,660,043</u> | <u>3,980,986</u> | <u>151,763</u> | <u>165,519</u> |
| Net change in fund balances | 5,475,532 | (10,763,701) | 962,801 | - | (4,325,368) |
| Fund balances (deficit), beginning of year | <u>88,560,624</u> | <u>17,851,345</u> | <u>32,138,400</u> | <u>-</u> | <u>138,550,369</u> |
| Fund balances (deficit), end of year | <u>\$ 94,036,156</u> | <u>\$ 7,087,644</u> | <u>\$ 33,101,201</u> | <u>\$ -</u> | <u>\$ 134,225,001</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
– Governmental Funds to Statement of Activities
Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds **\$ (4,325,368)**

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

Capital outlays are reported in governmental funds as expenditures, either as district-wide (capital outlay) or function-specific (i.e. instruction, pupil services). However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense exceeded \$19,278,926 exceeded capital outlay \$17,832,438 in the period. (1,446,488)

Because some amounts will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable revenue decreased by this amount during the year. (5,022)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 20,391,641

Governmental funds report deferred amounts on bond refundings as other financing sources. However, these amounts are reported on the statement of net position as deferred outflows of resources and amortized over the life of the refunding debt. (134,338)

In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) and special termination benefits (early retirement) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which current period amounts paid exceeded current period compensated absences earned. (554,033)

OPEB expenses in the statement of activities differs from the amount reported in the governmental funds because OPEB expenses are recognized in the statement of activities based on the District's proportionate share of the expenses of the cost-sharing OPEB plan and expenses of the single employer, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 287,719

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 195,270

Pension expense in the statement of activities differs from the amount reported in the governmental funds because pension expense is recognized in the statement of activities based on the organization's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. 2,946,312

Change in net position of governmental activities \$ 17,355,693

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Budgetary Comparison Statement – General Fund
Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance With Final Budget Positive (Negative) |
|---|-------------------------|----------------------|----------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Local sources | \$ 216,219,133 | \$ 216,219,133 | \$ 239,264,892 | \$ 23,045,759 |
| State sources | 50,707,274 | 50,707,274 | 52,257,112 | 1,549,838 |
| Federal sources | 3,579,896 | 3,579,896 | 4,351,771 | 771,875 |
| Total revenues | <u>270,506,303</u> | <u>270,506,303</u> | <u>295,873,775</u> | <u>25,367,472</u> |
| Expenditures | | | | |
| Instruction | | | | |
| Regular programs, elementary/secondary | 114,859,977 | 116,403,127 | 114,362,631 | 2,040,496 |
| Special programs, elementary/secondary | 48,456,670 | 49,809,556 | 46,994,109 | 2,815,447 |
| Vocational education programs | 7,212,728 | 7,273,495 | 7,011,410 | 262,085 |
| Other instructional programs | 1,144,553 | 1,211,486 | 941,701 | 269,785 |
| Nonpublic school programs | 72,130 | 156,160 | 156,160 | - |
| Total instruction | <u>171,746,058</u> | <u>174,853,824</u> | <u>169,466,011</u> | <u>5,387,813</u> |
| Support services | | | | |
| Pupil personnel | 12,191,614 | 12,353,784 | 11,549,870 | 803,914 |
| Instructional staff | 8,300,701 | 8,394,165 | 7,403,116 | 991,049 |
| Administration | 14,761,627 | 14,906,547 | 13,908,372 | 998,175 |
| Pupil health | 3,241,583 | 3,287,924 | 3,252,228 | 35,696 |
| Business | 2,175,317 | 2,204,652 | 2,020,794 | 183,858 |
| Operational and maintenance of plant services | 23,118,764 | 23,457,711 | 21,515,261 | 1,942,450 |
| Student transportation services | 15,003,994 | 14,922,134 | 14,210,531 | 711,603 |
| Central | 5,155,763 | 5,417,624 | 5,120,139 | 297,485 |
| Other support services | 230,316 | 276,722 | 276,722 | - |
| Total support services | <u>84,179,679</u> | <u>85,221,263</u> | <u>79,257,033</u> | <u>5,964,230</u> |
| Operation of noninstructional services | | | | |
| Student activities | 5,974,703 | 6,199,182 | 5,877,297 | 321,885 |
| Community services | 7,823 | 20,571 | 19,196 | 1,375 |
| Total operation of noninstructional services | <u>5,982,526</u> | <u>6,219,753</u> | <u>5,896,493</u> | <u>323,260</u> |
| Facilities acquisition, construction and improvement services | - | - | - | - |
| Debt service | | | | |
| Principal, interest and fiscal agent fees | 27,291,578 | 27,361,578 | 27,151,433 | 210,145 |
| Total expenditures | <u>289,199,841</u> | <u>293,656,418</u> | <u>281,770,970</u> | <u>11,885,448</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(18,693,538)</u> | <u>(23,150,115)</u> | <u>14,102,805</u> | <u>37,252,920</u> |
| Other financing sources | | | | |
| Refunds of prior year expenditures | - | - | 11,304 | 11,304 |
| Budgetary reserve | (4,599,980) | - | - | - |
| Interfund transfer out | (8,495,174) | (8,638,577) | (8,638,577) | - |
| Total other financing sources | <u>(13,095,154)</u> | <u>(8,638,577)</u> | <u>(8,627,273)</u> | <u>11,304</u> |
| Net change in fund balance | (31,788,692) | (31,788,692) | 5,475,532 | 37,264,224 |
| Fund balance, beginning of year | <u>88,560,624</u> | <u>88,560,624</u> | <u>88,560,624</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 56,771,932</u> | <u>\$ 56,771,932</u> | <u>\$ 94,036,156</u> | <u>\$ 37,264,224</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Statement of Fund Net Position – Proprietary Fund
June 30, 2024

| | <u>Food Service Fund</u> |
|--|-------------------------------------|
| Assets | |
| Current assets | |
| Cash and cash equivalents | \$ 519,698 |
| Investments | 2,621,892 |
| Due from other governments | 55,988 |
| Other receivables | 27,784 |
| Inventory, donated commodities | <u>9,442</u> |
| Total current assets | 3,234,804 |
| Capital assets | |
| Furniture and equipment, net | <u>904,132</u> |
| Total assets | <u><u>\$ 4,138,936</u></u> |
| Liabilities and Net Position | |
| Current liabilities | |
| Accounts payable and accrued liabilities | \$ 331,265 |
| Due to other funds | 170,303 |
| Unearned revenue | <u>523,002</u> |
| Total liabilities | <u>1,024,570</u> |
| Net position | |
| Investment in capital assets | 904,132 |
| Unrestricted | <u>2,210,234</u> |
| Total net position | <u>3,114,366</u> |
| Total liabilities and net position | <u><u>\$ 4,138,936</u></u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
Year Ended June 30, 2024

| | <u>Food Service Fund</u> |
|------------------------------------|-------------------------------------|
| Operating revenues | |
| Food service revenue | \$ 2,906,819 |
| Total operating revenues | <u>2,906,819</u> |
| Operating expenses | |
| Professional and contract services | 4,623,130 |
| Depreciation | 155,258 |
| Other operating costs | <u>-</u> |
| Total operating expenses | <u>4,778,388</u> |
| Operating loss | <u>(1,871,569)</u> |
| Nonoperating revenues | |
| State sources | 348,421 |
| Federal sources | 1,593,363 |
| Local sources | - |
| Interest income | 168,844 |
| Gain on sale of assets | <u>3,900</u> |
| Total nonoperating revenues | <u>2,114,528</u> |
| Change in net position | 242,959 |
| Net position, beginning of year | <u>2,871,407</u> |
| Net position, end of year | <u>\$ 3,114,366</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2024

| | Food Service Fund |
|--|------------------------------|
| Operating activities | |
| Receipts from customers | \$ 2,923,518 |
| Payments to suppliers | <u>(4,190,670)</u> |
| Net cash used by operating activities | <u>(1,267,152)</u> |
| Noncapital financing activities | |
| State sources | 347,624 |
| Federal sources | <u>1,263,217</u> |
| Net cash provided by noncapital financing activities | <u>1,610,841</u> |
| Capital and related financing activities | |
| Gain on sale of capital assets | 3,900 |
| Purchase of capital assets | <u>(276,900)</u> |
| Net cash used by capital and related financing activities | <u>(273,000)</u> |
| Investing activities | |
| Sale of investment securities and deposits to investment pools | 238,593 |
| Interest income | <u>168,844</u> |
| Net cash used by investing activities | <u>407,437</u> |
| Net change in cash and cash equivalents | 478,126 |
| Cash and cash equivalents | |
| Beginning of year | <u>41,572</u> |
| End of year | <u>\$ 519,698</u> |
| Reconciliation of operating loss to net cash used by operating activities | |
| Operating loss | \$ (1,871,569) |
| Adjustments to reconcile operating loss to net cash used by operating activities | |
| Depreciation | 155,258 |
| Commodities Usage | 334,734 |
| Changes in assets and liabilities | |
| Increase in other receivables | 819 |
| Increase in inventory | (8,800) |
| Decrease in accounts payable and accrued liabilities | 81,021 |
| Decrease in due to other funds | 25,505 |
| Decrease in unearned revenue | <u>15,880</u> |
| Net cash used by operating activities | <u>\$ (1,267,152)</u> |
| Supplemental disclosure | |
| Noncash noncapital financing activity | |
| USDA donated commodities | <u>\$ 334,734</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Statement of Net Position – Fiduciary Funds
June 30, 2024

| | <u>Custodial Funds</u> | | | |
|-------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| | <u>Student Activity Funds</u> | <u>Other Custodial Funds</u> | <u>Total Custodial Funds</u> | <u>Private- Purpose Trust</u> |
| Assets | | | | |
| Cash and cash equivalents | \$ 471,780 | \$ 129,411 | \$ 601,191 | \$ 592,795 |
| Investments | <u>-</u> | <u>-</u> | <u>-</u> | <u>808,214</u> |
| Total assets | <u>\$ 471,780</u> | <u>\$ 129,411</u> | <u>\$ 601,191</u> | <u>\$ 1,401,009</u> |
| Liabilities and Net Position | | | | |
| Liabilities | | | | |
| Other current liabilities | \$ 14,356 | \$ - | \$ 14,356 | \$ 2,973 |
| Total liabilities | <u>14,356</u> | <u>-</u> | <u>14,356</u> | <u>2,973</u> |
| Net position | | | | |
| Restricted | <u>457,424</u> | <u>129,411</u> | <u>586,835</u> | <u>1,398,036</u> |
| Total net position | <u>457,424</u> | <u>129,411</u> | <u>586,835</u> | <u>1,398,036</u> |
| Total liabilities and net position | <u>\$ 471,780</u> | <u>\$ 129,411</u> | <u>\$ 601,191</u> | <u>\$ 1,401,009</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2024

| | Student Activity Funds | Other Custodial Funds | Total Custodial Funds | Private- Purpose Trust |
|-------------------------|---------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|
| Additions | | | | |
| Gifts and contributions | \$ 873,227 | \$ 340,092 | \$ 1,213,319 | \$ 1,364,875 |
| Total additions | <u>873,227</u> | <u>340,092</u> | <u>1,213,319</u> | <u>1,364,875</u> |
| Deductions | | | | |
| Activity expense | <u>893,296</u> | <u>324,418</u> | <u>1,217,714</u> | <u>508,499</u> |
| Total deductions | <u>893,296</u> | <u>324,418</u> | <u>1,217,714</u> | <u>508,499</u> |
| Change in net position | (20,069) | 15,674 | (4,395) | 856,376 |
| Net position | | | | |
| Beginning of year | <u>477,493</u> | <u>113,737</u> | <u>591,230</u> | <u>541,660</u> |
| End of year | <u>\$ 457,424</u> | <u>\$ 129,411</u> | <u>\$ 586,835</u> | <u>\$ 1,398,036</u> |

The Notes to Financial Statements are an integral part of this statement.

West Chester Area School District
Notes to Financial Statements
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Entity-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

West Chester Area School District
Notes to Financial Statements
June 30, 2024

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

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

The District reports the following major government funds:

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

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

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

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

The District reports the following major proprietary fund:

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

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

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

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

West Chester Area School District
Notes to Financial Statements
June 30, 2024

Additionally, the District reports the following fund types:

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

Assets, Liabilities and Net Position or Equity

Deposits and Investments

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

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

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

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

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

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

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

Receivables and Payables

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

All trade and property tax receivables are shown net of any allowance for uncollectibles. There are no allowances at June 30, 2024.

West Chester Area School District
Notes to Financial Statements
June 30, 2024

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

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

Prepaid items

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

Inventory

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

Capital Assets

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

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

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

| <u>Description</u> | <u>Useful Life (Years)</u> |
|-------------------------|--------------------------------|
| Buildings | 20–40 |
| Land improvements | 20 |
| Furniture and equipment | 3–10 |

Compensated Absences

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

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

West Chester Area School District
Notes to Financial Statements
June 30, 2024

Accrued Severance Pay

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

Long-term Obligations

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

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

Deferred Inflows and Deferred Outflows of Resources

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

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

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

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

West Chester Area School District
Notes to Financial Statements
June 30, 2024

Fund Equity

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

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

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

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

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

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

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

The District is committed to maintaining a prudent level of financial resources to protect against the needs to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's minimum fund balance policy requires that the unassigned fund balance equal or exceed 5% of the subsequent year's general fund operating expenditures.

Net Position

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

Use of Estimates in the Preparation of Financial Statements

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

West Chester Area School District
Notes to Financial Statements
June 30, 2024

Implementation of New Accounting Pronouncements

Effective July 1, 2023, the District adopted the provisions of GASB Statement No. 100. " *Accounting Changes and Error Corrections*"

The objective of GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 had no impact on the financial statements of the District for the year ended June 30, 2024.

New Accounting Pronouncements

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

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The objective of GASB Statement No. 102 is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The objective of GASB Statement No. 104 is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

2. BUDGETARY INFORMATION

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

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

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

West Chester Area School District
Notes to Financial Statements
June 30, 2024

3. DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk but operates under the provisions of Commonwealth laws (Act 72). At June 30, 2024, the carrying amount of the District's deposits was \$23,719,061 and the bank balance was \$25,914,755. Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance was fully collateralized. This collateral was held by the depository's agent on a pooled basis not in the District's name and, therefore, subject to custodial credit risk.

4. INVESTMENTS

The District purchases money market holdings, certificates of deposit ("CDs") and government agency securities through Fulton Financial Advisors. The money market is a federal money market fund and maintains a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of June 30, 2024, it was rated AAA by a nationally recognized statistical rating agency. Fulton Financial Advisors is a registered member of the Securities and Exchange Commission and subject to the Commission's oversight. These investments are held by a third party. Investments are in short-term securities in accordance with the District's investment policy and school district code. All agency securities purchased are highly rated by a nationally recognized rating agency. All CDs are purchased at values to stay within the FDIC insurance limits.

The District also invests in the Pennsylvania Local Government Investment Trust ("PLGIT"), the Pennsylvania School District Liquid Asset Fund ("PSDLAF") and the Pennsylvania Treasurer's Investment Program for Local Governments ("PTIP"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT, PSDLAF, and PTIP act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. These external investment pools are considered 2a7-like pools and are recorded at amortized cost. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. As of June 30, 2024, PLGIT, PSDLAF, and PTIP were rated as AAAM by a nationally recognized statistical rating organization. As of June 30, 2024, the District had \$68,063,088 invested in PLGIT, PSDLAF, and PTIP (\$55,620,448 in the General Fund, \$8,057,609 in the Capital Projects Fund, \$1,763,139 in the Capital Reserve Fund, and \$2,621,892 in the Food Service Fund.)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2024:

West Chester Area School District
Notes to Financial Statements
June 30, 2024

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Maturity in Less Than One Year</u> | <u>Maturity in Greater than One Year</u> |
|------------------------------------|----------------------|---------------------|----------------------|---|--|
| General fund | | | | | |
| CRIMS - Money market | \$ 4,057,657 | \$ 4,057,657 | \$ - | \$ 4,057,657 | \$ - |
| CRIMS - US treasuries | <u>29,656,018</u> | <u>-</u> | <u>29,656,018</u> | <u>29,656,018</u> | <u>-</u> |
| Total general fund | <u>33,713,675</u> | <u>4,057,657</u> | <u>29,656,018</u> | <u>33,713,675</u> | <u>-</u> |
| Capital reserve fund account | | | | | |
| CRIMS - Agencies | 8,939,913 | - | 8,939,913 | 8,939,913 | - |
| CRIMS - Certificates of deposit | 2,193,101 | - | 2,193,101 | 2,193,101 | - |
| CRIMS - Commercial paper | 4,442,193 | - | 4,442,193 | 4,442,193 | - |
| CRIMS - Money market | 1,136,805 | 1,136,805 | - | 1,136,805 | - |
| CRIMS - US treasuries | <u>10,146,815</u> | <u>-</u> | <u>10,146,815</u> | <u>10,146,815</u> | <u>-</u> |
| Total capital reserve fund account | <u>26,858,827</u> | <u>1,136,805</u> | <u>25,722,022</u> | <u>26,858,827</u> | <u>-</u> |
| Private Purpose Trust account | | | | | |
| CRIMS - US treasuries | <u>801,563</u> | <u>-</u> | <u>801,563</u> | <u>801,563</u> | <u>-</u> |
| Private Purpose Trust account | <u>801,563</u> | <u>-</u> | <u>801,563</u> | <u>801,563</u> | <u>-</u> |
| | <u>\$ 61,374,065</u> | <u>\$ 5,194,462</u> | <u>\$ 56,179,603</u> | <u>\$ 61,374,065</u> | <u>\$ -</u> |

Concentration Risk

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

Interest Rate Risk

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the district to meet all projected obligations. For operating funds, the maximum weighted average maturity will be no more than six months at any point in time and the maximum maturity of any individual investment will be 397 days from purchase date to maturity date. For reserve funds, the maximum weighted average maturity will be no more than two and a half years from at any point in time and the maximum maturity of any individual investment will be five years from purchase date to maturity date. Scholarship and other similarly designated funds shall be invested such that the final maturity will be suitable to the expected life of the designated fund.

