

OFFICIAL STATEMENT



NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P Global Ratings, Inc. Rated "AA" (Stable)

AGM Insured

S&P Global Ratings, Inc. "A/Negative" Underlying

See "RATING" and "MUNICIPAL BOND INSURANCE" herein

In the opinion of the Bond Counsel, under existing laws, regulations and judicial decisions, interest on the Series B Bonds (including any original issue discount properly allocable to an owner and treated as interest) is excluded from gross income for federal income tax purposes. Furthermore, in the opinion of Bond Counsel, interest on the Series B Bonds (including any original issue discount properly allocable to an owner and treated as interest) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. Interest on the Series A Bonds is NOT excludable from gross income for federal income tax purposes.

Furthermore, in the opinion of Bond Counsel, under the laws of the Commonwealth of Pennsylvania, as presently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and interest on the Bonds is exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax. Bond Counsel's opinion is subject to continuing compliance by the School District with certain provisions of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS" herein.

\$11,335,000

MOON AREA SCHOOL DISTRICT
(Allegheny County, Pennsylvania)

\$8,170,000 General Obligation Bonds, FEDERALLY TAXABLE Series A of 2017

\$3,165,000 General Obligation Bonds, Tax-Exempt Series B of 2017

Dated: Date of Delivery

Interest Due: May 15 and November 15

Principal Due: as shown on inside cover

First Interest Payment: November 15, 2017

The Moon Area School District (the "School District") will issue its General Obligation Bonds, Series of 2017 in the aggregate principal amount of \$11,335,000 consisting of \$8,170,000 aggregate principal amount of General Obligation Bonds, FEDERALLY TAXABLE Series A of 2017 (the "Series A Bonds") and \$3,165,000 aggregate principal amount of General Obligation Bonds, Tax-Exempt Series B of 2017 (the "Series B Bonds", and together with the Series A Bonds, the "Bonds" or "2017 Bonds") will be issued as fully registered bonds. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein. The principal of the Bonds will be paid to the registered owners or assigns, when due, upon presentation and surrender of the Bonds to US Bank, National Association ("Paying Agent"), acting as paying agent and sinking fund depository, at its designated corporate trust office in Pittsburgh, Pennsylvania. Interest on the Bonds is payable initially on November 15, 2017, and thereafter, semiannually on May 15 and November 15 of each year, until the principal sum thereof is paid. Payment of interest on the Bonds will be made by check drawn on the Paying Agent mailed to the registered owners of the Bonds as of the Record Date (see "THE BONDS" herein).

The Bonds are subject to optional redemption prior to maturity.

The Bonds are general obligations of the School District, payable from local taxes, state subsidy and other general revenues. The School District has covenanted in the Resolution authorizing the Bonds adopted by the Board of the School District on January 23, 2017 (the "Resolution") that it will 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 legally available 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 available taxing power, which taxing power including the power to levy ad valorem taxes on all taxable real property within the School District, to the extent available by law. (See "SECURITY" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS", including the description of the Taxpayer Relief Act and other legislation described herein).

Proceeds of the Series A Bonds will be used to: (1) fund a portion of an unfunded actuarial accrued liability; and (2) pay the costs associated with issuing the Series A Bonds. The proceeds of the Series B Bonds will be used to: (1) refund, on a current refunding basis, all of the District's General Obligation Bonds, Series A of 2010 in the outstanding principal amount of \$3,045,000 plus accrued interest to the call date; and (2) pay the costs associated with issuing the Series B Bonds. (See "PURPOSE OF THE BOND ISSUE - Sources and Uses of Funds" herein.)

The Bonds are authorized investments 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.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



MATURITIES, AMOUNTS, RATES AND YIELDS/PRICES
See Inside 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 Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the School District by its counsel, Dodaro, Matta & Cambest, P.C., of Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the Underwriter by its counsel, Bruce E. Dice & Associates, P.C., of Pittsburgh, Pennsylvania.. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about March 8, 2017.

Boenning & Scattergood Inc.

Dated: February 14, 2017

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "Appendix C - Specimen Municipal Bond Insurance Policy".

\$11,335,000
MOON AREA SCHOOL DISTRICT
(Allegheny County, Pennsylvania)
\$8,170,000 General Obligation Bonds, FEDERALLY TAXABLE Series A of 2017
\$3,165,000 General Obligation Bonds, Tax-Exempt Series B of 2017

Dated: Date of Delivery
Interest Due: May 15 and November 15

Principal Due: as shown below
First Interest Payment: November 15, 2017

MATURITY SCHEDULE

SERIES A					
Year	Principal Amount	Coupon	Yield	Price	CUSIP 615401⁽¹⁾
11/15/2017	\$260,000	1.283%	1.283%	100.000%	ML7
11/15/2018	\$265,000	1.738%	1.738%	100.000%	MM5
11/15/2019	\$270,000	2.188%	2.188%	100.000%	MN3
11/15/2020	\$275,000	2.388%	2.388%	100.000%	MP8
11/15/2021	\$285,000	2.723%	2.723%	100.000%	MQ6
11/15/2022	\$290,000	2.923%	2.923%	100.000%	MR4
11/15/2023	\$300,000	3.151%	3.151%	100.000%	MS2
11/15/2024	\$310,000	3.301%	3.301%	100.000%	MT0
11/15/2025	\$320,000	3.438%	3.438%	100.000%	MU7
11/15/2026	\$330,000	3.588%	3.588%	100.000%	MV5
11/15/2027	\$345,000	3.738%	3.738%	100.000%	MW3
11/15/2028	\$355,000	3.888%	3.888%	100.000%	MX1
11/15/2029	\$370,000	4.038%	4.038%	100.000%	MY9
11/15/2030	\$385,000	4.188%	4.188%	100.000%	MZ6
11/15/2031	\$405,000	4.388%	4.388%	100.000%	NA0

\$1,815,000 4.532% Term Bond due November 15, 2035 at 100.000% to yield 4.532% - NB8
\$1,590,000 4.632% Term Bond due November 15, 2038 at 100.000 to yield 4.632% - NC6

⁽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 or 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.

\$11,335,000
MOON AREA SCHOOL DISTRICT
(Allegheny County, Pennsylvania)
\$8,170,000 General Obligation Bonds, FEDERALLY TAXABLE Series A of 2017
\$3,165,000 General Obligation Bonds, Tax-Exempt Series B of 2017

Dated: Date of Delivery

Interest Due: May 15 and November 15

Principal Due: as shown below

First Interest Payment: November 15, 2017

MATURITY SCHEDULE

SERIES B

<u>Year</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP 615401⁽¹⁾</u>
11/15/2017	\$165,000	2.000%	1.100%	100.612%	ND4
11/15/2018	\$215,000	2.000%	1.350%	101.079%	NE2
11/15/2019	\$220,000	2.000%	1.700%	100.783%	NF9
11/15/2020	\$230,000	3.000%	1.950%	103.715%	NG7
11/15/2021	\$235,000	2.000%	2.140%	99.377%	NH5
11/15/2022	\$235,000	2.200%	2.340%	99.257%	NJ1
11/15/2023	\$240,000	2.350%	2.490%	99.140%	NK8
11/15/2024	\$245,000	2.500%	2.690%	98.686%	NL6
11/15/2025	\$260,000	2.650%	2.850%	98.468%	NM4
11/15/2026	\$260,000	2.800%	3.000%	98.327%	NN2
11/15/2027	\$275,000	3.000%	3.130%	98.824%	NP7
11/15/2028	\$290,000	3.050%	3.230%	98.256%	NQ5
11/15/2029	\$295,000	3.125%	3.280%	98.399%	NR3

⁽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 or 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.