5. TAXES RECEIVABLE

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

| | <u>General Fund</u> |
|------------------------|-------------------------|
| Real estate taxes | \$ 1,903,193 |
| Transfer taxes | 647,433 |
| Earned income taxes | <u>1,144,137</u> |
| Total taxes receivable | <u>\$ 3,694,763</u> |

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

West Chester Area School District
Notes to Financial Statements
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Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, unavailable revenue of \$1,765,738 reported in the governmental funds resulted from delinquent property taxes receivable which was not collected within 60 days of fiscal year end.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|---|------------------------------|-----------------------|------------------|---------------------|---------------------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | \$ 28,289,916 | \$ - | \$ - | \$ - | \$ 28,289,916 |
| Construction in progress | <u>47,023,603</u> | <u>15,845,569</u> | <u>-</u> | <u>(32,423,343)</u> | <u>30,445,829</u> |
| Total capital assets not being depreciated | <u>75,313,519</u> | <u>15,845,569</u> | <u>-</u> | <u>(32,423,343)</u> | <u>58,735,745</u> |
| Capital assets being depreciated | | | | | |
| Land improvements | 17,333,220 | - | - | 699,567 | 18,032,787 |
| Buildings | 470,640,314 | - | - | 31,261,791 | 501,902,105 |
| Furniture and equipment | 56,426,141 | 1,986,869 | - | 461,985 | 58,874,995 |
| Right-to-use leased equipment | <u>1,063,021</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,063,021</u> |
| Total capital assets being depreciated | <u>545,462,696</u> | <u>1,986,869</u> | <u>-</u> | <u>32,423,343</u> | <u>579,872,908</u> |
| Less: Accumulated depreciation/amortization for | | | | | |
| Land improvements | 11,428,652 | 2,028,697 | - | - | 13,457,349 |
| Buildings | 234,419,264 | 12,926,938 | - | - | 247,346,202 |
| Furniture and equipment | 47,478,608 | 4,060,221 | - | - | 51,538,829 |
| Right-to-use-leased equipment | <u>464,698</u> | <u>263,070</u> | <u>-</u> | <u>-</u> | <u>727,768</u> |
| Total accumulated depreciation | <u>293,791,222</u> | <u>19,278,926</u> | <u>-</u> | <u>-</u> | <u>313,070,148</u> |
| Total capital assets being depreciated, net | <u>251,671,474</u> | <u>(17,292,057)</u> | <u>-</u> | <u>32,423,343</u> | <u>266,802,760</u> |
| Governmental activities assets, net | <u>\$ 326,984,993</u> | <u>\$ (1,446,488)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 325,538,505</u> |
| Business-Type Activities | | | | | |
| Capital assets being depreciated | | | | | |
| Furniture and equipment | \$ 2,155,098 | \$ 276,901 | \$ 579,601 | \$ - | \$ 1,852,398 |
| Less: Accumulated depreciation | <u>1,372,609</u> | <u>155,258</u> | <u>579,601</u> | <u>-</u> | <u>948,266</u> |
| Business-type capital assets, net | <u>\$ 782,489</u> | <u>\$ 121,643</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 904,132</u> |

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

| | |
|--|----------------------|
| Governmental activities | |
| Instruction | \$ 11,887,384 |
| Instructional student support | 1,557,609 |
| Administrative and financial support services | 1,757,403 |
| Operation and maintenance of plant services | 2,666,100 |
| Pupil transportation | 996,814 |
| Student activities | 412,270 |
| Community services | <u>1,346</u> |
| Total depreciation expense - governmental activities | <u>\$ 19,278,926</u> |
| Business-type activities - food service | <u>\$ 155,258</u> |

West Chester Area School District
Notes to Financial Statements
June 30, 2024

7. INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of and for the year ended June 30, 2024 is as follows:

| <u>Receivable</u> | <u>Amount</u> | <u>Payable From</u> | <u>Amount</u> |
|-------------------|-------------------|---------------------|-------------------|
| General Fund | \$ <u>170,303</u> | Food Service Fund | \$ <u>170,303</u> |

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

| <u>Transfers Out</u> | <u>Amount</u> | <u>Transfers In</u> | <u>Amount</u> |
|----------------------|---------------------|-----------------------|---------------------|
| General Fund | \$ 3,980,986 | Capital Reserve Fund | \$ 3,980,986 |
| General Fund | 4,657,591 | Capital Projects Fund | 4,657,591 |
| Debt Service Fund | <u>2,452</u> | Capital Projects Fund | <u>2,452</u> |
| | \$ <u>8,641,029</u> | | \$ <u>8,641,029</u> |

The general fund transferred funds to the capital reserve fund and capital projects fund for the year ended June 30, 2024 to fund future planned capital expenditures.

8. LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2024:

| | <u>Beginning Balance</u> | <u>Repayments</u> | <u>Additions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|--------------------------|----------------------|----------------------|-----------------------|----------------------------|
| General obligation note, Series of 2009 | \$ 8,130,000 | \$ 645,000 | \$ - | \$ 7,485,000 | \$ 675,000 |
| General obligation bonds, Series of 2014 | 12,000,000 | 12,000,000 | - | - | - |
| General obligation bonds, Series A of 2014 | 8,745,000 | 8,745,000 | - | - | - |
| General obligation bonds, Series AA of 2014 | 55,255,000 | 325,000 | - | 54,930,000 | 5,700,000 |
| General obligation bonds, Series of 2016 | 2,235,000 | 2,235,000 | - | - | - |
| General obligation bonds, Series A of 2016 | 31,995,000 | 5,875,000 | - | 26,120,000 | 12,270,000 |
| General obligation bonds, Series A of 2017 | 9,725,000 | 5,000 | - | 9,720,000 | 5,000 |
| General obligation bonds, Series of 2018 | 9,970,000 | 5,000 | - | 9,965,000 | 5,000 |
| General obligation bonds, Series of 2019 | 34,735,000 | 5,000 | - | 34,730,000 | 5,000 |
| General obligation bonds, Series of 2020 | 9,995,000 | 55,000 | - | 9,940,000 | 55,000 |
| General obligation bonds, Series of 2021 | 29,240,000 | 5,000 | - | 29,235,000 | 5,000 |
| General obligation bonds, Series of 2022 | 30,110,000 | 5,000 | - | 30,105,000 | 5,000 |
| General obligation bonds, Series of 2024 | - | <u>70,000</u> | <u>11,300,000</u> | <u>11,230,000</u> | <u>5,000</u> |
| | 242,135,000 | 29,975,000 | 11,300,000 | 223,460,000 | 18,730,000 |
| Deferred amounts | | | | | |
| Issuance premium | <u>20,256,917</u> | <u>2,450,780</u> | <u>1,001,602</u> | <u>18,807,739</u> | <u>2,124,392</u> |
| Long-term debt | \$ <u>262,391,917</u> | \$ <u>32,425,780</u> | \$ <u>12,301,602</u> | \$ <u>242,267,739</u> | \$ <u>20,854,392</u> |

West Chester Area School District
Notes to Financial Statements
June 30, 2024

General Obligation Bonds

Refunding Series AA of 2014, original principal amount of \$57,635,000, maturing May 15, 2016 through May 15, 2030, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on May 15 and November 15. \$ 54,930,000

Refunding Series A of 2016, original principal amount of \$32,030,000, maturing February 15, 2017 through February 15, 2027, bearing interest ranging from 1.35% to 5.00%, interest payable semi-annually on February 15 and August 15. 26,120,000

Series A of 2017, original principal amount of \$9,750,000, maturing May 15, 2019 through May 15, 2032, bearing interest ranging from 1.75% to 2.50%, interest payable semi-annually on May 15 and November 15. 9,720,000

Series of 2018, original principal amount of \$9,990,000, maturing May 15, 2020 through May 15, 2039, bearing interest of 4.00%, interest payable semiannually on May 15 and November 15. 9,965,000

Series of 2019, original principal amount of \$34,750,000, maturing May 15, 2021 through May 15, 2040, bearing interest ranging from 1.25% to 3.50%, interest payable semi-annually on May 15 and November 15. 34,730,000

Series of 2020, original principal amount of \$16,750,000, maturing March 15, 2021 through March 15, 2032, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually on March 15 and September 15. The refunding resulted in a cash flow savings of \$1,493,033. 9,940,000

Series of 2021, original principal amount of \$29,250,000, maturing May 1, 2022 through May 1, 2041, bearing interest ranging from 1.50% to 4.00%, interest payable semi-annually on May 1 and November 1. 29,235,000

Series of 2022, original principal amount of \$30,115,000, maturing May 15, 2022 through May 15, 2032, bearing interest ranging from 3.00% to 5.00%, interest payable semi-annually on May 15 and November 15. 30,105,000

Series of 2024, original principal amount of \$11,300,000, maturing May 15, 2024 through May 15, 2032, bearing interest of 4.00%, interest payable semiannually on May 15 and November 15. The refunding resulted in a cash flow savings of \$1,156,353. 11,230,000

215,975,000

General Obligation Notes

Series of 2009, original principal amount of \$10,000,000, maturing October 1, 2010 through October 1, 2027, bearing interest at a rate not to exceed 25%. Interest to be paid monthly. 7,485,000

7,485,000

\$ 223,460,000

West Chester Area School District
Notes to Financial Statements
June 30, 2024

Payments of long-term debt are expected to be funded by the General Fund. Presented below is a summary of the bonds and notes debt service requirements to maturity by year:

| <u>Year Ending June 30</u> | <u>Principal Maturities</u> | <u>Interest Maturities</u> | <u>Total Maturities</u> |
|----------------------------|---------------------------------|--------------------------------|-----------------------------|
| 2025 | \$ 18,730,000 | \$ 8,408,478 | \$ 27,138,478 |
| 2026 | 19,760,000 | 7,478,673 | 27,238,673 |
| 2027 | 20,275,000 | 6,945,670 | 27,220,670 |
| 2028 | 21,650,000 | 5,831,415 | 27,481,415 |
| 2029 | 21,230,000 | 5,190,378 | 26,420,378 |
| 2030-2034 | 68,875,000 | 16,318,859 | 85,193,859 |
| 2035-2039 | 41,555,000 | 7,301,750 | 48,856,750 |
| 2040-2041 | 11,385,000 | 583,600 | 11,968,600 |
| | <u>\$ 223,460,000</u> | <u>\$ 58,058,823</u> | <u>\$ 281,518,823</u> |

9. CHANGES IN OTHER LONG-TERM LIABILITIES

The following summarizes the changes in other long-term liabilities for the year ended June 30, 2024:

| | <u>Balance July 1, 2023</u> | <u>Increases</u> | <u>Decrease</u> | <u>Balance June 30, 2024</u> | <u>Due in One Year</u> |
|------------------------------|---------------------------------|----------------------|----------------------|----------------------------------|----------------------------|
| Accrued compensated absences | \$ 2,096,872 | \$ 1,062,346 | \$ 752,802 | \$ 2,406,416 | \$ - |
| Accrued severance | 3,410,115 | 1,054,492 | 810,002 | 3,654,605 | - |
| Subtotal | 5,506,987 | 2,116,838 | 1,562,804 | 6,061,021 | - |
| Right-to-use lease payable | 617,697 | - | 267,463 | 350,234 | 215,286 |
| Net OPEB liability | 23,053,277 | 280,111 | - | 23,333,388 | - |
| Net pension liability | 322,770,000 | 1,981,000 | - | 324,751,000 | - |
| Bonds and notes payable, net | 262,391,917 | 12,301,602 | 32,425,780 | 242,267,739 | 20,854,392 |
| Total long-term liabilities | <u>\$ 614,339,878</u> | <u>\$ 16,679,551</u> | <u>\$ 34,256,047</u> | <u>\$ 596,763,382</u> | <u>\$ 21,069,678</u> |

10. CONTINGENT LIABILITIES

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

Litigation

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

West Chester Area School District
Notes to Financial Statements
June 30, 2024

11. CONSTRUCTION COMMITMENTS

As of June 30, 2024, the District had construction projects yet to be completed. The commitments and amounts completed to date are as follows:

| | <u>Contract Amount</u> | <u>Completed as of June 30, 2024</u> | <u>Commitments</u> |
|-------------|----------------------------|--|--------------------|
| Renovations | \$ 59,392,907 | \$ 29,977,193 | \$ 29,415,714 |

In addition, the District has incurred costs totaling \$468,634 for project costs that were not under a formal contract as of June 30, 2024.

12. RISK MANAGEMENT

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

Each year the District is required to deposit funds into the central fund. The District then is billed monthly for actual claims for the current year paid during the previous month up to the level of retention. After the level of retention is reached, claim payments are made from the central fund. At the end of each fiscal year, reserves are established or adjusted on all outstanding claims. Funds in the central fund at the end of the fiscal year are not refunded. Total claims paid for the year ended June 30, 2024 were \$386,190.

Additionally, the District self-insures group medical, dental, vision and prescription coverage. The District has accrued a three-month value for potential claims under medical, dental, vision and prescription coverage. Total claims paid for the year ended June 30, 2024 were \$27,179,043.

The School District is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The School District has purchased various insurance policies to safeguard its assets from risk of loss. There was no change in the level of the School District's insurance coverage and no settlements exceeding insurance coverage during the year ended June 30, 2024, and the three previous fiscal years.

Change in Aggregate Claim Liabilities

Insurance claim liabilities reported at June 30 are historically paid within one year. Changes in the School District's claims liability amount in fiscal years 2024 and 2023 were:

| | <u>Year Ended June 30, 2024</u> | <u>Year Ended June 30, 2023</u> |
|--|-------------------------------------|-------------------------------------|
| Claims liability at July 1 | \$ 4,134,799 | \$ 4,367,740 |
| Current year claims and changes in estimates | 28,007,279 | 23,517,786 |
| Claim payments | <u>(27,179,043)</u> | <u>(23,750,727)</u> |
| Claims liability at June 30 | <u>\$ 4,963,035</u> | <u>\$ 4,134,799</u> |

West Chester Area School District
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13. PENSION PLAN

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

Plan Description

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

Benefits Provided

The PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service.

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

Benefits are generally between 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Member Contributions

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

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

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$38,435,620 for the year ended June 30, 2024.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources related to Pensions

At June 30, 2024, the District reported a liability of \$324,751,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.7300%, which was an increase of 0.0040% from its proportion measured as of June 30, 2023.

West Chester Area School District
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June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$35,680,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Net difference between projected and actual investment earnings | \$ 9,189,000 | \$ - |
| Changes in assumptions | 4,846,000 | - |
| Changes in proportions | 6,998,000 | - |
| Difference between employer contributions and proportionate share of total contributions | (344,491) | - |
| Contributions subsequent to the date of measurement | 38,435,620 | - |
| Difference between expected and actual experience | <u>74,000</u> | <u>4,446,000</u> |
| | <u>\$ 59,198,129</u> | <u>\$ 4,446,000</u> |

Deferred outflows of resources in the amount of \$38,435,620 resulted from the District's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows and resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

Year Ended June 30

| | |
|------|----------------------|
| 2025 | \$ 7,334,741 |
| 2026 | (4,166,731) |
| 2027 | 10,114,301 |
| 2028 | <u>3,034,198</u> |
| | <u>\$ 16,316,509</u> |

Actuarial Assumptions

The total pension liability at June 30, 2023 was determined by rolling forward the System's total pension liability at June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2022
- Actuarial cost method – Entry age normal, level percentage of pay.
- Investment return – 7.00%, including inflation of 2.50%.
- Salary growth – Effective average of 4.50%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and PubG-2010 Retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- Discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.

West Chester Area School District
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- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously based on the RP-2014 mortality tables for male and female, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021 actuarial valuation mortality rates were based on a blend of 50% PubT-2010 and PubG-2010 Retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for five year the period ending June 30, 2020.

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|---------------------------------|--|
| Global public equity | 30.0% | 5.2% |
| Private equity | 12.0% | 7.9% |
| Fixed income | 33.0% | 3.2% |
| Commodities | 7.50% | 2.7% |
| Infrastructure/MLPs | 10.0% | 5.4% |
| Real estate | 11.0% | 5.7% |
| Absolute return | 4.0% | 4.1% |
| Cash | 3.0% | 1.2% |
| Leverage | (10.5%) | 1.2% |
| | <u>100.0%</u> | |

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

West Chester Area School District
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Discount Rate

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

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

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

| | 1% Decrease 6.00% | Current Rate Discount Rate 7.00% | 1% Increase 8.00% |
|--|----------------------------------|---|----------------------------------|
| District's proportionate share of the net pension liability | <u>\$ 420,966,000</u> | <u>\$ 324,751,000</u> | <u>\$ 243,573,000</u> |

Pension Plan Fiduciary Net Position

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

14. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

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

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

Administrators that reach age 50 with 12 years of service and 5 years as an administrator, receive benefits for administrator and spouse for 10 years or until Medicare eligible. Administrators receiving this benefit are required to cost-share for administrator coverage at a rate equal to the higher of the maximum reimbursement provided by PSERS (currently \$100 per month) or active employee contribution and up to 50% of the cost of the spousal coverage cost.

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

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

Participants

As of June 30, 2024, the Plan had 1,467 participants, consisting of 1,410 active participants, zero vested former participants, and 57 retired participants. Participant data is based on census information as of July 2022.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2024, the District paid \$596,098 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

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

Discount Rate

The discount rate was 4.13% based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2023. The rate changed from 4.06% to 4.13%.

Withdrawal

Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

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

Mortality

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

West Chester Area School District
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Incorporated into the table are rates projected generationally using scale MP-2021 to reflect mortality improvement.

Disability

No disability was assumed.

Retirement

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

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0.00%.

Percent of Eligible Retirees Electing Coverage in Plan

100% of employees eligible for a HRA account are assumed to elect it. 90% of employees eligible for subsidized coverage, 50% of teachers and 25% of all other employees only eligible for self-paid coverage are assumed to elect coverage.

Percent Married at Retirement

90% of administrators and 15% of all other employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Per Capita Claims Cost

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

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

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

Life Insurance

For those receiving a universal life insurance policy, claims are assumed to equal the annual premium. For those under the group life insurance policy, it is assumed that the annual cost to provide life insurance varies by age and gender. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table. Participant contribution is not required.

Retiree Contributions

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

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Healthcare Cost Trend Rate

The healthcare cost trend rate was 7.0% in 2023, 6.5% in 2024 and 6.0% in 2025-2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

The actuarial value of assets is equal to the market value of assets.

Actuarial Cost Method – Entry Age Normal

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

Sensitivity Analysis

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

| | 1% Decrease 3.13% | Current Rate Discount Rate 4.13% | 1% Increase 5.13% |
|----------------------|----------------------------------|---|----------------------------------|
| Total OPEB liability | <u>\$ 10,875,431</u> | <u>\$ 10,144,388</u> | <u>\$ 9,451,798</u> |

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

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|----------------------|------------------------|---------------------------------------|------------------------|
| Total OPEB liability | <u>\$ 9,033,602</u> | <u>\$ 10,144,388</u> | <u>\$ 11,449,681</u> |

Changes in total OPEB liability

| | |
|---|----------------------|
| Total OPEB liability as of July 1, 2022 | \$ 9,698,277 |
| Service cost | 515,414 |
| Interest on OPEB obligation | 401,188 |
| Effect of assumption changes or inputs | 142,788 |
| Benefit payments | <u>(613,279)</u> |
| Total OPEB liability as of July 1, 2023 | <u>\$ 10,144,388</u> |

West Chester Area School District
Notes to Financial Statements
June 30, 2024

For the year ended June 30, 2024, The District recognized OPEB expense of \$515,015. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Net difference between expected and actual experience | \$ - | \$ 3,075,976 |
| Change in assumptions | 1,300,896 | 2,942,429 |
| Benefit payment subsequent to measurement date | 596,098 | - |
| | <u>\$ 1,896,994</u> | <u>\$ 6,018,405</u> |

\$596,098 is reported as deferred outflows of resources resulted to OPEB resulting from the District payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. The amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended June 30

| | |
|------------|-----------------------|
| 2025 | \$ (401,587) |
| 2026 | (401,587) |
| 2027 | (401,587) |
| 2028 | (401,590) |
| 2029 | (449,283) |
| Thereafter | <u>(2,661,875)</u> |
| | <u>\$ (4,717,509)</u> |

15. PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

PSERS provides health insurance premium assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' health options program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

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

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

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

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

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

Participating eligible retirees are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive Premium Assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$743,391 for the year ended June 30, 2024.

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

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

At June 30, 2024, the District reported a liability of \$13,189,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.7290%, which was an increase of 0.0035% from its proportion measured as of June 30, 2023.

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For the year ended June 30, 2024, the District recognized OPEB expense of \$540,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources relating to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 86,000 | \$ 131,000 |
| Net difference between projected and actual investment earnings | 30,000 | - |
| Change in proportionate share of the net pension liability | 584,000 | 11,000 |
| Change in assumptions | 1,140,000 | 2,496,000 |
| Difference between employer contributions and proportionate share of total contributions | (3,664) | - |
| Contributions subsequent to the date of measurement | 743,391 | - |
| | <u>\$ 2,579,727</u> | <u>\$ 2,638,000</u> |

An amount of \$743,391 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to OPEB and will be recognized in OPEB expense as follows:

Year Ended June 30

| | |
|------|---------------------|
| 2025 | \$ (93,754) |
| 2026 | (171,856) |
| 2027 | (224,937) |
| 2028 | (296,802) |
| 2029 | (14,315) |
| | <u>\$ (801,664)</u> |

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by rolling forward the system's total OPEB liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay
- Investment return – 4.13% - S&P 20-year Municipal Bond Rate
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year.