MOON AREA SCHOOL DISTRICT
(Allegheny County, Pennsylvania)
8353 University Boulevard
Moon Township, Pennsylvania 15108
(412) 264-9440 (Phone)
(412) 264-3268 (Fax)
www.moonarea.net

BOARD OF SCHOOL DIRECTORS

Jerry Testa	President
Michael Hauser	Vice President
Robert Harper	Treasurer
Lisa Wolowicz	Secretary
James Bogatay	Member
Danielle Zieger	Member
Mark Scappe	Member
Scott LaRue	Member
Jeffery Bussard	Member

CENTRAL ADMINISTRATION

Donna K. Milanovich.....	Interim Superintendent
Keith A. Bielby	Director of Fiscal and School Services

SCHOOL DISTRICT SOLICITOR
DODARO, MATTA & CAMBEST, P.C
Pittsburgh, Pennsylvania

BOND COUNSEL
BUCHANAN INGERSOLL & ROONEY PC
Pittsburgh, Pennsylvania

UNDERWRITER'S COUNSEL
BRUCE E. DICE & ASSOCIATES, P.C
Pittsburgh, Pennsylvania

PAYING AGENT
US BANK, National Association
Pittsburgh, Pennsylvania

DISSEMINATION AGENT
DIGITAL ASSURANCE CERTIFICATION (DAC)
Orlando, Florida

UNDERWRITER
BOENNING & SCATTERGOOD INC.
Pittsburgh, Pennsylvania

No dealer, broker, salesperson or other person has been authorized by the School District or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, any such other information or representations may not be relied upon as having been authorized by the School District or the Underwriter. 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 by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the School District and the information set forth herein has been obtained from the School District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters or, as to information from other sources, by 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 under this Official Statement 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 or the earliest date of which said information is given.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PUBLIC OFFERING PRICES STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS WITHOUT PRIOR NOTICE.

THE ORDER AND PLACEMENT OF THE MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS OR THE RESOLUTION IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF CERTAIN STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES REFERRED TO HEREIN, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES AT ANY TIME IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

Neither the School District's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted information.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the School District include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the School District. Such forward-looking statements speak only as of the date of this Official Statement. The School District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the School District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The School District does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. Accordingly, the School District does not intend to update or otherwise revise the forecasted financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, the School District does not intend to update or revise the forecasted financial information to reflect changes in general economic or industry conditions. Additional information relating to the principal assumptions used in preparing the projections is set forth herein.

SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. No person is authorized to detach this **SUMMARY STATEMENT** from this Official Statement or otherwise use it without the entire Official Statement.

Issuer	Moon Area School District, Allegheny County, Pennsylvania (the "School District").
The Bonds	<p>General Obligation Bonds, FEDERALLY TAXABLE Series A of 2017 (the "Series A Bonds"), in the aggregate principal amount of \$8,170,000. The Bonds are initially dated the Date of Delivery, and will mature as shown in the BOND MATURITY SCHEDULES shown on the inside of the Cover Pages of this Official Statement. Interest on the Bonds will begin to accrue on the Date of Delivery, and is payable initially on November 15, 2017, and on each May 15 and November 15 thereafter. (See "THE BONDS" herein.)</p> <p>General Obligation Bonds, Tax-Exempt Series B of 2017 (the "Series B Bonds"), in the aggregate principal amount of \$3,165,000. The Bonds are initially dated the Date of Delivery, and will mature as shown in the BOND MATURITY SCHEDULES shown on the inside of the Cover Pages of this Official Statement. Interest on the Bonds will begin to accrue on the Date of Delivery, and is payable initially on November 15, 2017, and on each May 15 and November 15 thereafter. (See "THE BONDS" herein.)</p>
Redemption Provisions.....	The Bonds are subject to optional and mandatory redemption prior to their stated dates of maturity. (See " REDEMPTION OF BONDS " herein.)
Form of Bonds	Book-entry form only.
Purpose of the Issue	Proceeds of the Series A Bonds will be used to: (1) fund a portion of an unfunded actuarial accrued liability; and (2) pay the costs associated with issuing the Series A Bonds. The proceeds of the Series B Bonds will be used to: (1) refund, on a current refunding basis, all of the District's General Obligation Bonds, Series A of 2010 in the outstanding principal amount of \$3,045,000 plus accrued interest to the call date; and (2) pay the costs associated with issuing the Series B Bonds. (See " PURPOSE OF THE BOND ISSUE - Sources and Uses of Funds " herein.)
Security for the Bonds	The Bonds are general obligations of the School District, payable from local taxes, state subsidy and other general revenues. The School District has covenanted in the Resolution authorizing the Bonds adopted by the Board of the School District on January 23, 2017 (the "Resolution") that it will 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 legally available 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 available taxing power, which taxing power including the power to levy ad valorem taxes on all taxable real property within the School District, to the extent available by law. (See " SECURITY " and " PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS " including the description of the <i>Taxpayer Relief Act</i> and other legislation described herein.)
Credit Enhancement.....	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (See " MUNICIPAL BOND INSURANCE " herein.)
Bond Rating.....	The Bonds are expected to receive a credit rating of "AA" (Stable Outlook) from S&P Global Ratings, Inc. ("S&P") with the understanding that the above-described municipal bond insurance policy will be issued at the time of settlement of the Bonds. S&P has also assigned its underlying rating of "A/Negative" (See " RATING " herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities and Exchange Act of 1934, as amended and interpreted (the "Rule"). (See " CONTINUING DISCLOSURE UNDERTAKING " herein.)