West Chester Area School District
Notes to Financial Statements
June 30, 2024

- Mortality rates were based on a blend of 50% PubT-2010 and PubG-2010 Retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- Participation rate:
 - Eligible retirees will elect to participate pre-age 65 at 50%
 - Eligible retirees will elect to participate post-age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date
- Asset valuation method: Market value
- Participation rate: Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------|-------------------------------------|--|
| Cash | <u>100.0%</u> | <u>1.2%</u> |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

West Chester Area School District
Notes to Financial Statements
June 30, 2024

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the system's net OPEB liability for June 30, 2023, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|---|------------------------|-------------------------------|------------------------|
| District's proportionate share of the net OPEB liability | <u>\$ 13,189,000</u> | <u>\$ 13,189,000</u> | <u>\$ 13,190,000</u> |

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

The following presents the net OPEB liability for June 30, 2023, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage-point higher (5.13%) than the current rate.

| | <u>1% Decrease 3.13%</u> | <u>Current Discount Rate 4.13%</u> | <u>1% Increase 5.13%</u> |
|---|----------------------------------|--|----------------------------------|
| District's proportionate share of the net OPEB liability | <u>\$ 14,912,000</u> | <u>\$ 13,189,000</u> | <u>\$ 11,747,000</u> |

OPEB Plan Fiduciary Net Position

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

West Chester Area School District
Notes to Financial Statements
June 30, 2024

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

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

| | <u>Net OPEB Liability</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|-----------------------------|-----------------------------------|---|--|
| District plan (See Note 14) | \$ 10,144,388 | \$ 1,896,994 | \$ 6,018,405 |
| PSERS plan (See Note 15) | <u>13,189,000</u> | <u>2,579,727</u> | <u>2,638,000</u> |
| | <u>\$ 23,333,388</u> | <u>\$ 4,476,721</u> | <u>\$ 8,656,405</u> |

17. FUND BALANCES

As of June 30, 2024, fund balances are composed of the following:

| | <u>General Fund</u> | <u>Capital Projects Fund</u> | <u>Capital Reserve Fund</u> | <u>Total Governmental Funds</u> |
|-----------------------|-------------------------|--------------------------------------|-------------------------------------|---|
| Non-spendable | \$ 2,299,476 | \$ 148,797 | \$ - | \$ 2,448,273 |
| Restricted | | | | |
| Capital projects | - | 6,938,847 | 33,101,201 | 40,040,048 |
| Committed | | | | |
| Healthcare | 4,159,909 | - | - | 4,159,909 |
| Tax stabilization | 66,044,229 | - | - | 66,044,229 |
| Assigned | | | | |
| Alternative education | 2,000,000 | - | - | 2,000,000 |
| Property assessment | | | | |
| fluctuations | 1,000,000 | - | - | 1,000,000 |
| Future staffing needs | 1,100,000 | - | - | 1,100,000 |
| Gate receipts | 52,138 | - | - | 52,138 |
| Unassigned | <u>17,380,404</u> | <u>-</u> | <u>-</u> | <u>17,380,404</u> |
| | <u>\$ 94,036,156</u> | <u>\$ 7,087,644</u> | <u>\$ 33,101,201</u> | <u>\$ 134,225,001</u> |

18. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The District recognizes as revenue and expenses contributions made by the Commonwealth of Pennsylvania to be used for District employees' social security and pension contributions. On-behalf payments to the District totaled \$4,248,459 and \$20,249,204 for social security and retirement contributions, respectively. These contributions are recorded in the General Fund as revenue and expenditures.

West Chester Area School District
Notes to Financial Statements
June 30, 2024

19. NET INVESTMENT IN CAPITAL ASSETS

Net position (deficit) of the governmental activities net investment in capital assets, at June 30, 2024, are as follows:

| | |
|----------------------------------|----------------------|
| Capital assets | \$ 638,308,538 |
| Deferred outflows of resources | 1,937,657 |
| Unspent debt proceeds | 7,611,656 |
| Accumulated depreciation | <u>(313,070,147)</u> |
| | 334,787,704 |
| Lease liabilities | (350,234) |
| Accrued interest payable | (1,288,382) |
| Bonds and notes payable, net | <u>(242,267,739)</u> |
| Net investment in capital assets | <u>\$ 90,881,349</u> |

Components of the net position of the business-type activities net investment in capital assets at June 30, 2024 are as follows:

| | |
|----------------------------------|-------------------|
| Capital assets | \$ 1,850,260 |
| Accumulated depreciation | <u>(946,128)</u> |
| Net investment in capital assets | <u>\$ 904,132</u> |

20. DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$207,771,070 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension and OPEB plans, the differences between projected and actual investment earnings, and the deferred outflows resulting from the change in the District's share of the net pension and OPEB liabilities. This is offset by the District's actuarially determined net pension and OPEB liabilities and the deferred inflow resulting from the difference between actual and expected experience.

21. RIGHT-TO-USE LEASES PAYABLE

The District has entered into long-term lease agreements as lessee for the use of premises and equipment. Initial lease liabilities were recorded in the amount of \$1,063,021. As of June 30, 2024, the carrying value of the lease liabilities is \$350,234. The leases have discount rates ranging from 0.31% to 4.00%. The premises and equipment's estimated useful lives were 4 to 5 years as of their contract commencements. The value of the intangible right-to-use assets as of June 30, 2024 is \$335,253, net of accumulated amortization of \$727,768, and is included with noncurrent assets on the statement of net position.

West Chester Area School District
Notes to Financial Statements
June 30, 2024

Future minimum lease payments under these leases are as follows:

Year Ended June 30

| | | |
|---|----|----------------|
| 2025 | \$ | 224,560 |
| 2026 | | 86,766 |
| 2027 | | 48,868 |
| Less: Amount representing interest | | <u>(9,960)</u> |
| Present value of minimum lease payments | \$ | <u>350,234</u> |

22. SUBSEQUENT EVENTS

On November 7, 2024, the District issued \$9,995,000 of General Obligation Bonds, Series A of 2024 for the purpose of funding new capital projects.

The District has evaluated all subsequent events through February 7, 2025, the date the financial statements were available to be issued.

WEST CHESTER AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION



West Chester Area School District
Schedule of the District's Proportionate Share of the Net Pension Liability – PSERS
June 30, 2024

| | Measurement Date | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
| District's proportion of the net pension liability | 0.7300% | 0.7260% | 0.7097% | 0.6938% | 0.6849% | 0.6868% | 0.6802% | 0.6812% | 0.6766% | 0.6629% |
| District's proportionate share of the net pension liability | \$ 324,751,000 | \$ 322,770,000 | \$ 291,380,000 | \$ 341,620,000 | \$ 320,414,000 | \$ 329,698,000 | \$ 335,940,000 | \$ 337,581,000 | \$ 293,071,000 | \$ 262,381,000 |
| District's covered payroll | \$ 111,686,155 | \$ 106,674,773 | \$ 100,469,803 | \$ 97,013,811 | \$ 94,461,534 | \$ 92,486,543 | \$ 90,557,920 | \$ 88,217,090 | \$ 87,061,277 | \$ 83,621,635 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 290.77% | 302.57% | 290.02% | 352.14% | 339.20% | 356.48% | 370.97% | 382.67% | 336.63% | 313.77% |
| Plan fiduciary net position as a percentage of the total pension liability | 61.85% | 61.34% | 63.67% | 54.32% | 55.66% | 54.00% | 51.84% | 50.14% | 54.36% | 57.24% |

See Independent Auditor's Report.

West Chester Area School District
Schedule of the District's Pension Plan Contributions – PSERS
Year Ended June 30, 2024

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contractually required contribution | \$ 38,435,620 | \$ 38,066,484 | \$ 35,926,508 | \$ 33,643,257 | \$ 32,290,025 | \$ 30,811,370 | \$ 29,303,512 | \$ 26,330,342 | \$ 22,053,155 | \$ 17,854,136 |
| Contributions in relation to the contractually required contribution | <u>38,435,620</u> | <u>38,066,484</u> | <u>35,926,508</u> | <u>33,643,257</u> | <u>32,290,025</u> | <u>30,811,370</u> | <u>29,303,512</u> | <u>26,330,342</u> | <u>22,053,155</u> | <u>17,854,136</u> |
| Contribution excess | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered employee payroll | \$ 113,045,941 | \$ 111,686,155 | \$ 106,674,773 | \$ 100,469,803 | \$ 97,013,811 | \$ 94,461,534 | \$ 92,486,543 | \$ 90,557,920 | \$ 88,217,090 | \$ 87,061,277 |
| Contributions as a percentage of covered-employee payroll | 34.00% | 34.08% | 33.68% | 33.49% | 33.28% | 32.62% | 31.68% | 29.08% | 25.00% | 20.51% |

See Independent Auditor's Report.

West Chester Area School District
Schedule of the District's Proportionate Share of the OPEB Liability – PSERS
June 30, 2024

| | Measurement Date | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
| District's proportion of the net OPEB liability | 0.7290% | 0.7255% | 0.7087% | 0.6912% | 0.6849% | 0.6868% | 0.6802% |
| District's proportion of the net OPEB liability - dollar value | \$ 9,698,277 | \$ 13,355,000 | \$ 16,797,000 | \$ 14,935,000 | \$ 14,567,000 | \$ 14,319,000 | \$ 13,858,000 |
| District's covered employee payroll | \$ 111,686,155 | \$ 106,674,773 | \$ 100,469,803 | \$ 97,013,811 | \$ 94,513,405 | \$ 92,486,543 | \$ 90,557,920 |
| District's proportionate share of the OPEB liability as a percentage of its covered employee payroll | 8.68% | 12.52% | 16.72% | 15.39% | 15.41% | 15.48% | 15.30% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 7.22% | 6.86% | 5.30% | 5.69% | 5.56% | 5.56% | 5.73% |

Notes of Schedule

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

See Independent Auditor's Report.

West Chester Area School District
Schedule of the District's OPEB Plan Contributions – PSERS
June 30, 2024

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution | \$ 743,391 | \$ 832,115 | \$ 845,578 | \$ 823,261 | \$ 813,058 | \$ 784,461 | \$ 766,286 |
| Contributions in relation to the contractually required contribution | <u>743,391</u> | <u>832,115</u> | <u>845,578</u> | <u>823,261</u> | <u>813,058</u> | <u>784,461</u> | <u>766,286</u> |
| Contribution excess | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered employee payroll | \$ 111,686,155 | \$ 110,305,662 | \$ 106,674,773 | \$ 100,469,803 | \$ 97,013,811 | \$ 94,461,534 | \$ 92,486,543 |
| Contributions as a percentage of covered-employee payroll | 0.67% | 0.75% | 0.79% | 0.82% | 0.84% | 0.83% | 0.83% |

Notes of Schedule

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

See Independent Auditor's Report.

West Chester Area School District
Schedule of Changes in OPEB Liability – Single Employer Plan
June 30, 2024

| | Measurement Date | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>June 30, 2023</u> | <u>June 30, 2022</u> | <u>June 30, 2021</u> | <u>June 30, 2020</u> | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
| Total OPEB liability | | | | | | | |
| Service cost | \$ 515,414 | \$ 1,005,303 | \$ 1,015,500 | \$ 735,880 | \$ 739,219 | \$ 878,395 | \$ 836,027 |
| Interest on total OPEB liability | 401,188 | 335,487 | 273,209 | 479,114 | 444,034 | 507,610 | 399,221 |
| Changes of benefit terms | - | - | - | (336,349) | - | 104,435 | - |
| Differences between expected and actual experience | - | (2,080,850) | - | (1,006,275) | - | (1,065,299) | - |
| Effect of assumption changes or inputs | 142,788 | (2,859,313) | (379,061) | 1,343,955 | (314,852) | 32,607 | 524,653 |
| Benefit payments | <u>(613,279)</u> | <u>(897,638)</u> | <u>(845,522)</u> | <u>(1,327,997)</u> | <u>(1,716,834)</u> | <u>(1,539,717)</u> | <u>(1,709,852)</u> |
| Net change in total OPEB liability | 446,111 | (4,497,011) | 64,126 | (111,672) | (848,433) | (1,081,969) | 50,049 |
| Total OPEB liability, beginning of year | 9,698,277 | 14,195,288 | 14,131,162 | 14,242,834 | 15,091,267 | 16,173,236 | 16,123,187 |
| Total OPEB liability, end of year | <u>\$ 10,144,388</u> | <u>\$ 9,698,277</u> | <u>\$ 14,195,288</u> | <u>\$ 14,131,162</u> | <u>\$ 14,242,834</u> | <u>\$ 15,091,267</u> | <u>\$ 16,173,236</u> |
| Covered employee payroll | \$ 97,057,148 | \$ 97,057,148 | \$ 92,399,865 | \$ 92,399,865 | \$ 91,742,174 | \$ 91,742,174 | \$ 86,476,720 |
| District's net OPEB liability as a percentage of covered payroll | 10.45% | 9.99% | 15.36% | 15.29% | 15.52% | 16.45% | 18.70% |

Notes of Schedule

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

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

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

See Independent Auditor's Report.

WEST CHESTER AREA SCHOOL DISTRICT

STATISTICAL SECTION



West Chester Area School District
Statistical Section
June 30, 2024

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

| <u>Contents</u> | <u>Pages</u> |
|--|---------------------|
| Financial Trends | 70-77 |
| These schedules contain selected information from current and previous years' financial statements to allow users to assess financial trends. | |
| Revenue Capacity | 78-84 |
| These schedules contain information useful in assessing the District's ability to raise own-source revenue. | |
| Debt Capacity | 85-88 |
| These schedules contain information useful in assessing the District's ability to afford the existing debt as well as the District's ability to issue new debt. | |
| Demographic and Economic Information | 89-91 |
| These schedules contain information about the socio-economic environment within which the District's financial activities take place. | |
| Operating Information | 92-97 |
| These schedules contain information about the size of the District's workforce, the services it provides in relation to other service providers in the area and District's facilities. | |

See Independent Auditor's Report.

WEST CHESTER AREA SCHOOL DISTRICT

FINANCIAL TRENDS



West Chester Area School District
Net Position by Component Unit
Year Ended June 30

| <u>Fiscal Year Ending June 30,</u> | <u>2015 *</u> | <u>2016 *</u> | <u>2017 *</u> | <u>2018 *</u> | <u>2019 *</u> | <u>2020 *</u> | <u>2021 *</u> | <u>2022 *</u> | <u>2023 *</u> | <u>2024*</u> |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 20,989,220 | \$ 11,063,839 | \$ 23,124,893 | \$ 29,976,250 | \$ 43,699,285 | \$ 49,714,318 | \$ 63,045,948 | \$ 73,083,096 | \$ 82,415,067 | \$ 90,657,451 |
| Restricted: Capital projects | 22,203,300 | 27,440,218 | 22,444,089 | 22,461,479 | 20,557,393 | 21,345,455 | 23,571,239 | 23,443,492 | 32,138,400 | 33,101,201 |
| Unrestricted | <u>(234,457,232)</u> | <u>(235,432,024)</u> | <u>(246,710,005)</u> | <u>(278,924,988)</u> | <u>(283,616,991)</u> | <u>(268,378,626)</u> | <u>(262,155,231)</u> | <u>(232,168,608)</u> | <u>(215,921,578)</u> | <u>(207,771,070)</u> |
| Net position governmental activities | <u>(191,264,712)</u> | <u>(196,927,967)</u> | <u>(201,141,023)</u> | <u>(226,487,259)</u> | <u>(219,360,313)</u> | <u>(197,318,853)</u> | <u>(175,538,044)</u> | <u>(135,642,020)</u> | <u>(101,368,111)</u> | <u>(84,012,418)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 297,638 | 402,386 | 590,353 | 682,070 | 702,071 | 657,609 | 651,983 | 614,850 | 782,489 | 904,132 |
| Unrestricted | <u>1,110,539</u> | <u>1,042,569</u> | <u>877,036</u> | <u>849,539</u> | <u>937,095</u> | <u>720,258</u> | <u>677,290</u> | <u>2,201,075</u> | <u>2,088,918</u> | <u>2,210,234</u> |
| Net position business type activities | <u>1,408,177</u> | <u>1,444,955</u> | <u>1,467,389</u> | <u>1,531,609</u> | <u>1,639,166</u> | <u>1,377,867</u> | <u>1,329,273</u> | <u>2,815,925</u> | <u>2,871,407</u> | <u>3,114,366</u> |
| Total primary government | | | | | | | | | | |
| Net investment in capital assets | 21,286,858 | 11,466,225 | 23,715,246 | 30,658,320 | 44,401,356 | 50,371,927 | 63,697,931 | 73,697,946 | 83,197,556 | 91,561,583 |
| Restricted: Capital projects | 22,203,300 | 27,440,218 | 22,444,089 | 22,461,479 | 20,557,393 | 21,345,455 | 23,571,239 | 23,443,492 | 32,138,400 | 33,101,201 |
| Unrestricted | <u>(233,346,693)</u> | <u>(234,389,455)</u> | <u>(245,832,969)</u> | <u>(278,075,449)</u> | <u>(282,679,896)</u> | <u>(267,658,368)</u> | <u>(261,477,941)</u> | <u>(229,967,533)</u> | <u>(213,832,660)</u> | <u>(205,560,836)</u> |
| Net position primary government | <u>\$ (189,856,535)</u> | <u>\$ (195,483,012)</u> | <u>\$ (199,673,634)</u> | <u>\$ (224,955,650)</u> | <u>\$ (217,721,147)</u> | <u>\$ (195,940,986)</u> | <u>\$ (174,208,771)</u> | <u>\$ (132,826,095)</u> | <u>\$ (98,496,704)</u> | <u>\$ (80,898,052)</u> |

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

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

Source: District Audited Financial Statements

See Independent Auditor's Report.

West Chester Area School District

Changes in Net Position

Year Ended June 30

| Fiscal Year Ending June 30, | 2015 * | 2016 * | 2017 * | 2018 * | 2019 * | 2020 * | 2021 * | 2022 * | 2023 * | 2024* |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Instruction | \$ 133,218,154 | \$ 144,772,158 | \$ 155,262,037 | \$ 156,086,694 | \$ 153,646,716 | \$ 148,865,697 | \$ 151,333,413 | \$ 151,301,302 | \$ 163,696,662 | \$ 178,747,627 |
| Instructional student support | 16,718,808 | 17,710,876 | 18,519,607 | 18,314,954 | 18,205,681 | 18,695,408 | 19,348,969 | 19,179,424 | 20,769,504 | 22,945,048 |
| Administrative and financial support services | 17,552,768 | 18,127,334 | 19,342,370 | 19,943,338 | 24,435,957 | 20,927,142 | 22,950,358 | 22,328,558 | 23,733,426 | 26,333,243 |
| Operation and maintenance of plant services | 17,447,190 | 17,439,654 | 18,039,504 | 17,457,046 | 18,774,548 | 18,228,580 | 19,623,304 | 21,953,333 | 21,275,695 | 23,867,995 |
| Pupil transportation | 13,850,307 | 14,042,517 | 14,429,271 | 14,133,742 | 14,219,229 | 13,120,151 | 12,724,832 | 13,038,802 | 14,310,797 | 15,202,250 |
| Student Activities | 4,855,516 | 5,132,865 | 5,214,620 | 5,367,392 | 5,444,746 | 5,117,896 | 5,186,177 | 5,383,162 | 5,699,023 | 6,221,829 |
| Community services | 140,742 | 142,350 | 171,227 | 151,336 | 148,357 | 110,805 | 97,214 | 172,562 | 187,223 | 20,533 |
| Interest on long-term debt | 8,566,732 | 8,945,807 | 8,679,619 | 8,454,782 | 8,246,501 | 8,818,963 | 8,183,477 | 6,907,870 | 7,675,847 | 6,966,323 |
| Total governmental activities | 212,350,217 | 226,313,561 | 239,658,255 | 239,909,284 | 243,121,735 | 233,884,642 | 239,447,744 | 240,265,013 | 257,348,177 | 280,304,848 |
| Business type activities | | | | | | | | | | |
| Food service | 3,182,033 | 3,229,852 | 3,294,375 | 3,465,882 | 3,482,919 | 2,946,728 | 2,766,857 | 4,265,529 | 4,374,769 | 4,778,388 |
| Total primary government activities | 215,532,250 | 229,543,413 | 242,952,630 | 243,375,166 | 246,604,654 | 236,831,370 | 242,214,601 | 244,530,542 | 261,722,946 | 285,083,236 |
| Program revenue | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for service | | | | | | | | | | |
| Instruction | 362,760 | 542,986 | 280,006 | 205,288 | 128,167 | 120,608 | 96,563 | 91,069 | 132,837 | 137,116 |
| Operation and maintenance of plant services | 347,233 | 402,308 | 509,869 | 481,072 | 444,124 | 270,577 | 212,546 | 319,729 | 702,634 | 709,676 |
| Student activities | 423,407 | 430,050 | 437,573 | 515,614 | 516,532 | 464,513 | 1,575 | 449,845 | 546,349 | 499,411 |
| Operating grants and contributions | 26,309,774 | 27,743,196 | 32,894,525 | 34,373,891 | 34,458,080 | 35,297,106 | 38,013,762 | 39,957,064 | 41,272,583 | 39,805,060 |
| Total governmental program revenue | 27,443,174 | 29,118,540 | 34,121,973 | 35,575,865 | 35,546,903 | 36,152,804 | 38,324,446 | 40,817,707 | 42,654,403 | 41,151,263 |
| Business type activities | | | | | | | | | | |
| Charges for services | 2,335,418 | 2,293,122 | 2,493,463 | 2,605,888 | 2,627,303 | 1,883,936 | 74,148 | 378,935 | 2,381,987 | 2,906,819 |
| Operating grants and contributions | 940,701 | 973,508 | 823,346 | 908,238 | 921,644 | 779,635 | 2,643,238 | 5,369,483 | 1,928,693 | 1,941,784 |
| Total business type program revenues | 3,276,119 | 3,266,630 | 3,316,809 | 3,514,126 | 3,548,947 | 2,663,571 | 2,717,386 | 5,748,418 | 4,310,680 | 4,848,603 |
| Total primary government revenues | 30,719,293 | 32,385,170 | 37,438,782 | 39,089,991 | 39,095,850 | 38,816,375 | 41,041,832 | 46,566,125 | 46,965,083 | 45,999,866 |
| Net revenues (expenses) | | | | | | | | | | |
| Governmental activities | (184,907,043) | (197,195,021) | (205,536,282) | (204,333,419) | (207,574,832) | (197,731,838) | (201,123,298) | (199,447,306) | (214,693,774) | (239,153,585) |
| Business type activities | 94,086 | 36,778 | 22,434 | 48,244 | 66,028 | (283,157) | (49,471) | 1,482,889 | (64,089) | 70,215 |
| Total primary government net revenues | (184,812,957) | (197,158,243) | (205,513,848) | (204,285,175) | (207,508,804) | (198,014,995) | (201,172,769) | (197,964,417) | (214,757,863) | (239,083,370) |

See Independent Auditor's Report.

West Chester Area School District

Changes in Net Position

Year Ended June 30

| | | | | | | | | | | |
|--|---------------------|-----------------------|-----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General revenues | | | | | | | | | | |
| Property taxes, levied for general purpose | 151,649,702 | 155,710,300 | 161,164,936 | 166,944,204 | 173,161,730 | 177,781,018 | 179,522,546 | 187,631,357 | 191,214,141 | 192,916,118 |
| Taxes levied for specific purpose | 23,565,368 | 24,321,396 | 27,524,533 | 26,082,351 | 26,230,460 | 26,466,353 | 30,598,582 | 35,572,300 | 34,213,757 | 35,001,582 |
| Grants, entitlements, and contributions | | | | | | | | | | |
| Not restricted to specific programs | 10,859,971 | 10,928,639 | 11,552,814 | 11,745,770 | 11,889,779 | 12,408,464 | 12,380,541 | 13,171,900 | 15,213,167 | 16,803,823 |
| Investment earnings | 258,288 | 392,047 | 889,980 | 1,685,449 | 3,309,319 | 2,970,687 | 263,711 | 34,513 | 8,284,273 | 11,764,659 |
| Gain on sale of asset | 70,058 | - | 9,572 | (4,313) | - | - | - | 2,750,000 | - | - |
| Other | 132,287 | 179,384 | 181,391 | 218,346 | 152,019 | 168,635 | 139,604 | 187,023 | 161,916 | 195,840 |
| Total general revenues | <u>186,535,674</u> | <u>191,531,766</u> | <u>201,323,226</u> | <u>206,671,807</u> | <u>214,743,307</u> | <u>219,795,157</u> | <u>222,904,984</u> | <u>239,347,093</u> | <u>249,087,254</u> | <u>256,682,022</u> |
| Change in net position | <u>\$ 1,722,717</u> | <u>\$ (5,626,477)</u> | <u>\$ (4,190,622)</u> | <u>\$ 2,386,632</u> | <u>\$ 7,234,503</u> | <u>\$ 21,780,162</u> | <u>\$ 21,732,215</u> | <u>\$ 41,382,676</u> | <u>\$ 34,329,391</u> | <u>\$ 17,598,652</u> |

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

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

Source: District Audited Financial Statements

See Independent Auditor's Report.

**West Chester Area School District
Fund Balance - Governmental Funds
Year Ended June 30, 2024**

| <u>Fiscal Year Ending June 30,</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | | | | | | |
| *Non-spendable | \$ 4,128,770 | \$ 2,066,625 | \$ 2,688,371 | \$ 2,649,038 | \$ 2,748,654 | \$ 2,912,426 | \$ 2,818,432 | \$ 2,232,155 | \$ 1,908,064 | \$ 2,299,476 |
| *Committed | | | | | | | | | | |
| Pension | 2,117,000 | 2,117,000 | 1,117,000 | - | - | - | - | - | - | - |
| Healthcare | 4,899,442 | 4,159,909 | 4,159,909 | 4,159,909 | 4,159,909 | 4,159,909 | 4,159,909 | 4,159,909 | 4,159,909 | 4,159,909 |
| Tax stabilization | - | - | - | - | - | - | - | - | - | 66,044,229 |
| *Assigned | | | | | | | | | | |
| Gate receipts | 115,700 | 89,487 | 79,324 | 69,756 | 83,577 | 128,904 | 128,904 | 150,756 | 143,198 | 52,138 |
| Alternative education | - | - | 500,000 | 676,000 | 1,000,000 | 1,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Enrollment growth | - | - | - | - | 2,500,000 | 3,500,000 | 4,500,000 | - | - | - |
| Property assessment fluctuations | - | - | - | - | - | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| Technology/Distance learning | - | - | - | - | - | - | 500,000 | 500,000 | - | - |
| Elementary construction | - | - | - | - | - | - | - | 5,000,000 | - | - |
| Future staffing needs | - | - | - | - | - | - | - | - | 1,100,000 | 1,100,000 |
| Tax stabilization | 5,646,426 | 5,471,005 | 7,227,366 | 11,304,138 | 13,945,496 | 29,486,832 | 38,183,867 | 52,121,467 | 60,977,636 | - |
| *Unassigned | <u>14,758,221</u> | <u>14,856,952</u> | <u>13,008,223</u> | <u>13,047,547</u> | <u>14,431,188</u> | <u>14,267,415</u> | <u>15,861,417</u> | <u>16,447,723</u> | <u>17,271,817</u> | <u>17,380,404</u> |
| Total General Fund fund balance | <u>31,665,559</u> | <u>28,760,978</u> | <u>28,780,193</u> | <u>31,906,388</u> | <u>38,868,824</u> | <u>55,455,486</u> | <u>69,152,529</u> | <u>83,612,010</u> | <u>88,560,624</u> | <u>94,036,156</u> |
| All other funds | | | | | | | | | | |
| *Non-Spendable - Capital Projects Fund | - | - | - | 3,500 | - | 3,500 | - | - | 50,500 | 148,797 |
| *Non-Spendable - Capital Reserve Fund | - | - | - | 304,850 | 632,750 | 583,400 | 425,050 | 197,500 | - | - |
| *Restricted - Capital Projects Fund | - | 4,038,838 | 4,354,841 | 4,841,678 | - | 24,354,297 | 37,703,387 | 29,943,488 | 17,800,845 | 6,938,847 |
| *Restricted - Capital Reserve Fund | 22,203,300 | 27,440,218 | 22,444,089 | 22,156,629 | 19,924,643 | 20,762,055 | 23,146,189 | 23,245,992 | 32,138,400 | 33,101,201 |
| *Unassigned - Capital Projects Fund | <u>(3,451,176)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,309,859)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other funds | <u>18,752,124</u> | <u>31,479,056</u> | <u>26,798,930</u> | <u>27,306,657</u> | <u>19,247,534</u> | <u>45,703,252</u> | <u>61,274,626</u> | <u>53,386,980</u> | <u>49,989,745</u> | <u>40,188,845</u> |
| Total fund balance | <u>\$ 50,417,683</u> | <u>\$ 60,240,034</u> | <u>\$ 55,579,123</u> | <u>\$ 59,213,045</u> | <u>\$ 58,116,358</u> | <u>\$ 101,158,738</u> | <u>\$ 130,427,155</u> | <u>\$ 136,998,990</u> | <u>\$ 138,550,369</u> | <u>\$ 134,225,001</u> |

Source: Districts Audited Financial Statements

See Independent Auditor's Report.

West Chester Area School District
Changes in Fund Balance – Governmental Funds
Year Ended June 30, 2024

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental fund revenue | | | | | | | | | | |
| Local source | \$ 176,877,190 | \$ 182,144,526 | \$ 191,077,358 | \$ 196,281,802 | \$ 203,793,322 | \$ 208,166,967 | \$ 210,851,588 | \$ 224,534,100 | \$ 234,917,059 | \$ 241,045,376 |
| State source | 34,209,926 | 35,806,499 | 41,156,644 | 42,747,951 | 42,679,137 | 44,089,036 | 43,625,782 | 46,937,783 | 49,369,225 | 52,257,112 |
| Federal source | 2,959,820 | 2,865,335 | 3,290,697 | 3,371,711 | 3,668,721 | 3,616,532 | 6,768,519 | 6,191,179 | 7,120,545 | 4,351,771 |
| Total governmental revenues | <u>214,046,936</u> | <u>220,816,360</u> | <u>235,524,699</u> | <u>242,401,464</u> | <u>250,141,180</u> | <u>255,872,535</u> | <u>261,245,889</u> | <u>277,663,062</u> | <u>291,406,829</u> | <u>297,654,259</u> |
| Governmental expenditures | | | | | | | | | | |
| Instruction | 124,056,139 | 132,490,382 | 139,655,181 | 143,132,798 | 142,088,010 | 139,156,057 | 144,653,284 | 154,146,597 | 161,852,582 | 169,466,011 |
| Support services | 59,939,165 | 61,755,726 | 63,322,354 | 64,116,200 | 70,070,279 | 65,817,409 | 69,251,877 | 76,325,099 | 79,017,162 | 82,984,451 |
| Noninstructional services | 4,610,182 | 4,803,105 | 4,865,617 | 5,038,435 | 5,180,293 | 4,854,313 | 4,928,997 | 5,493,284 | 5,810,138 | 5,896,493 |
| Facilities acquisition construction and improvement | 13,509,139 | 8,309,294 | 16,627,237 | 11,251,782 | 18,141,710 | 16,472,182 | 22,756,543 | 10,838,983 | 15,483,247 | 16,492,543 |
| Debt service principal | 11,620,000 | 8,176,000 | 14,160,000 | 14,695,000 | 15,690,000 | 16,290,000 | 15,830,000 | 17,710,000 | 17,615,000 | 17,975,000 |
| Debt service interest | 9,543,869 | 10,174,433 | 9,925,387 | 10,160,902 | 9,881,842 | 10,251,652 | 9,582,925 | 9,827,215 | 10,266,986 | 9,176,433 |
| Bond issuance costs | 56,166 | 464,253 | 327,788 | 163,150 | 176,732 | 388,048 | 498,947 | 239,101 | - | 154,215 |
| Total governmental expenditures | <u>223,334,660</u> | <u>226,173,193</u> | <u>248,883,564</u> | <u>248,558,267</u> | <u>261,228,866</u> | <u>253,229,661</u> | <u>267,502,573</u> | <u>274,580,279</u> | <u>290,045,115</u> | <u>302,145,146</u> |
| Excess (deficiency) of revenues over (under) expenditures | (9,287,724) | (5,356,833) | (13,358,865) | (6,156,803) | (11,087,686) | 2,642,874 | (6,256,684) | 3,082,783 | 1,361,714 | (4,490,887) |
| Governmental other financing sources | | | | | | | | | | |
| Proceeds from long-term debt | 65,485,000 | 61,900,000 | 15,995,000 | 9,750,000 | 9,990,000 | 34,750,000 | 46,050,000 | 30,115,000 | - | 11,300,000 |
| Premium on bonds issued | - | - | - | - | - | 5,643,840 | 7,283,242 | 4,880,892 | - | 1,001,602 |
| Interfund transfers in | 8,645,910 | 9,125,784 | 6,205,679 | 5,135,385 | 5,257,722 | 5,451,612 | 7,635,789 | 6,736,346 | 12,457,496 | 8,641,029 |
| Other financing sources (uses) | 5,861,632 | 8,300,311 | 97,083 | - | - | - | - | - | - | - |
| Debt service refunded | (71,069,921) | (60,135,702) | (7,438,378) | - | - | - | (17,824,521) | (34,751,390) | - | (12,147,387) |
| Sale of assets | 94,983 | 5,077,718 | 9,572 | - | - | - | - | 2,750,000 | - | - |
| Leases right to use | - | - | - | - | - | - | - | 492,331 | 187,577 | - |
| Refund of prior year revenues | (82,898) | - | - | - | - | - | (3,700) | - | (4,022) | - |
| Refund of prior year expenditures | 16,391 | 36,857 | 34,677 | 40,726 | 999 | 5,666 | 20,080 | 2,219 | 6,110 | 11,304 |
| Interfund transfers out | (8,645,910) | (9,125,784) | (6,205,679) | (5,135,385) | (5,257,722) | (5,451,612) | (7,635,789) | (6,736,346) | (12,457,496) | (8,641,029) |
| Total governmental other financing sources | <u>305,187</u> | <u>15,179,184</u> | <u>8,697,954</u> | <u>9,790,726</u> | <u>9,990,999</u> | <u>40,399,506</u> | <u>35,525,101</u> | <u>3,489,052</u> | <u>189,665</u> | <u>165,519</u> |
| Net change in governmental fund balance | (8,982,537) | 9,822,351 | (4,660,911) | 3,633,923 | (1,096,687) | 43,042,380 | 29,268,417 | 6,571,835 | 1,551,379 | (4,325,368) |
| Governmental fund balance, beginning of year | 59,400,219 | 50,417,682 | 60,240,033 | 55,579,122 | 59,213,045 | 58,116,358 | 101,158,738 | 130,427,155 | 136,998,990 | 138,550,369 |
| Prior period adjustment | - | - | - | - | - | - | - | - | - | - |
| Governmental fund balance, end of year | <u>\$ 50,417,682</u> | <u>\$ 60,240,033</u> | <u>\$ 55,579,122</u> | <u>\$ 59,213,045</u> | <u>\$ 58,116,358</u> | <u>\$ 101,158,738</u> | <u>\$ 130,427,155</u> | <u>\$ 136,998,990</u> | <u>\$ 138,550,369</u> | <u>\$ 134,225,001</u> |
| Debt service as % of expenditures | 9.5% | 8.3% | 9.8% | 10.1% | 9.9% | 10.6% | 9.7% | 10.1% | 9.6% | 9.0% |

Source: District's Audited Financial Statements

See Independent Auditor's Report.

West Chester Area School District
General Fund Revenues by Source (In thousands)
Year Ended June 30, 2024

| | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Local | \$ 176,801 | \$ 182,122 | \$ 190,954 | \$ 196,055 | \$ 203,174 | \$ 207,403 | \$ 210,830 | \$ 227,332 | \$ 233,315 | \$ 239,276 |
| Real estate | 148,404 | 152,710 | 157,685 | 164,235 | 170,685 | 174,621 | 176,258 | 184,146 | 188,294 | 190,310 |
| Current | 147,448 | 151,929 | 156,990 | 163,170 | 169,593 | 173,637 | 174,261 | 180,092 | 186,360 | 188,959 |
| Interim | 956 | 781 | 695 | 1,066 | 1,092 | 984 | 1,998 | 4,054 | 1,934 | 1,351 |
| Earned income | 19,360 | 20,119 | 21,337 | 21,122 | 21,510 | 21,584 | 24,213 | 26,695 | 27,623 | 29,275 |
| Real estate transfer | 4,145 | 4,207 | 6,115 | 4,983 | 4,421 | 4,657 | 6,228 | 8,928 | 6,173 | 5,532 |
| Other taxes PURTA | 215 | 198 | 197 | 183 | 193 | 178 | 195 | 204 | 204 | 200 |
| Delinquent taxes | 3,246 | 3,000 | 3,480 | 2,709 | 2,477 | 3,160 | 3,264 | 3,486 | 2,921 | 2,606 |
| Investment earnings | 165 | 332 | 732 | 1,402 | 2,657 | 2,179 | 221 | 77 | 6,556 | 9,815 |
| Gate receipts | 136 | 153 | 161 | 151 | 163 | 162 | - | 172 | 206 | 196 |
| Other | 1,129 | 1,402 | 1,248 | 1,269 | 1,068 | 862 | 450 | 3,626 | 1,337 | 1,342 |
| State | \$ 34,210 | \$ 35,807 | \$ 41,157 | \$ 42,748 | \$ 42,679 | \$ 44,089 | \$ 43,626 | \$ 46,938 | \$ 49,369 | \$ 52,257 |
| Student subsidies | 21,729 | 21,235 | 24,126 | 24,332 | 23,436 | 23,988 | 22,674 | 24,463 | 25,977 | 27,759 |
| Basic instruction | 7,240 | 7,573 | 8,012 | 8,202 | 8,422 | 8,810 | 8,810 | 9,576 | 10,935 | 12,634 |
| Special education | 5,413 | 5,802 | 5,903 | 6,454 | 6,129 | 6,125 | 5,077 | 5,915 | 5,966 | 5,964 |
| Tuition private home placement | 112 | 179 | 236 | 191 | 231 | 174 | 96 | 104 | 89 | 47 |
| Transportation | 3,637 | 3,672 | 3,674 | 3,737 | 3,314 | 3,260 | 3,088 | 3,008 | 2,684 | 2,901 |
| Medical, dental and nurse | 222 | 254 | 256 | 250 | 255 | 253 | 254 | 250 | 252 | 257 |
| Rent | 1,182 | - | 2,104 | 1,555 | 1,164 | 1,121 | 1,052 | 1,597 | 986 | 1,150 |
| Ready To Learn block grants / accountability grants | 303 | 399 | 399 | 399 | 399 | 399 | 399 | 399 | 399 | 399 |
| Property tax relief | 3,620 | 3,355 | 3,541 | 3,543 | 3,468 | 3,598 | 3,570 | 3,596 | 4,283 | 4,170 |
| Other | - | - | - | - | 54 | 248 | 328 | 18 | 383 | 239 |
| Teacher subsidies | 12,481 | 14,572 | 17,031 | 18,416 | 19,243 | 20,101 | 20,952 | 22,475 | 23,393 | 24,498 |
| Social security | 3,164 | 3,194 | 3,451 | 3,337 | 3,415 | 3,498 | 3,587 | 3,818 | 4,011 | 4,248 |
| Retirement | 9,317 | 11,378 | 13,580 | 15,078 | 15,828 | 16,603 | 17,365 | 18,657 | 19,382 | 20,249 |
| Federal | \$ 2,960 | \$ 2,865 | \$ 3,291 | \$ 3,372 | \$ 3,669 | \$ 3,617 | \$ 6,769 | \$ 6,191 | \$ 7,121 | \$ 4,352 |
| Title I | 818 | 829 | 1,013 | 868 | 704 | 599 | 575 | 555 | 522 | 918 |
| Title II | 294 | 374 | 384 | 247 | 208 | 268 | 313 | 259 | 172 | 173 |
| IDEA | 1,216 | 1,200 | 1,334 | 1,318 | 1,331 | 1,341 | 1,552 | 1,731 | 1,372 | 1,993 |
| MA direct services/time study | 516 | 306 | 467 | 803 | 1,251 | 1,022 | 1,030 | 1,157 | 1,095 | 1,052 |
| Other | 116 | 157 | 93 | 136 | 174 | 388 | 224 | 178 | 135 | 159 |
| COVID related grants | - | - | - | - | - | - | 3,075 | 2,311 | 3,826 | 57 |
| Local taxes and subsidies | \$ 213,971 | \$ 220,793 | \$ 235,401 | \$ 242,175 | \$ 249,522 | \$ 255,108 | \$ 261,224 | \$ 280,461 | \$ 289,805 | \$ 295,885 |

Source: District Budget Control Forecast Model

See Independent Auditor's Report.