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The Table of Contents does not list all of the subjects in this Official Statement, and in all instances reference should be made to the complete Official Statement to determine the subjects set forth herein. No significance should be attached to the particular order in which subjects are set forth herein.

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OFFICIAL STATEMENT

\$11,335,000

**MOON AREA SCHOOL DISTRICT
(Allegheny County, Pennsylvania)**

**\$8,170,000 General Obligation Bonds, FEDERALLY TAXABLE Series A of 2017
\$3,165,000 General Obligation Bonds, Tax-Exempt Series B of 2017**

INTRODUCTION

This Official Statement, including the cover page hereof and Appendices hereto, is furnished by the Moon Area School District (the "School District") a public school district located in Allegheny County, Pennsylvania in connection with the offering of its General Obligation Bonds, Series of 2017 in the aggregate principal amount of \$11,335,000, consisting of \$8,170,000 General Obligation Bonds, FEDERALLY TAXABLE Series A of 2017 (the "Series A Bonds") and \$3,165,000 General Obligation Bonds, Tax-Exempt Series B of 2017 (the "Series B Bonds" and together with the Series A Bonds, the "Bonds" or the "2016 Bonds"). The Bonds are being issued by the School District pursuant to a Resolution of the Board of School Directors of the School District adopted on January 23, 2017 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S.A. §8001 *et seq.*, as amended (the "Act").

The information which follows contains summaries of the Resolution, the School District's Budget and the School District's financial statements. Such summaries do not purport to be complete and reference is made to the Resolution, the School District's budget and the School District's financial statements, copies of which are on file and available for examination at the offices of the School District.

Neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create an implication that there have been no changes in the affairs of the School District, or in the communities or areas served by the School District, since the date of this Official Statement or the earliest date as of which certain information contained herein is given.

PURPOSE OF THE ISSUE

Proceeds of the Series A Bonds will be used to: (1) fund a portion of an unfunded actuarial accrued liability; and (2) pay the costs associated with issuing the Series A Bonds. The proceeds of the Series B Bonds will be used to: (1) refund, on a current refunding basis, all of the District's General Obligation Bonds, Series A of 2010 in the outstanding principal amount of \$3,045,000 plus accrued interest to the call date; and (2) pay the costs associated with issuing the Series B Bonds.

Sources and Uses of Bonds Proceeds

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

<u>SOURCE OF FUNDS</u>	<u>Series A</u>	<u>Series B</u>	<u>Total</u>
Bond Par Amount.....	\$8,170,000.00	\$3,165,000.00	\$11,335,000.00
Net OID/OIP	-	(16,244.20)	(16,244.20)
Total Source of Funds	\$8,170,000.00	\$3,148,755.80	\$11,318,755.80
 <u>USE OF FUNDS</u>			
Pension Accrual Obligation	\$8,000,000.00	\$ -	\$8,000,000.00
Retire, Series A of 2010	-	3,081,019.49	3,081,019.49
Cost of Issuance ⁽¹⁾	167,924.39	65,411.45	233,335.84
Deposit to Debt Service Fund	2,075.61	2,324.86	4,400.47
Total Use of Funds.....	\$8,170,000.00	\$3,148,755.80	\$11,318,755.80

⁽¹⁾Includes legal, underwriter's discount, printing, rating, CUSIP, paying agent, municipal bond Insurance and other miscellaneous costs.