West Chester Area School District
General Fund Expenditures by Type (In thousands)
Year Ended June 30, 2024

| | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Staff | \$ 134,876 | \$ 141,124 | \$ 145,153 | \$ 149,825 | \$ 153,662 | \$ 153,377 | \$ 160,539 | \$ 171,701 | \$ 179,434 | \$ 189,135 |
| Total salaries | 87,846 | 88,924 | 91,157 | 93,555 | 95,606 | 98,130 | 102,003 | 107,476 | 112,798 | 117,453 |
| Administration | | | | | | | | | | |
| Regular salaries | 7,645 | 8,027 | 8,030 | 8,235 | 8,541 | 9,042 | 9,227 | 9,853 | 10,404 | 10,697 |
| Teachers | | | | | | | | | | |
| Regular salaries | 61,479 | 61,939 | 64,701 | 66,792 | 68,447 | 70,121 | 73,525 | 75,999 | 79,813 | 83,226 |
| Extra duty payments | 1,060 | 1,161 | 951 | 980 | 879 | 897 | 1,727 | 2,581 | 2,371 | 1,546 |
| Sabbatical payments | 125 | 304 | 210 | 182 | 256 | 295 | 530 | 462 | 312 | 348 |
| Subject chair payments | 366 | 365 | 364 | 356 | 367 | 358 | 380 | 622 | 625 | 638 |
| Severance payments | 209 | 142 | 80 | 353 | 206 | 220 | 192 | 195 | 195 | 225 |
| Supplemental contracts | 2,028 | 2,051 | 2,017 | 2,019 | 2,111 | 1,993 | 2,085 | 2,223 | 2,288 | 2,321 |
| Total teachers | 65,267 | 65,963 | 68,322 | 70,682 | 72,265 | 73,884 | 78,439 | 82,082 | 85,604 | 88,305 |
| Technical | | | | | | | | | | |
| Regular salaries | 3,502 | 3,680 | 3,695 | 3,569 | 3,660 | 3,783 | 3,589 | 3,690 | 4,400 | 5,085 |
| Office clerical | | | | | | | | | | |
| Regular salaries | 6,180 | 6,058 | 5,984 | 5,746 | 5,778 | 5,959 | 5,495 | 6,247 | 6,771 | 7,333 |
| Crafts and trades | | | | | | | | | | |
| Regular salaries | 5,253 | 5,195 | 5,126 | 5,323 | 5,362 | 5,462 | 5,251 | 5,604 | 5,619 | 6,033 |
| Benefits | | | | | | | | | | |
| Medical | 17,622 | 18,954 | 17,332 | 16,628 | 17,225 | 13,445 | 15,228 | 15,988 | 15,646 | 20,444 |
| Dental | 1,180 | 1,259 | 1,103 | 1,184 | 1,181 | 978 | 1,194 | 1,161 | 1,297 | 1,358 |
| Vision | 196 | 177 | 181 | 178 | 195 | 149 | 165 | 169 | 142 | 145 |
| Prescription | 5,594 | 5,041 | 4,694 | 4,476 | 4,076 | 3,460 | 3,438 | 5,176 | 5,059 | 3,952 |
| Social security | 6,388 | 6,451 | 6,609 | 6,734 | 6,892 | 7,057 | 7,314 | 7,757 | 8,140 | 8,530 |
| Retirement | 18,603 | 22,726 | 27,069 | 30,058 | 31,585 | 33,219 | 34,674 | 37,060 | 39,340 | 39,818 |
| Tuition reimbursement | 360 | 197 | 442 | 443 | 428 | 371 | 410 | 477 | 554 | 663 |
| Life and disability | 418 | 321 | 331 | 362 | 540 | 550 | 532 | 344 | 532 | 568 |
| Wrkrs comp/unemp/other | 823 | 1,462 | 1,307 | 1,345 | 1,079 | 966 | 1,115 | 1,151 | 1,383 | 1,289 |
| Total benefits | 51,184 | 56,588 | 59,068 | 61,408 | 63,200 | 60,194 | 64,070 | 69,283 | 72,093 | 76,765 |
| Less: Cost sharing | (4,154) | (4,388) | (5,072) | (5,138) | (5,145) | (4,948) | (5,534) | (5,058) | (5,456) | (5,083) |
| Net benefits | 47,030 | 52,200 | 53,996 | 56,270 | 58,055 | 55,247 | 58,536 | 64,225 | 66,636 | 71,683 |
| Professional and technical services | 14,064 | 16,812 | 18,965 | 18,184 | 17,678 | 15,768 | 14,079 | 19,979 | 19,479 | 20,546 |
| Substitute service | 1,366 | 1,926 | 1,934 | 2,034 | 2,219 | 1,953 | 1,709 | 2,732 | 3,970 | 3,953 |
| Contracted therapeutic staff | 1,299 | 1,572 | 1,736 | 1,850 | 1,669 | 1,328 | 1,502 | 1,792 | 2,130 | 2,064 |
| Contracted aides- special ed | 1,139 | 1,496 | 2,214 | 2,194 | 2,047 | 1,229 | 667 | 1,130 | 823 | 1,119 |
| Contracted aides- other | - | - | 127 | 392 | 316 | 137 | 117 | 194 | 170 | 132 |
| CCIU - Special education programs | 3,249 | 3,603 | 3,887 | 3,787 | 3,319 | 2,826 | 2,519 | 3,234 | 3,299 | 3,372 |
| Occupation/Physical therapy | 982 | 1,060 | 1,156 | 1,178 | 1,050 | 979 | 983 | 1,102 | 1,255 | 1,337 |
| Due process hearings | 496 | 949 | 1,344 | 823 | 645 | 915 | 810 | 1,081 | 1,092 | 1,206 |
| Early intervention | 276 | 366 | 349 | 243 | 267 | 231 | 357 | 158 | 144 | 212 |
| Extended school year | 502 | 736 | 669 | 695 | 774 | 606 | 412 | 616 | 511 | 759 |
| Alternative ed - special ed | 1,412 | 1,586 | 2,044 | 1,744 | 1,791 | 2,005 | 1,848 | 2,034 | 2,433 | 2,700 |
| Alternative education - reg | 746 | 728 | 797 | 830 | 1,121 | 1,093 | 516 | - | - | - |

See Independent Auditor's Report.

West Chester Area School District
General Fund Expenditures by Type (In thousands)
Year Ended June 30, 2024

| | | | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Professional and technical services (continued) | | | | | | | | | | |
| Tax collection | \$ 646 | \$ 673 | \$ 725 | \$ 625 | \$ 594 | \$ 684 | \$ 732 | \$ 915 | \$ 902 | \$ 943 |
| Legal | 365 | 354 | 396 | 312 | 304 | 246 | 310 | 335 | 389 | 271 |
| Other | 1,585 | 1,764 | 1,586 | 1,474 | 1,564 | 1,537 | 1,598 | 4,656 | 2,362 | 2,478 |
| Purchased property services | <u>3,299</u> | <u>3,448</u> | <u>4,002</u> | <u>3,675</u> | <u>3,559</u> | <u>3,600</u> | <u>3,096</u> | <u>3,644</u> | <u>3,898</u> | <u>4,107</u> |
| Electricity | 1,545 | 1,622 | 1,788 | 1,672 | 1,571 | 1,574 | 1,487 | 1,753 | 1,950 | 2,122 |
| Water/Sewer | 521 | 503 | 534 | 517 | 582 | 587 | 538 | 640 | 685 | 689 |
| Trash removal | 90 | 86 | 91 | 82 | 83 | 78 | 89 | 93 | 101 | 120 |
| Office rental | 134 | 138 | 164 | 185 | 187 | 268 | 266 | 129 | 137 | 145 |
| Other | 1,009 | 1,099 | 1,426 | 1,220 | 1,136 | 1,093 | 715 | 1,029 | 1,026 | 1,031 |
| Other services | <u>27,466</u> | <u>29,050</u> | <u>30,953</u> | <u>30,752</u> | <u>30,128</u> | <u>27,848</u> | <u>27,061</u> | <u>27,413</u> | <u>29,909</u> | <u>31,216</u> |
| Charter schools | 8,080 | 9,455 | 9,819 | 9,574 | 8,278 | 7,776 | 7,869 | 7,812 | 7,512 | 7,581 |
| Tuition: Special ed | 2,652 | 2,463 | 3,530 | 3,675 | 4,318 | 3,828 | 3,599 | 3,152 | 4,220 | 4,850 |
| Tuition: CAT | 2,262 | 2,597 | 2,722 | 2,756 | 2,739 | 2,558 | 2,490 | 2,680 | 2,798 | 2,748 |
| Tuition: Other | 153 | 131 | 96 | 172 | 294 | 144 | 152 | 156 | 387 | 266 |
| Bussing: Public schools | 4,638 | 4,905 | 4,898 | 4,700 | 5,071 | 4,826 | 4,815 | 5,511 | 6,021 | 5,944 |
| Bussing: Non-public | 4,359 | 4,424 | 4,422 | 4,409 | 4,117 | 3,728 | 3,860 | 3,011 | 3,291 | 3,188 |
| Bussing: Special ed | 3,676 | 3,496 | 3,848 | 3,856 | 3,867 | 3,503 | 3,062 | 3,391 | 3,814 | 4,668 |
| Bussing: Extracurricular | 326 | 316 | 327 | 318 | 297 | 216 | 93 | 264 | 344 | 342 |
| Insurance | 463 | 493 | 502 | 497 | 501 | 519 | 519 | 554 | 593 | 651 |
| Telephone/Postage | 501 | 489 | 492 | 517 | 375 | 496 | 509 | 639 | 576 | 502 |
| Other | 358 | 281 | 295 | 276 | 272 | 254 | 94 | 242 | 354 | 476 |
| Supplies | <u>5,066</u> | <u>4,718</u> | <u>4,798</u> | <u>5,394</u> | <u>5,889</u> | <u>5,210</u> | <u>8,614</u> | <u>7,251</u> | <u>8,352</u> | <u>8,206</u> |
| Heating fuel | 877 | 620 | 605 | 647 | 756 | 568 | 805 | 894 | 1,135 | 961 |
| Other operations/maint supplies | 649 | 652 | 715 | 696 | 845 | 701 | 1,215 | 972 | 1,114 | 1,174 |
| Educational | 1,881 | 1,925 | 1,829 | 1,870 | 2,046 | 2,025 | 3,275 | 2,639 | 2,520 | 2,761 |
| Curriculum proposals | 1,230 | 1,123 | 881 | 1,123 | 1,062 | 777 | 843 | 700 | 1,404 | 897 |
| Educational/Admin software | 410 | 394 | 681 | 1,006 | 1,083 | 1,115 | 2,421 | 1,927 | 2,142 | 2,379 |
| Administration/Business | 20 | 2 | 87 | 51 | 97 | 23 | 56 | 119 | 37 | 34 |
| Other objects | <u>534</u> | <u>367</u> | <u>411</u> | <u>774</u> | <u>404</u> | <u>337</u> | <u>337</u> | <u>1,057</u> | <u>425</u> | <u>441</u> |
| <i>Dues and fees - athletics</i> | <u>140</u> | <u>179</u> | <u>171</u> | <u>160</u> | <u>149</u> | <u>117</u> | <u>-</u> | <u>150</u> | <u>214</u> | <u>287</u> |
| Property | <u>456</u> | <u>543</u> | <u>650</u> | <u>295</u> | <u>261</u> | <u>272</u> | <u>754</u> | <u>540</u> | <u>2,805</u> | <u>681</u> |
| Other equipment | <u>456</u> | <u>543</u> | <u>650</u> | <u>295</u> | <u>261</u> | <u>272</u> | <u>754</u> | <u>540</u> | <u>2,805</u> | <u>681</u> |
| Debt service | <u>21,164</u> | <u>18,350</u> | <u>24,085</u> | <u>24,856</u> | <u>25,572</u> | <u>26,542</u> | <u>25,413</u> | <u>27,537</u> | <u>27,882</u> | <u>27,151</u> |
| Bond payments | <u>21,164</u> | <u>18,350</u> | <u>24,085</u> | <u>24,856</u> | <u>25,572</u> | <u>26,542</u> | <u>25,413</u> | <u>27,537</u> | <u>27,882</u> | <u>27,151</u> |
| Total expense | <u>\$ 207,066</u> | <u>\$ 214,591</u> | <u>\$ 229,189</u> | <u>\$ 233,913</u> | <u>\$ 237,301</u> | <u>\$ 233,070</u> | <u>\$ 239,893</u> | <u>\$ 259,272</u> | <u>\$ 272,399</u> | <u>\$ 281,771</u> |

Source: District Budget Control Forecast Model

See Independent Auditor's Report.

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WEST CHESTER AREA SCHOOL DISTRICT

REVENUE CAPACITY



West Chester Area School District
Governmental Funds – Most Significant Own-Source Revenues
Year Ended June 30, 2024

| Fiscal Year | Chester County Mileage Rate | Delaware County Mileage Rate | Current Real Estate Taxes | Interim Real Estate Taxes | Delinquent Real Estate Taxes | Act 511 Taxes * | Other Local Revenues | Total Local Revenues | PURTA | Investments | IDEA | Rentals | Donations | Summer School | Receipts from Other LEAs | Other Tuition (Outdoor Ed) | Athletic Fund | Other |
|----------------|--------------------------------------|---------------------------------------|------------------------------------|------------------------------------|---------------------------------------|--------------------|----------------------------|----------------------------|------------|-------------|--------------|------------|-----------|------------------|--------------------------------|----------------------------------|------------------|------------|
| 2014-15 | 19.21 | 13.65 | \$ 147,447,717 | \$ 955,973 | \$ 3,246,013 | \$ 23,505,223 | \$ 1,629,472 | \$ 176,784,398 | \$ 214,682 | \$ 165,496 | \$ 1,215,754 | \$ 347,233 | \$ 5,000 | \$ 30,242 | \$ 213,468 | \$ 119,050 | \$ 136,281 | \$ 398,020 |
| 2015-16 | 19.5779 | 13.9059 | 151,929,043 | 780,930 | 3,000,329 | 24,325,967 | 2,048,424 | 182,084,693 | 198,340 | 332,215 | 1,199,740 | 402,308 | 13,381 | 34,563 | 385,557 | 122,866 | 152,905 | 406,289 |
| 2016-17 | 20.0982 | 14.7113 | 156,989,628 | 695,464 | 3,479,843 | 27,451,544 | 2,302,843 | 190,919,322 | 196,738 | 731,944 | 1,333,558 | 509,869 | 17,602 | 47,978 | 118,233 | 113,795 | 160,577 | 406,107 |
| 2017-18 | 20.6841 | 15.2086 | 163,169,638 | 1,065,856 | 2,708,709 | 26,105,252 | 2,965,157 | 196,014,612 | 183,280 | 1,402,283 | 1,318,134 | 481,072 | 27,126 | 48,714 | 88,290 | 68,284 | 150,889 | 515,219 |
| 2018-19 | 21.2723 | 16.0761 | 169,592,595 | 1,091,954 | 2,477,181 | 25,931,136 | 4,079,916 | 203,172,782 | 192,821 | 2,656,955 | 1,331,370 | 444,124 | 18,271 | 53,974 | 55,400 | 18,793 | 162,767 | 476,811 |
| 2019-20 | 21.6622 | 16.2597 | 173,636,758 | 984,090 | 3,160,170 | 26,240,881 | 3,375,286 | 207,397,185 | 177,571 | 2,179,046 | 1,340,950 | 270,577 | 9,557 | 28,447 | 78,219 | 13,942 | 161,908 | 456,019 |
| 2020-21 | 21.6622 | 16.6626 | 174,260,525 | 1,997,620 | 3,264,401 | 30,440,986 | 846,107 | 210,809,638 | 195,012 | 220,923 | 1,551,639 | 212,546 | - | 13,604 | 82,959 | - | - | 121,062 |
| 2021-22** | 22.0604 | 9.5164 | 180,091,669 | 4,054,176 | 3,485,512 | 35,622,969 | 1,325,796 | 224,580,123 | 203,574 | 76,773 | 1,730,783 | 319,729 | 5,357 | 50,974 | 40,095 | - | 172,020 | 457,276 |
| 2022-23 | 22.4364 | 9.9343 | 186,360,120 | 1,933,510 | 2,920,511 | 33,796,490 | 8,298,135 | 233,308,766 | 204,098 | 6,556,409 | 1,371,535 | 702,634 | 1,950 | 38,577 | 94,260 | - | 206,368 | 493,839 |
| 2023-24 | 22.4364 | 9.9424 | 188,958,992 | 1,350,888 | 2,606,238 | 34,806,900 | 11,541,874 | 239,264,892 | 199,704 | 9,815,331 | 1,993,365 | 709,676 | 7,027 | 30,062 | 107,054 | - | 195,732 | 477,288 |

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

** Reassessment done in Delaware County

Source: District Annual Financial Report (AFR)

See Independent Auditor’s Report.

**West Chester Area School District
Analysis of Assessed Value for Taxable Real Estate
Year Ended June 30, 2024**

| <u>Land Use Description</u> | <u>2014-15 # of Parcels</u> | <u>Assessment Total</u> | <u>2015-16 # of Parcels</u> | <u>Assessment Total</u> | <u>2016-17 # of Parcels</u> | <u>Assessment Total</u> | <u>2017-18 # of Parcels</u> | <u>Assessment Total</u> | <u>2018-19 # of Parcels</u> | <u>Assessment Total</u> |
|-------------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| Chester County | | | | | | | | | | |
| Not identified | - | | - | | - | | - | | - | |
| Commercial properties | 1,712 | \$ 1,365,713,429 | 1,709 | \$ 1,367,742,137 | 1,714 | \$ 1,382,831,647 | 1,722 | \$ 1,393,879,547 | 1,724 | \$ 1,386,487,480 |
| Farm properties | 68 | 22,066,740 | 69 | 22,703,280 | 69 | 22,730,390 | 69 | 23,544,790 | 70 | 23,886,590 |
| Industrial properties | 88 | 145,936,270 | 87 | 145,405,235 | 87 | 145,188,555 | 87 | 145,353,765 | 86 | 145,152,395 |
| Residential properties | 30,250 | 6,063,262,560 | 30,365 | 6,115,048,985 | 30,410 | 6,132,798,573 | 30,433 | 6,213,361,838 | 30,490 | 6,239,593,971 |
| Vacant land | 1,163 | 49,319,210 | 1,090 | 47,541,320 | 1,068 | 45,006,370 | 1,039 | 47,346,930 | 1,089 | 46,914,600 |
| Total Chester County | <u>33,281</u> | <u>7,646,298,209</u> | <u>33,320</u> | <u>7,698,440,957</u> | <u>33,348</u> | <u>7,728,555,535</u> | <u>33,350</u> | <u>7,823,486,870</u> | <u>33,459</u> | <u>7,842,035,036</u> |
| Delaware County | | | | | | | | | | |
| Commercial/industrial | 14 | 8,533,463 | 14 | 8,533,463 | 14 | 8,533,463 | 14 | 8,008,833 | 14 | 8,008,833 |
| Residential/farms/vacant land | 2,192 | 633,891,761 | 2,194 | 638,801,396 | 2,199 | 638,865,520 | 2,189 | 639,278,166 | 2,199 | 640,107,224 |
| Total Delaware County | <u>2,206</u> | <u>642,425,224</u> | <u>2,208</u> | <u>647,334,859</u> | <u>2,213</u> | <u>647,398,983</u> | <u>2,203</u> | <u>647,286,999</u> | <u>2,213</u> | <u>648,116,057</u> |
| Grand total | <u>35,487</u> | <u>\$ 8,288,723,433</u> | <u>35,528</u> | <u>\$ 8,345,775,816</u> | <u>35,561</u> | <u>\$ 8,375,954,518</u> | <u>35,553</u> | <u>\$ 8,470,773,869</u> | <u>35,672</u> | <u>\$ 8,490,151,093</u> |

See Independent Auditor's Report.

**West Chester Area School District
Analysis of Assessed Value for Taxable Real Estate
Year Ended June 30, 2024**

| Land Use Description | 2019-20 # of Parcels | Assessment Total | 2020-21 # of Parcels | Assessment Total | 2021-22 # of Parcels | Assessment Total | 2022-23 # of Parcels | Assessment Total | 2023-24 # of Parcels | Assessment Total |
|-------------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|-------------------------------------|-----------------------------|
| Chester County | | | | | | | | | | |
| Not identified | - | | - | | - | | | | | |
| Commercial properties | 1,730 | \$ 1,419,240,638 | 1,732 | \$ 1,409,206,133 | 1,749 | \$ 1,373,439,443 | 1,755 | \$ 1,366,384,239 | 1,763 | \$ 1,346,936,767 |
| Farm properties | 67 | 22,327,250 | 68 | 22,616,460 | 67 | 22,549,430 | 66 | 22,550,430 | 66 | 23,405,150 |
| Industrial properties | 86 | 146,105,675 | 86 | 142,070,645 | 85 | 139,232,465 | 84 | 140,508,045 | 83 | 137,816,315 |
| Residential properties | 30,571 | 6,286,518,818 | 30,681 | 6,333,174,618 | 30,829 | 6,419,779,433 | 31,163 | 6,658,826,313 | 31,474 | 6,754,964,678 |
| Vacant land | 1,135 | 47,370,590 | 1,464 | 55,803,640 | 1,421 | 53,477,760 | 1,413 | 43,773,310 | 1,313 | 44,002,122 |
| Total Chester County | <u>33,589</u> | <u>7,921,562,971</u> | <u>34,031</u> | <u>7,962,871,496</u> | <u>34,151</u> | <u>8,008,478,531</u> | <u>34,481</u> | <u>8,232,042,337</u> | <u>34,699</u> | <u>8,307,125,032</u> |
| Delaware County | | | | | | | | | | |
| Commercial/industrial | 14 | 8,008,833 | 16 | 9,157,733 | 14 | 26,710,280 | 13 | 26,433,670 | 13 | 26,433,670 |
| Residential/farms/vacant land | 2,210 | 640,087,346 | 2,227 | 643,408,747 | 2,229 | 1,113,758,696 | 2,227 | 1,119,984,656 | 2,227 | 1,123,976,566 |
| Total Delaware County | <u>2,224</u> | <u>648,096,179</u> | <u>2,243</u> | <u>652,566,480</u> | <u>2,243</u> | <u>1,140,468,976</u> | <u>2,240</u> | <u>1,146,418,326</u> | <u>2,240</u> | <u>1,150,410,236</u> |
| Grand total | <u>35,813</u> | <u>\$ 8,569,659,150</u> | <u>36,274</u> | <u>\$ 8,615,437,976</u> | <u>36,394</u> | <u>\$ 9,148,947,507</u> | <u>36,721</u> | <u>\$ 9,378,460,663</u> | <u>36,939</u> | <u>\$ 9,457,535,268</u> |

Source: County Land Use Code Report

See Independent Auditor's Report.

West Chester Area School District
Market Value Versus Assessed Value of Taxable Real Estate
Year Ended June 30, 2024

| As of June 30th | Market Value Chester County (000) | Market Value Delaware County (000) | Total Market Value (000) | Assessed Value (000) | Ratio of Market Value to Assessed Value |
|----------------------------|--|---|---|-------------------------------------|--|
| 2013 | \$ 11,841,643 | \$ 705,298 | \$ 12,546,941 | \$ 8,288,723 | 151% |
| 2014 | 12,049,694 | 736,705 | 12,786,399 | 8,345,776 | 153% |
| 2015 | 12,149,938 | 741,885 | 12,891,823 | 8,375,955 | 154% |
| 2016 | 12,584,089 | 786,253 | 13,370,342 | 8,470,774 | 158% |
| 2017 | 12,774,058 | 785,727 | 13,559,785 | 8,490,151 | 160% |
| 2018 | 13,366,030 | 841,146 | 14,207,176 | 8,569,659 | 166% |
| 2019 | 13,526,033 | 840,051 | 14,366,084 | 8,615,438 | 167% |
| 2020 | 14,129,979 | 895,234 | 15,025,213 | 9,148,948 | 164% |
| 2021 | 14,229,894 | 895,234 | 15,125,128 | 9,378,461 | 161% |
| 2022 | 15,569,013 | 1,051,730 | 16,620,743 | 9,457,535 | 176% |

Source: State Tax Equalization Board

See Independent Auditor's Report.

**West Chester Area School District
Property Tax Rates – All Direct and Overlapping Governments
Year Ended June 30, 2024**

Chester County

| <u>Fiscal Year</u> | <u>West Chester Area School District</u> | <u>Chester County</u> | <u>Township of East Bradford</u> | <u>Township of East Goshen</u> | <u>Township of Thornbury</u> | <u>Township of West Goshen</u> | <u>Township of West Whiteland</u> | <u>Township of Westtown</u> | <u>Borough of West Chester</u> |
|------------------------|--|---------------------------|--|------------------------------------|----------------------------------|------------------------------------|---|---------------------------------|------------------------------------|
| 2014-15 | 19.21 | 4.163 | 0.34 | 1.25 | 0.995 | 2.00 | 0.719 | 3.50 | 6.96 |
| 2015-16 | 19.5779 | 4.163 | 1.00 | 1.25 | 0.995 | 2.00 | 0.719 | 3.50 | 6.96 |
| 2016-17 | 20.0982 | 4.163 | 1.00 | 1.25 | 0.995 | 2.00 | 0.719 | 3.50 | 6.96 |
| 2017-18 | 20.6841 | 4.369 | 1.00 | 1.25 | 0.995 | 2.00 | 0.719 | 3.50 | 6.96 |
| 2018-19 | 21.2723 | 4.369 | 1.00 | 1.25 | 0.995 | 2.00 | 0.719 | 3.50 | 6.96 |
| 2019-20 | 21.6622 | 4.369 | 1.00 | 1.25 | 0.995 | 2.00 | 0.719 | 3.50 | 6.96 |
| 2020-21 | 21.6622 | 4.369 | 1.50 | 1.25 | 0.995 | 2.00 | 0.714 | 3.50 | 6.96 |
| 2021-22 | 22.0604 | 4.551 | 1.50 | 1.25 | 0.995 | 2.00 | 0.714 | 3.50 | 7.40 |
| 2022-23 | 22.4364 | 4.551 | 1.75 | 1.25 | 0.995 | 2.00 | 0.714 | 3.50 | 7.70 |
| 2023-24 | 22.4364 | 4.551 | 1.75 | 1.75 | 0.995 | 2.00 | 0.714 | 3.71 | 7.70 |

Source: Chester County website

Delaware County

| <u>Fiscal Year</u> | <u>West Chester Area School District</u> | <u>Delaware County</u> | <u>Township of Thornbury</u> |
|------------------------|--|----------------------------|----------------------------------|
| 2014-15 | 13.65 | 5.604 | 0.00 |
| 2015-16 | 13.9059 | 5.604 | 0.00 |
| 2016-17 | 14.7113 | 5.604 | 0.00 |
| 2017-18 | 15.2086 | 5.604 | 0.00 |
| 2018-19 | 16.0761 | 5.604 | 0.00 |
| 2019-20 | 16.2597 | 5.461 | 0.00 |
| 2020-21 | 16.6626 | 5.461 | 0.00 |
| 2021-22** | 9.5164 | 2.999 | 0.00 |
| 2022-23 | 9.9343 | 2.999 | 0.00 |
| 2023-24 | 9.9424 | 2.999 | 0.00 |

Source: Delaware County website

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

** Reassessment done in Delaware County

See Independent Auditor's Report.

**West Chester Area School District
Ten Largest Real Property Taxpayers
Year Ended June 30, 2024**

| Name | Township | Type of Property | 2023-24 | | | 2014-15 | | |
|---|----------------|--------------------------|------------------------------|--|------|------------------------------|--|------|
| | | | Taxable Assessed Value | Percent of District's Total Value | Rank | Taxable Assessed Value | Percent of District's Total Value | Rank |
| Main Street At Exton LP | West Whiteland | Shopping Center | \$ 76,575,590 | 0.81% | 1 | \$ 28,553,560 | 0.34% | 3 |
| NWHAN Exton PA Development | West Whiteland | Apartment Complex | 37,116,670 | 0.39% | 2 | | | |
| Bre Rook Sh Bellingham LP | East Goshen | Senior Living Community | 30,740,000 | 0.33% | 3 | | | |
| SPUS8 West Chester LP | West Goshen | Apartment Complex | 27,976,000 | 0.30% | 4 | | | |
| ARHC WHCCHPA01 LLC | East Goshen | Senior Living Community | 27,000,000 | 0.29% | 5 | | | |
| JAG/OAK Parkview Apartments | West Whiteland | Apartment Complex | 25,037,760 | 0.26% | 6 | | | |
| Exton Square, Inc. | West Whiteland | Shopping Center | 24,639,465 | 0.26% | 7 | 78,683,200 | 0.95% | 1 |
| Keva Flats LP | West Whiteland | Apartment Complex | 24,618,375 | 0.26% | 8 | | | |
| Westtown Apartments | Westtown | Apartment Complex | 24,367,500 | 0.26% | 9 | 16,636,690 | 0.20% | 9 |
| Pembrooke TOM VC LLC | West Whiteland | Business Complex | <u>23,388,088</u> | 0.25% | 10 | | | |
| QVC | West Goshen | Indust Bldg/ TV Shopping | | | | 35,696,530 | 0.43% | 2 |
| TRC Valley Creek Assoc. | West Whiteland | Business Complex | | | | 28,500,000 | 0.34% | 4 |
| HCRI PA Properties Holding Co. | East Goshen | Senior Living Community | | | | 22,849,280 | 0.28% | 5 |
| Exton Crossing Apts | West Whiteland | Apartment Complex | | | | 21,023,480 | 0.25% | 6 |
| Whiteland Investors, LP | West Whiteland | Apartment Complex | | | | 19,320,000 | 0.23% | 7 |
| Hankin Family Ltd Partnership | East Goshen | Apartment Complex | | | | 17,328,750 | 0.21% | 8 |
| Fern Hill LLC | West Goshen | Apartment Complex | | | | <u>16,617,370</u> | 0.20% | 10 |
| Total assessed value -ten largest taxpayers | | | <u>\$ 321,459,448</u> | | | <u>\$ 285,208,860</u> | | |
| Total district assessed value | | | \$ 9,457,535,268 | | | \$ 8,288,723,433 | | |

Source: District Fact Books

See Independent Auditor's Report.

**West Chester Area School District
Real Estate Tax Collection as a Ratio of Levy
Year Ended June 30, 2024**

| <u>Fiscal Year</u> | <u>Assessed Valuation</u> | <u>Mills (2)</u> | <u>Adjusted Levy</u> | <u>Current Collection</u> | |
|------------------------|-------------------------------|------------------|--------------------------|---------------------------|----------------|
| | | | | <u>Amount (1), (3)</u> | <u>Percent</u> |
| 2014-15 | \$ 8,288,723,433 | 19.21 | \$ 155,654,493 | \$ 151,068,019 | 97.1% |
| 2015-16 | 8,345,775,816 | 19.5779 | 159,721,081 | 155,284,474 | 97.2% |
| 2016-17 | 8,375,954,518 | 20.0982 | 164,854,136 | 160,530,248 | 97.4% |
| 2017-18 | 8,470,773,869 | 20.6841 | 171,450,694 | 166,713,031 | 97.2% |
| 2018-19 | 8,490,151,093 | 21.2723 | 177,237,300 | 173,060,736 | 97.6% |
| 2019-20 | 8,569,659,150 | 21.6622 | 182,136,331 | 177,235,011 | 97.3% |
| 2020-21 | 8,615,437,976 | 21.6622 | 183,366,769 | 177,830,871 | 97.0% |
| 2021-22 | 9,148,947,507 | 22.0604 | 187,523,399 | 183,687,863 | 98.0% |
| 2022-23 | 9,378,460,663 | 22.4364 | 196,086,258 | 190,642,621 | 97.2% |
| 2023-24 | 9,457,535,268 | 22.4364 | 197,819,819 | 193,128,602 | 97.6% |

Source: District Tax Records

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

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

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

See Independent Auditor's Report.

WEST CHESTER AREA SCHOOL DISTRICT

DEBT CAPACITY



**West Chester Area School District
Computation of Non-Electoral Debt Margin
Year Ended June 30, 2024**

| | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total General Fund revenues* | \$ 213,970,535 | \$ 220,793,385 | \$ 235,401,340 | \$ 242,175,000 | \$ 249,521,639 | \$ 255,108,419 | \$ 261,224,019 | \$ 277,711,304 | \$ 289,804,646 | \$ 295,885,079 |
| Less: Required deductions if included in total | | | | | | | | | | |
| Rental and Sinking Fund reimbursement | 1,181,706 | - | 2,104,117 | 1,554,549 | 1,163,834 | 1,121,094 | 1,051,643 | 1,596,511 | 985,974 | 1,149,784 |
| Sale of property and non-recurring revenue | - | - | - | - | - | - | - | - | - | - |
| Fund transfer | - | - | - | - | - | - | - | - | - | - |
| Net revenues | <u>212,788,829</u> | <u>220,793,385</u> | <u>233,297,223</u> | <u>240,620,451</u> | <u>248,357,805</u> | <u>253,987,325</u> | <u>260,172,376</u> | <u>276,114,793</u> | <u>288,818,672</u> | <u>294,735,295</u> |
| Annual arithmetic average (borrowing base)** | 207,482,012 | 212,958,388 | 222,293,146 | 231,570,353 | 240,758,493 | 247,655,194 | 254,172,502 | 263,424,831 | 275,035,280 | 286,556,253 |
| Multiplier | <u>225%</u> | <u>225%</u> | <u>225%</u> | <u>225%</u> | <u>225%</u> | <u>225%</u> | <u>225%</u> | <u>225%</u> | <u>225%</u> | <u>225%</u> |
| Total nonelectoral debt limit | 466,834,527 | 479,156,373 | 500,159,579 | 521,033,294 | 541,706,609 | 557,224,187 | 571,888,130 | 592,705,870 | 618,829,380 | 644,751,569 |
| Less: Amount debt applicable to debt limit | <u>271,826,000</u> | <u>266,615,000</u> | <u>261,070,000</u> | <u>256,125,000</u> | <u>250,425,000</u> | <u>268,885,000</u> | <u>281,605,000</u> | <u>259,750,000</u> | <u>242,135,000</u> | <u>223,460,000</u> |
| Total debt margin | <u>\$ 195,008,527</u> | <u>\$ 212,541,373</u> | <u>\$ 239,089,579</u> | <u>\$ 264,908,294</u> | <u>\$ 291,281,609</u> | <u>\$ 288,339,187</u> | <u>\$ 290,283,130</u> | <u>\$ 332,955,870</u> | <u>\$ 376,694,380</u> | <u>\$ 421,291,569</u> |
| Ratio of debt limit to debt margin | 42% | 44% | 48% | 51% | 54% | 52% | 51% | 56% | 61% | 65% |

Source: District Annual Financial Statements PDE 2057

* Includes other financing sources

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

See Independent Auditor's Report.

**West Chester Area School District
Gross Principal Debt Outstanding
Year Ended June 30, 2024**

| Fiscal Year | Emmaus Note 2009 | Series AA | Series A 2016 GOR | Series A 2017 GOB | Series 2018 GOB | Series 2019 GOB | Series 2020 GOB | Series 2021 GOB | Series 2022 GOB | Series 2024 GOB | Total |
|-----------------|---------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|----------------------|----------------------|----------------------|-----------------------|
| | | 2014 GOR | | | | | | | | | |
| 2024- 2025 | \$ 675,000 | \$ 5,700,000 | \$ 12,270,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 55,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 18,730,000 |
| 2025- 2026 | 700,000 | 6,025,000 | 12,850,000 | 5,000 | 5,000 | 5,000 | 60,000 | 5,000 | 100,000 | 5,000 | 19,760,000 |
| 2026- 2027 | 485,000 | 18,505,000 | 1,000,000 | 5,000 | 5,000 | 5,000 | 60,000 | 5,000 | 200,000 | 5,000 | 20,275,000 |
| 2027- 2028 | 5,625,000 | 7,990,000 | - | 5,000 | 5,000 | 5,000 | 1,875,000 | 5,000 | 4,270,000 | 1,870,000 | 21,650,000 |
| 2028- 2029 | - | 8,230,000 | - | 2,340,000 | 5,000 | 5,000 | 1,915,000 | 5,000 | 6,530,000 | 2,200,000 | 21,230,000 |
| 2029- 2034 | - | 8,480,000 | - | 7,360,000 | 4,060,000 | 7,655,000 | 5,975,000 | 9,200,000 | 19,000,000 | 7,145,000 | 68,875,000 |
| 2034- 2039 | - | - | - | - | 5,880,000 | 21,950,000 | - | 13,725,000 | - | - | 41,555,000 |
| 2039- 2041 | - | - | - | - | - | 5,100,000 | - | 6,285,000 | - | - | 11,385,000 |
| Total principal | <u>\$ 7,485,000</u> | <u>\$ 54,930,000</u> | <u>\$ 26,120,000</u> | <u>\$ 9,720,000</u> | <u>\$ 9,965,000</u> | <u>\$ 34,730,000</u> | <u>\$ 9,940,000</u> | <u>\$ 29,235,000</u> | <u>\$ 30,105,000</u> | <u>\$ 11,230,000</u> | <u>\$ 223,460,000</u> |

Source: District Debt Service Schedules

See Independent Auditor's Report.

**West Chester Area School District
Schedule of Direct and Overlapping Debt
Year Ended June 30, 2024**

| | <u>Gross Debt Outstanding</u> | <u>Percentage Applicable to this Governmental Unit</u> | <u>Net Share of Debt</u> |
|---|-----------------------------------|--|----------------------------------|
| Chester County | | | |
| Direct debt | | | |
| West Chester Area School District | \$ 215,975,000 | 100% | \$ 215,975,000 |
| Overlapping debt | | | |
| Township of East Bradford | 9,072,000 | 100% | 9,072,000 (1), (2) |
| Township of East Goshen | 14,250,905 | 100% | 14,250,905 (1), (2) |
| Township of Thornbury | - | 100% | - (1), (2) |
| Township of West Goshen | 2,622,000 | 100% | 2,622,000 (1), (2) |
| Township of West Whiteland | - | 100% | - (1), (2) |
| Township of Westtown | 11,997,467 | 100% | 11,997,467 (1), (2) |
| Borough of West Chester | - | 100% | - (1), (2) |
| Chester County | <u>522,009,362</u> | 20% | <u>101,999,359</u> (1), (2), (3) |
| Total direct and overlapping Chester County debt | | | <u>\$ 355,916,731</u> |
| Delaware County | | | |
| Direct debt | | | |
| West Chester Area School District | \$ 215,975,000 | 100% | \$ 215,975,000 |
| Overlapping debt | | | |
| Township of Thornbury | - | 100% | - (1), (4) |
| Delaware County | <u>306,302,776</u> | 1.2% | <u>3,666,096</u> (1), (3), (4) |
| Total direct and overlapping Delaware County debt | | | <u>\$ 219,641,096</u> |

(1) As of December 31, 2023

(2) Source: County of Chester ACFR

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

(4) Source: County of Delaware ACFR

See Independent Auditor's Report.

West Chester Area School District
Ratio of Net General Debt to Assessed Value and Debt per Capita
Year Ended June 30, 2024

| <u>Fiscal Year</u> | <u>Assessed Value (1)</u> | <u>Gross Bonded Debt (5)</u> | <u>Debt Service Monies Available</u> | <u>Net Bonded Debt</u> | <u>Ratio of Net Bonded Debt to Assessed</u> | <u>Population</u> | <u>Net Bonded Debt per Capita</u> | <u>Estimated Personal Income (4)</u> | <u>Percent of Personal Income</u> |
|--------------------|---------------------------|------------------------------|--------------------------------------|------------------------|---|-------------------|-----------------------------------|--------------------------------------|-----------------------------------|
| 2014-15 | \$ 8,288,723,433 | \$ 260,605,000 | \$ - | \$ 260,605,000 | 3.1% | 108,441 (2) | 2,403 | \$ 11,295,323,001 | 2.3% |
| 2015-16 | 8,345,775,816 | 256,645,000 | - | 256,645,000 | 3.1% | 108,441 (2) | 2,367 | 11,295,323,001 | 2.3% |
| 2016-17 | 8,375,954,518 | 271,745,378 | - | 271,745,378 | 3.2% | 108,441 (2) | 2,506 | 11,295,323,001 | 2.4% |
| 2017-18 | 8,470,773,869 | 264,042,382 | - | 264,042,382 | 3.1% | 108,441 (2) | 2,435 | 11,295,323,001 | 2.3% |
| 2018-19 | 8,490,151,093 | 255,490,452 | - | 255,490,452 | 3.0% | 108,441 (2) | 2,356 | 11,295,323,001 | 2.3% |
| 2019-20 | 8,569,659,150 | 276,686,539 | - | 276,686,539 | 3.2% | 108,441 (2) | 2,551 | 11,295,323,001 | 2.4% |
| 2020-21 | 8,615,437,976 | 293,972,635 | - | 293,972,635 | 3.4% | 111,327 (3) | 2,641 | 11,595,931,647 | 2.5% |
| 2021-22 | 9,148,947,507 | 274,518,168 | - | 274,518,168 | 3.0% | 111,327 (3) | 2,466 | 11,595,931,647 | 2.4% |
| 2022-23 | 9,378,460,663 | 254,261,917 | - | 254,261,917 | 2.7% | 111,327 (3) | 2,284 | 11,595,931,647 | 2.2% |
| 2023-24 | 9,457,535,268 | 234,782,739 | - | 234,782,739 | 2.5% | 111,327 (3) | 2,109 | 11,595,931,647 | 2.0% |

(1) Source: District Fact Book

(2) Source: 2010 Census

(3) Source: 2020 Census

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

(5) Source: District Audit Report

See Independent Auditor's Report.

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WEST CHESTER AREA SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC INFORMATION



West Chester Area School District
Trends in Population, Market Value, and Personal Income
Year Ended June 30, 2024

| | West Chester Area School District Population | (1) | West Chester County Population | (1) | Pennsylvania Population | (1) | United States Population | (1) |
|--------|---|-----|---|-----|------------------------------------|-----|-------------------------------------|-----|
| 1970 | Not Available | | 278,311 | | 11,758,458 | | 203,302,031 | |
| 1980 | 68,170 | | 316,660 | | 11,855,687 | | 226,542,199 | |
| 1990 | 81,172 | | 376,396 | | 11,881,643 | | 248,709,873 | |
| 2000 | 94,114 | | 433,501 | | 12,281,054 | | 281,421,906 | |
| 2010 | 108,441 | | 498,886 | | 12,702,379 | | 308,745,538 | |
| 2020 | 111,327 | | 534,413 | | 13,002,700 | | 331,449,281 | |
| 2021 * | 111,603 | | 538,649 | | 12,964,056 | | 331,893,745 | |
| 2022 * | 113,600 | | 545,823 | | 12,972,008 | | 333,287,557 | |
| 2023 * | 114,563 | | 549,784 | | 12,961,683 | | 334,914,895 | |

* As estimated by US Census Bureau

| | West Chester Area School District Market Value | West Chester Area School District Adjusted Personal Income | Pennsylvania Market Value | Pennsylvania Adjusted Personal Income | (2) |
|------|---|---|--------------------------------------|--|-----|
| 2014 | \$ 12,786,398,938 | \$ 4,980,850,893 | \$ 801,633,782,130 | \$ 328,242,656,054 | |
| 2015 | \$ 12,891,822,543 | \$ 5,035,785,968 | \$ 810,805,701,762 | \$ 342,030,707,410 | |
| 2016 | \$ 13,370,341,641 | \$ 5,106,608,693 | \$ 839,594,528,100 | \$ 339,831,330,362 | |
| 2017 | \$ 13,559,785,462 | \$ 5,105,520,049 | \$ 847,630,312,124 | \$ 352,789,390,440 | |
| 2018 | \$ 14,207,175,901 | \$ 5,558,936,430 | \$ 877,385,372,915 | \$ 378,234,703,027 | |
| 2019 | \$ 14,366,083,784 | \$ 5,616,886,135 | \$ 922,018,498,396 | \$ 395,548,185,123 | |
| 2020 | \$ 15,025,213,325 | \$ 5,524,523,899 | \$ 966,037,072,558 | \$ 384,746,553,419 | |
| 2021 | \$ 15,125,128,108 | \$ 5,895,568,720 | \$ 975,443,133,973 | \$ 396,109,249,773 | |
| 2022 | \$ 16,620,743,291 | \$ 6,739,683,429 | \$ 1,057,970,532,347 | \$ 448,491,075,393 | |
| 2023 | \$ 16,790,636,517 | Not Available | \$ 1,069,761,081,286 | Not Available | |

(1) Source: US Census

(2) Source: PA Dept of Education

See Independent Auditor's Report.

**West Chester Area School District
Key Economic and Housing Indices
Year Ended June 30, 2024**

Household Income

| | Total households 2020 | Household Income, 2020 | | | Median Household Income, 2020 | (1) |
|-----------------------|-----------------------------|------------------------|--------------------------|----------------------|-------------------------------------|-----|
| | | less than \$50,000 | \$50,000 to \$100,000 | \$100,000 or more | | |
| Chester County | 192,951 | 43,414 | 49,203 | 100,334 | 104,161 | |
| West Chester Area (2) | 40,850 | 9,935 | 10,011 | 20,904 | | |

Labor Force and Employment

| | Population 16 years and over, 2020 | Civilian Labor Force, 2020 | | | Unemployment Rate, 2020 | (1) |
|-----------------------|--|----------------------------|----------|------------|-------------------------|-----|
| | | Total | Employed | Unemployed | | |
| Pennsylvania | | | | | 7.7% | |
| Chester County | 417,628 | 284,955 | 273,256 | 11,699 | 2.8% | |
| West Chester Area (2) | 82,718 | 55,901 | 53,569 | 2,332 | N/A | |

Housing Value

| | Total Owner Occupied Units, 2019 | Housing Value (3) | | | | | (1) |
|-----------------------|--|------------------------|---------------------------|---------------------------|---------------------------|----------------------|-----|
| | | Less than \$150,000 | \$150,000 to \$300,000 | \$300,001 to \$400,000 | \$400,001 to \$500,000 | \$500,001 or more | |
| Chester County | 143,192 | 9,260 | 44,599 | 31,059 | 22,809 | 35,465 | |
| West Chester Area (2) | 26,934 | 812 | 5,964 | 6,551 | 5,661 | 7,946 | |

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

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

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

(3) Updated information not available

**West Chester Area School District
Largest Employers within the School District
Year Ended June 30, 2024**

| Name | Product or Service | 2023-24 | Rank | % of Total | 2014-15 | Rank | % of Total |
|---------------------------------------|---------------------------|---------------------------|------|---------------|---------------------------|------|---------------|
| | | Approximate Employment | | | Approximate Employment | | |
| Penn Medicine Chester County Hospital | Health Care Services | 2,829 | 1 | 5.3% | | | |
| West Chester University | Education | 2,527 | 2 | 4.7% | 2,554 | 2 | 5.0% |
| QVC Network, Inc. | Home Shopping Network | 1,903 | 3 | 3.6% | 2,820 | 1 | 5.5% |
| Chester County | County Government | 1,781 | 4 | 3.3% | 1,600 | 4 | 3.1% |
| QVC Japan Services | Home Shopping Network | 1,747 | 5 | 3.3% | | | |
| West Chester Area School District | Education | 1,673 | 6 | 3.1% | 1,582 | 5 | 3.1% |
| United Parcel Services, Inc. | Delivery Services | 1,139 | 7 | 2.1% | 1,200 | 7 | 2.3% |
| Giant Food Stores LLC | Grocery | 1,052 | 8 | 2.0% | 924 | 8 | 1.8% |
| The Arc of Chester County | Advocacy Organization | 986 | 9 | 1.8% | | | |
| Communications Test Design, Inc. | Communication Engineering | 858 | 10 | 1.6% | 680 | 10 | 1.3% |
| Johnson & Johnson Services, Inc. | Drug Research and Testing | | | | 1,392 | 6 | 2.7% |
| Chester County Hospital | Health Care Services | | | | 2,161 | 3 | 4.2% |
| Comcast Cable Communications | Telecommunication | | | | 898 | 9 | 1.8% |
| Total | | <u>16,495</u> | | | <u>15,811</u> | | |

Note: 2023-24 % of Total Employment uses 2020 Total West Chester Community employed population of 53,569.
2014-15 % of Total Employment uses 2010 Total West Chester Community employed population of 51,129

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

See Independent Auditor's Report.

WEST CHESTER AREA SCHOOL DISTRICT

OPERATING INFORMATION



**West Chester Area School District
Staffing Ratios for Professional Staff
Year Ended June 30, 2024**

| <u>Fiscal Year</u> | <u>Number of School Staff *</u> | <u>Number of Students</u> | <u>Ratio Students/Staff</u> |
|--------------------|-------------------------------------|-------------------------------|---------------------------------|
| 2014-15 | 971.60 | 11,624 | 12.0 |
| 2015-16 | 971.30 | 11,483 | 11.8 |
| 2016-17 | 973.30 | 11,589 | 11.9 |
| 2017-18 | 979.80 | 11,928 | 12.2 |
| 2018-19 | 992.80 | 11,963 | 12.0 |
| 2019-20 | 1,002.60 | 12,078 | 12.0 |
| 2020-21 | 1,032.35 | 11,968 | 11.6 |
| 2021-22 | 1,074.22 | 12,093 | 11.3 |
| 2022-23 | 1,081.23 | 12,146 | 11.2 |
| 2023-24 | 1,097.55 | 12,063 | 11.0 |

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

Source: District Fact Book

West Chester Area School District
District Facilities
Year Ended June 30, 2024

| Building | Original Construction Date | Addition and/or Renovation Date | Grades | Site Area (Acres) | Building Sq. Ft. | Sept. 30th 2023 Enrollment |
|---|---|--|---------------|----------------------------------|-----------------------------|--|
| <i>B. Rustin High School</i> | 2003-06 | - | 9-12 | 123.20 | 283,000 | 1,189 |
| <i>East High School</i> | 1973 | 1976/92/93/04 | 9-12 | 62.60 | 314,453 | 1,248 |
| <i>East/Fugett Athletic Fields</i> | 2004 | - | - | 43.35 | - | - |
| <i>Henderson High School</i> | 1951 | 1956/64/76/94/98/04 | 9-12 | 30.56 | 287,351 | 1,469 |
| <i>Henderson-North Campus Athletics</i> | 2006 | - | - | 13.40 | ** | - |
| <i>E. N. Peirce Middle School</i> | 1963 | 1998/01/03 | 6-8 | 26.70 | 136,250 | 1,006 |
| <i>G. A. Stetson Middle School</i> | 1959 | 1961/98/03/07 | 6-8 | 38.40 | 134,857 | 798 |
| <i>J. R. Fugett Middle School</i> | 1969 | 2009 | 6-8 | * | 163,340 | 894 |
| <i>East Bradford Elementary</i> | 1958 | 1966/70/89/13 | K-5 | 18.20 | 58,367 | 455 |
| <i>East Goshen Elementary</i> | 1955 | 1960/64/67/95/01/20 | K-5 | 20.80 | 77,465 | 515 |
| <i>Exton Elementary</i> | 1940 | 1953/57/91/92/93/00/19 | K-5 | 13.10 | 80,702 | 474 |
| <i>Fern Hill Elementary</i> | 1955 | 1960/89/16 | K-5 | 20.00 | 64,555 | 410 |
| <i>Glen Acres Elementary</i> | 1966 | 1997 | K-5 | 11.70 | 59,931 | 472 |
| <i>Greystone Elementary</i> | 2021 | - | K-5 | 15.00 | ** | 544 |
| <i>Hillsdale Elementary</i> | 1976 | 2007 | K-5 | 19.10 | 70,631 | 540 |
| <i>Mary C. Howse Elementary</i> | 1962 | 1965/97 | K-5 | 15.24 | 59,993 | 475 |
| <i>Penn Wood Elementary</i> | 1966 | 1970/89/01/12 | K-5 | 18.60 | 64,350 | 448 |
| <i>Sarah W. Starkweather Elementary</i> | 1991 | 1998 | K-5 | 37.90 | 75,094 | 576 |
| <i>Westtown-Thornbury Elementary</i> | 1954 | 1956/89/12/24 | K-5 | 11.70 | 60,976 | 550 |
| <i>402 North Penn Street</i> | 1949*** | - | - | 0.06 | 1,348 | - |
| Facilities & Operations Center | 1999 | - | - | 3.20 | 24,588 | - |
| Spellman Education Center | 1988 | 2017 | Admin | 3.32 | 42,000 | - |
| | | | | 546.13 | 2,135,793 | 12,063 |

* Fugett acreage included in East HS site area

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

See Independent Auditor's Report.

**West Chester Area School District
School District Employees by Function
Year Ended June 30, 2024**

| <u>Functions</u> | <u>Elementary</u> | <u>Middle</u> | <u>High</u> | <u>Other</u> | <u>Total</u> |
|--|-------------------|---------------|---------------|---------------|-----------------|
| 1100 Regular | 356.00 | 174.30 | 230.55 | 21.00 | 781.85 |
| 1200 Special | 62.00 | 35.10 | 42.50 | 145.00 | 284.60 |
| 1300 Vocational | - | 12.80 | 19.80 | - | 32.60 |
| 1400 Other instructional | - | - | 4.20 | - | 4.20 |
| 2100 Support services- students | 21.80 | 18.40 | 32.80 | 16.80 | 89.80 |
| 2200 Support services- instructional | 16.50 | 4.00 | 7.30 | 16.95 | 44.75 |
| 2300 Support services- administration | 33.00 | 15.00 | 21.00 | 12.00 | 81.00 |
| 2400 Support services- pupil health | 11.20 | 7.00 | 7.00 | 6.00 | 31.20 |
| 2500 Support services- business office | - | - | - | 13.00 | 13.00 |
| 2600 Operating and maintenance of plant services | 39.00 | 18.50 | 31.00 | 56.50 | 145.00 |
| 2700 Student transportation services | - | - | - | 3.50 | 3.50 |
| 2800 Support services - central | - | - | - | 28.05 | 28.05 |
| 3000 Operation of non-instructional services | - | - | 12.00 | - | 12.00 |
| Total 2023-24 FTEs | <u>539.50</u> | <u>285.10</u> | <u>408.15</u> | <u>318.80</u> | <u>1,551.55</u> |

Source: District Personnel Budget Documentation

See Independent Auditor's Report.

**West Chester Area School District
Student Enrollment Summary
Year Ended June 30, 2024**

| <u>School Year</u> | | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> |
|--------------------------------------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Kindergarten (half-time) | At Sept. 30 | 584 | 525 | 599 | - | - | - | - | - | - | - |
| | End of Year | 604 | 532 | 617 | - | - | - | - | - | - | - |
| **Kindergarten (full-time) | At Sept. 30 | 79 | 90 | 73 | 891 | 857 | 887 | 807 | 850 | 853 | 857 |
| | End of Year | 51 | 86 | 81 | 893 | 859 | 902 | 806 | 862 | 861 | 860 |
| Grades 1-5 | At Sept. 30 | 4,363 | 4,328 | 4,355 | 4,449 | 4,495 | 4,501 | 4,418 | 4,549 | 4,613 | 4,602 |
| | End of Year | 4,339 | 4,324 | 4,376 | 4,458 | 4,498 | 4,513 | 4,430 | 4,564 | 4,644 | 4,619 |
| Grades 6-8 | At Sept. 30 | 2,790 | 2,782 | 2,809 | 2,824 | 2,766 | 2,824 | 2,843 | 2,819 | 2,771 | 2,698 |
| | End of Year | 2,767 | 2,780 | 2,825 | 2,822 | 2,769 | 2,817 | 2,840 | 2,812 | 2,755 | 2,692 |
| Grades 9-12 | At Sept. 30 | 3,808 | 3,758 | 3,753 | 3,764 | 3,845 | 3,866 | 3,900 | 3,875 | 3,909 | 3,906 |
| | End of Year | <u>3,764</u> | <u>3,753</u> | <u>3,740</u> | <u>3,749</u> | <u>3,807</u> | <u>3,860</u> | <u>3,891</u> | <u>3,878</u> | <u>3,875</u> | <u>3,905</u> |
| Total - September 30 | | <u>11,624</u> | <u>11,483</u> | <u>11,589</u> | <u>11,928</u> | <u>11,963</u> | <u>12,078</u> | <u>11,968</u> | <u>12,093</u> | <u>12,146</u> | <u>12,063</u> |
| Total - End of year | | <u>11,525</u> | <u>11,475</u> | <u>11,639</u> | <u>11,922</u> | <u>11,933</u> | <u>12,092</u> | <u>11,967</u> | <u>12,116</u> | <u>12,135</u> | <u>12,076</u> |
| Increase/Decrease at September 30 | | (42) | (141) | 106 | 339 | 35 | 115 | (110) | 125 | 53 | (83) |

See Independent Auditor's Report.

West Chester Area School District
Student Market Share Analysis
Year Ended June 30, 2024

| | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Out-of-District | 4,030 | 4,160 | 3,975 | 3,719 | 3,483 | 3,347 | 3,503 | 3,316 | 3,176 | 3,126 |
| % of Total | 25.7% | 26.6% | 25.5% | 23.8% | 22.5% | 21.7% | 22.6% | 21.5% | 20.7% | 20.6% |
| Total In-District | 11,624 | 11,483 | 11,589 | 11,928 | 11,963 | 12,078 | 11,968 | 12,093 | 12,146 | 12,063 |
| % of Total | 74.3% | 73.4% | 74.5% | 76.2% | 77.5% | 78.3% | 77.4% | 78.5% | 79.3% | 79.4% |
| Total Students | 15,654 | 15,643 | 15,564 | 15,647 | 15,446 | 15,425 | 15,471 | 15,409 | 15,322 | 15,189 |
| Share Change Year-to-Year | 0.18% | -1.14% | 1.44% | 2.38% | 1.60% | 1.10% | -1.21% | 1.45% | 2.47% | -0.28% |

| | | | | | | | | | | |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| WCASD | 11,624 | 11,483 | 11,589 | 11,928 | 11,963 | 12,078 | 11,968 | 12,093 | 12,146 | 12,063 |
| Elementary | 5,026 | 4,943 | 5,027 | 5,340 | 5,352 | 5,388 | 5,225 | 5,399 | 5,466 | 5,459 |
| % of Total Elementary | 62.6% | 61.5% | 63.3% | 66.7% | 68.6% | 69.4% | 67.0% | 68.7% | 70.0% | 70.4% |
| Secondary | 6,598 | 6,540 | 6,562 | 6,588 | 6,611 | 6,690 | 6,743 | 6,694 | 6,680 | 6,604 |
| % of Total Secondary | 86.5% | 86.0% | 86.1% | 86.2% | 86.5% | 87.3% | 87.9% | 88.7% | 88.9% | 88.9% |

| | | | | | | | | | | |
|----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Out-Of-District | 4,030 | 4,160 | 3,975 | 3,719 | 3,483 | 3,347 | 3,503 | 3,316 | 3,176 | 3,126 |
| Elementary | 3,003 | 3,099 | 2,915 | 2,667 | 2,454 | 2,372 | 2,576 | 2,464 | 2,342 | 2,299 |
| Private | 223 | 225 | 190 | 190 | 200 | 205 | 209 | 201 | 165 | 175 |
| % of Total | 1.4% | 1.4% | 1.2% | 1.2% | 1.3% | 1.3% | 1.4% | 1.3% | 1.1% | 1.2% |
| Religious - Catholic | 1,618 | 1,615 | 1,476 | 1,329 | 1,226 | 1,158 | 1,242 | 1,204 | 1,141 | 1,206 |
| % of Total | 10.3% | 10.3% | 9.5% | 8.5% | 7.9% | 7.5% | 8.0% | 7.8% | 7.4% | 7.9% |
| Religious - Other | 270 | 329 | 331 | 303 | 289 | 301 | 317 | 349 | 336 | 199 |
| % of Total | 1.7% | 2.1% | 2.1% | 1.9% | 1.9% | 2.0% | 2.0% | 2.3% | 2.2% | 1.3% |
| Charter | 706 | 717 | 678 | 615 | 510 | 482 | 473 | 434 | 403 | 400 |
| % of Total | 4.5% | 4.6% | 4.4% | 3.9% | 3.3% | 3.1% | 3.1% | 2.8% | 2.6% | 2.6% |
| Special Education | 36 | 50 | 67 | 62 | 63 | 60 | 48 | 34 | 48 | 55 |
| % of Total | 0.2% | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% | 0.3% | 0.2% | 0.3% | 0.4% |
| CCIU | - | - | - | - | - | - | - | - | - | - |
| % of Total | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Alternative | - | - | - | - | - | - | - | - | - | - |
| % of Total | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Home School | 150 | 163 | 173 | 168 | 166 | 166 | 287 | 242 | 249 | 264 |
| % of Total | 1.0% | 1.0% | 1.1% | 1.1% | 1.1% | 1.1% | 1.9% | 1.6% | 1.6% | 1.7% |
| Secondary | 1,027 | 1,061 | 1,060 | 1,052 | 1,029 | 975 | 927 | 852 | 834 | 827 |
| Private | 40 | 38 | 36 | 40 | 44 | 48 | 48 | 45 | 39 | 41 |
| % of Total | 0.3% | 0.2% | 0.2% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% | 0.3% |
| Religious - Catholic | 725 | 812 | 784 | 768 | 727 | 700 | 663 | 616 | 595 | 660 |
| % of Total | 4.6% | 5.2% | 5.0% | 4.9% | 4.7% | 4.5% | 4.3% | 4.0% | 3.9% | 4.3% |
| Religious - Other | 93 | 82 | 75 | 77 | 73 | 76 | 72 | 79 | 80 | 10 |
| % of Total | 0.6% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.5% | 0.1% |
| Charter | - | - | - | - | - | - | - | - | - | - |
| % of Total | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Special Education | - | - | - | - | - | - | - | - | - | - |
| % of Total | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| CCIU | 106 | 94 | 107 | 136 | 146 | 129 | 131 | 99 | 120 | 113 |
| % of Total | 0.7% | 0.6% | 0.7% | 0.9% | 0.9% | 0.8% | 0.8% | 0.6% | 0.8% | 0.7% |
| Alternative | 63 | 35 | 58 | 31 | 39 | 22 | 13 | 13 | - | 3 |
| % of Total | 0.4% | 0.2% | 0.4% | 0.2% | 0.3% | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% |
| Home School | - | - | - | - | - | - | - | - | - | - |
| % of Total | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

See Independent Auditor's Report.

West Chester Area School District
Student Market Share Analysis
Year Ended June 30, 2024

| | <u>2014-15</u> | <u>2015-16</u> | <u>2016-17</u> | <u>2017-18</u> | <u>2018-19</u> | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>2022-23</u> | <u>2023-24</u> |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| TOTAL NO. STUDENTS | 15,654 | 15,643 | 15,564 | 15,647 | 15,446 | 15,425 | 15,471 | 15,409 | 15,322 | 15,189 |
| Elementary | 8,029 | 8,042 | 7,942 | 8,007 | 7,806 | 7,760 | 7,801 | 7,863 | 7,808 | 7,758 |
| Secondary | 7,625 | 7,601 | 7,622 | 7,640 | 7,640 | 7,665 | 7,670 | 7,546 | 7,514 | 7,431 |
| TOTAL NO OF BIRTHS (AGE 5) | 1,177 | 1,035 | 1,049 | 1,001 | 1,032 | 990 | 1,065 | 935 | 1,026 | 996 |
| TOTAL NO. STUDENTS | 15,654 | 15,643 | 15,564 | 15,647 | 15,446 | 15,425 | 15,471 | 15,409 | 15,322 | 15,189 |
| Elementary | 8,029 | 8,042 | 7,942 | 8,007 | 7,806 | 7,760 | 7,801 | 7,863 | 7,808 | 7,758 |
| Secondary | 7,625 | 7,601 | 7,622 | 7,640 | 7,640 | 7,665 | 7,670 | 7,546 | 7,514 | 7,431 |
| Facility Breakdown | | | | | | | | | | |
| % Public | 74.3% | 73.4% | 74.5% | 76.2% | 77.5% | 78.3% | 77.4% | 78.5% | 79.3% | 79.4% |
| Schools Facilities Not WCASD | | | | | | | | | | |
| % Private | 1.7% | 1.7% | 1.5% | 1.5% | 1.6% | 1.6% | 1.7% | 1.6% | 1.3% | 1.4% |
| % Religious | 17.3% | 18.1% | 17.1% | 15.8% | 15.0% | 14.5% | 14.8% | 14.6% | 14.0% | 12.3% |
| % Charter | 4.5% | 4.6% | 4.4% | 3.9% | 3.3% | 3.1% | 3.1% | 2.8% | 2.6% | 2.6% |
| % Special Education | 0.2% | 0.3% | 0.4% | 0.4% | 0.4% | 0.4% | 0.3% | 0.2% | 0.3% | 0.4% |
| % CCIU | 0.7% | 0.6% | 0.7% | 0.9% | 0.9% | 0.8% | 0.8% | 0.6% | 0.8% | 0.7% |
| % Alternative | 0.4% | 0.2% | 0.4% | 0.2% | 0.3% | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% |
| % Home School | 1.0% | 1.0% | 1.1% | 1.1% | 1.1% | 1.1% | 1.9% | 1.6% | 1.6% | 1.7% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

See Independent Auditor's Report.

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WEST CHESTER AREA SCHOOL DISTRICT

SINGLE AUDIT



West Chester Area School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Source Code | Federal CFDA Number | Pass-Through Grantor's Number | Grant Period Beginning - Ending | Program or Award Amount | Total Received for Year | Accrued (Deferred) Revenue 07/1/23 | Revenue Recognized | Expenditures | Accrued (Deferred) Revenue 06/30/24 | Amount Passed Through to Sub-Recipients |
|---|-------------|---------------------|-------------------------------|---------------------------------|-------------------------|-------------------------|------------------------------------|--------------------|--------------|-------------------------------------|---|
| <u>U.S Department of Education</u> | | | | | | | | | | | |
| <u>Passed through PA Department of Education</u> | | | | | | | | | | | |
| Title I Grant to Education Agencies | I | 84.010 | 013-230470 | 07/01/22-09/30/23 | \$ 547,689 | \$ 36,500 | \$ 10,813 | \$ 25,687 | \$ 25,687 | \$ - | \$ - |
| Title I Grant to Education Agencies | I | 84.010 | 013-240470 | 07/01/23-09/30/25 | 1,313,858 | 613,048 | - | 892,237 | 892,237 | 279,189 | - |
| Total CFDA #84.010 | | | | | | 649,548 | 10,813 | 917,924 | 917,924 | 279,189 | - |
| Language Instruction for Limited English Proficient (LEP) | I | 84.365 | 010-230470 | 07/01/22-09/30/24 | 97,986 | - | 646 | 4,930 | 4,930 | 5,576 | - |
| Language Instruction for Limited English Proficient (LEP) | I | 84.365 | 010-240470 | 07/01/23-09/30/24 | 100,717 | 100,717 | - | 100,055 | 100,055 | (662) | - |
| Total CFDA #84.365 | | | | | | 100,717 | 646 | 104,985 | 104,985 | 4,914 | - |
| Improving Teacher Quality State Grant | I | 84.367 | 020-230470 | 07/01/22-09/30/23 | 233,671 | 32,025 | (32,623) | 64,648 | 64,648 | - | - |
| Improving Teacher Quality State Grant | I | 84.367 | 020-240470 | 07/01/23-09/30/25 | 252,598 | 100,459 | - | 108,629 | 108,629 | 8,170 | - |
| Total CFDA #84.367 | | | | | | 132,484 | (32,623) | 173,277 | 173,277 | 8,170 | - |
| Student Support and Academic Enrichment Grant | I | 84.424 | 144-230470 | 07/01/22-09/30/23 | 43,565 | 26,965 | 13,707 | 13,258 | 13,258 | - | - |
| Student Support and Academic Enrichment Grant | I | 84.424 | 144-240470 | 07/01/23-09/30/24 | 42,877 | 37,160 | - | 40,332 | 40,332 | 3,172 | - |
| Total CFDA #84.424 | | | | | | 64,125 | 13,707 | 53,590 | 53,590 | 3,172 | - |
| COVID-19 ESSER III | I | 84.425U | 223-210470 | 03/13/20-09/30/24 | 4,292,337 | 390,213 | 390,213 | - | - | - | - |
| COVID-19 ARP ESSER Fund 7% Set Asides Consolidated | I | 84.425U | 225-210470 | 03/13/20-09/30/24 | 333,611 | 242,626 | 194,967 | 47,659 | 47,659 | - | - |
| COVID-19 ARP ESSER Fund - Homeless Children and Youth | I | 84.425W | 181-212473 | 07/01/21-09/30/24 | 44,304 | 10,224 | (729) | 9,284 | 9,284 | (1,669) | - |
| Total CFDA #84.425 | | | | | | 643,063 | 584,451 | 56,943 | 56,943 | (1,669) | - |
| <u>Passed through Intermediate Unit 13</u> | | | | | | | | | | | |
| A ACHIEVE | I | 84.027 | C189-9035 | 07/01/18-09/30/21 | 2,000 | - | (2,000) | - | - | (2,000) | - |
| <u>Passed through Chester County I.U.</u> | | | | | | | | | | | |
| IDEA Special Education-Grants to States | I | 84.027 | 62-2300024 | 07/01/22-09/30/23 | 1,609,561 | 1,609,561 | 1,366,031 | 243,530 | 243,530 | - | - |
| IDEA Special Education-Grants to States | I | 84.027 | 62-2400024 | 07/01/23-09/30/24 | 1,741,457 | - | - | 1,741,457 | 1,741,457 | 1,741,457 | - |
| Total CFDA #84.027 | | | | | | 1,609,561 | 1,366,031 | 1,984,987 | 1,984,987 | 1,741,457 | - |
| IDEA 619 funds | I | 84.173 | 131-220024B | 07/01/22-06/30/23 | 5,504 | 5,504 | 5,504 | - | - | - | - |
| IDEA 619 funds | I | 84.173 | 131-230024B | 07/01/23-06/30/24 | 8,378 | - | - | 8,378 | 8,378 | 8,378 | - |
| Total CFDA #84.173 | | | | | | 5,504 | 5,504 | 8,378 | 8,378 | 8,378 | - |

See Independent Auditor's Report.

West Chester Area School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Source Code | Federal CFDA Number | Pass-Through Grantor's Number | Grant Period Beginning - Ending | Program or Award Amount | Total Received for Year | Accrued (Deferred) Revenue 07/1/23 | Revenue Recognized | Expenditures | Accrued (Deferred) Revenue 06/30/24 | Amount Passed Through to Sub-Recipients |
|---|-------------|---------------------|-------------------------------|---------------------------------|-------------------------|-------------------------|------------------------------------|--------------------|--------------|-------------------------------------|---|
| <u>Passed through PA Dept of Public Welfare</u> | | | | | | | | | | | |
| Title XIX Medical Assistance Program | I | 93.778 | N/A | 07/01/23-06/30/24 | 31,136 | 31,136 | - | 31,136 | 31,136 | - | - |
| Total U.S. Department of Health and Human Services | | | | | | 31,136 | - | 31,136 | 31,136 | - | - |
| <u>Passed through PA Department of Agriculture</u> | | | | | | | | | | | |
| National School Lunch Program | I | 10.555 | N/A | 07/01/22-06/30/23 | N/A | - | (642) | 642 | 642 | - | - |
| National School Lunch Program | I | 10.555 | N/A | 07/01/23-06/30/24 | N/A | 343,534 | - | 334,092 | 334,092 | (9,442) | - |
| Total CFDA #10.555 | | | | | | 343,534 | (642) | 334,734 | 334,734 | (9,442) | - |
| <u>Passed through PA Department of Education</u> | | | | | | | | | | | |
| National School Lunch Program (Supply Chain Assistance) | I | 10.555 | 356 | 07/01/21-06/30/24 | N/A | 192,416 | (321,696) | 192,049 | 192,049 | (322,063) | - |
| National School Lunch Program | I | 10.555 | 362 | 07/01/22-06/30/23 | N/A | 33,439 | 33,439 | - | - | - | - |
| National School Lunch Program | I | 10.555 | 362 | 07/01/23-06/30/24 | N/A | 812,099 | - | 841,396 | 841,396 | 29,297 | - |
| Total CFDA #10.555 | | | | | | 1,037,954 | (288,257) | 1,033,445 | 1,033,445 | (292,766) | - |
| National School Breakfast Program | I | 10.553 | 365 | 07/01/22-06/30/23 | N/A | 11,125 | 11,125 | - | - | - | - |
| National School Breakfast Program | I | 10.553 | 365 | 07/01/23-06/30/24 | N/A | 214,506 | - | 225,184 | 225,184 | 10,678 | - |
| Total CFDA #10.553 | | | | | | 225,631 | 11,125 | 225,184 | 225,184 | 10,678 | - |
| Total U. S. Department of Agriculture | | | | | | 1,607,119 | (277,774) | 1,593,363 | 1,593,363 | (291,530) | - |
| Total Federal Awards | | | | | | \$ 4,843,257 | \$ 1,668,755 | \$ 4,924,583 | \$ 4,924,583 | \$ 1,750,081 | \$ - |
| Education Stabilization Fund (ALNs 84.425D, 84.425U, and 84.425W) | | | | | | \$ 643,063 | \$ 584,451 | \$ 56,943 | \$ 56,943 | \$ (1,669) | \$ - |
| Special Education Cluster (IDEA) (ALNs 84.027 and 84.173) | | | | | | \$ 1,615,065 | \$ 1,369,535 | \$ 1,993,365 | \$ 1,993,365 | \$ 1,747,835 | \$ - |
| Child Nutrition Cluster (ALNs 10.553 and 10.555) | | | | | | \$ 1,607,119 | \$ (277,774) | \$ 1,593,363 | \$ 1,593,363 | \$ (291,530) | \$ - |

See Independent Auditor's Report.

West Chester Area School District
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

1. BASIS OF PRESENTATION

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

2. BASIS OF ACCOUNTING

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

3. NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under CFDA #10.555 includes surplus food consumed by the District during the 2023-2024 fiscal year. The District has food commodities totaling \$9,442 in inventory as of June 30, 2024.

4. ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for- service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2024 was \$1,020,550.

5. INDIRECT COSTS

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance. For the year ended June 30, 2024, there were no indirect costs included in the schedule of expenditures of federal awards.

**West Chester Area School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2024**

There were no audit findings for the year ended June 30, 2023.

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

To the Board of School Directors of
West Chester Area School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Chester Area School District, Exton, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise West Chester Area School District's basic financial statements, and have issued our report thereon dated February 7, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'.

February 7, 2025

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

To the Board of School Directors of
West Chester Area School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Chester Area School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of West Chester Area School District's major federal programs for the year ended June 30, 2024. West Chester Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Chester Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

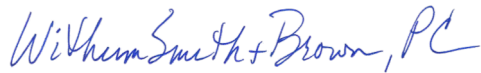
Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'. The signature is written in a cursive, flowing style.

February 7, 2025

**West Chester Area School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the West Chester Area School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements of the West Chester Area School District are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the West Chester Area School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over the major federal award programs are reported in the independent auditor's report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the West Chester Area School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were:

Title I Funds – Improving Basic Programs – Assistance Listing 84.010

Special Education Cluster (IDEA):

Special Education – Grants to States (IDEA, Part B) – ALN 84.027

Special Education – Preschool Grants (IDEA Preschool) – ALN 84.173

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The West Chester Area School District did qualify as a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

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