THE BONDS

Description: Payment of Principal and Interest

The Bonds will be issued in registered form, without coupons, in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$11,335,000 (in the respective amounts for each series described herein) and will be dated the date of delivery (the "Dated Date"), when interest begins to accrue. The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on each of the Bonds will be payable initially on November 15, 2017 (the "First Interest Payment Date"), and thereafter, semiannually on May 15 and November 15 of each year (each, an "Interest Payment Date") until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. Interest shall be computed on the basis of a 30-day month and a 360-day year.

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. Each Beneficial Owner of a Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. (See "BOOK – ENTRY ONLY SYSTEM" herein).

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 to the Beneficial Owners of the Bonds 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 certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to US Bank, National Association (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office (or to any successor paying agent or alternate designated office(s)).

The Bonds will bear interest payable on the Interest Payment Dates, commencing on the First Interest Payment Date. Each Bond will be dated as of the date of its authentication and will bear interest from the Interest Payment Date next preceding the date of authentication of such Bond, unless: (a) such Bond is authenticated as of an Interest Payment Date, in which event such Bond will bear interest from said Interest Payment Date; or (b) such Bond is authenticated prior to the First Interest Payment Date, in which event such Bond will bear interest from the Dated Date; or (c) such Bond is authenticated after a Record Date (defined below) and before the next succeeding Interest Payment Date, in which event such Bond will bear interest from the next succeeding Interest Payment Date; or (d) as shown by the records of the Paying Agent, interest on such Bond is in default, in which event such Bond will bear interest from the date on which interest was last paid on such Bond.

The principal of and premium, if any, on the Bonds will be payable to the Registered Owners thereof or their transferees upon presentation and surrender thereof at the designated corporate trust office of the Paying Agent, U.S. Bank, N.A. (the "Paying Agent") in Pittsburgh, PA, in lawful money of the United States of America and under the terms and conditions set forth in the Bonds. Payment of interest on the Bonds will be made by check or draft mailed by the Paying Agent to the registered owners thereof whose names and addresses appear at the close of business on the last day of the month next preceding each respective Interest Payment Date (the "Record Date") on the books for the registration, exchange and transfer of Bonds (the "Bond Register"), irrespective of any transfer or exchange of any Bonds subsequent to the Record Date and prior to such Interest Payment Date, unless the School District is in default in payment of interest due on such Interest Payment Date. In the case of an interest payment to any registered owner of \$1,000,000 or more in aggregate principal amount of Bonds as of the close of business of the Paying Agent on the Record Date for a particular Interest Payment Date, such payment may be made by wire transfer to any designated account in a member bank of the Federal Reserve System as of the close of business on such Interest Payment Date upon written request from such registered owner, which written request is received by the Paying Agent not less than five days prior to such Record Date.

In the event of any default in payment of interest due on an Interest Payment Date, such defaulted interest will be payable to the persons in whose names the Bonds are 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 on behalf of the School District to the registered owners of the Bonds not less than ten (10) days preceding such special record date. Such notice will be mailed to the persons in whose names the Bonds are 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, premium, if any, or interest on the Bonds occurs on a day which is not a Business Day, the interest and/or principal due on such date will be payable on the next succeeding Business Day, and payment on such date will have the same force and effect as if made on the nominal date of payment.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under "Book-Entry Only System," certificated Bonds are transferable or exchangeable upon surrender of such Bonds 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 series, maturity date 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 such Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

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

Neither the School District nor the Paying Agent shall be required (a) to issue or transfer or exchange any Bond during a period beginning at the close of business on the Record Date next preceding any Interest Payment Date and ending at the close of business on the Interest Payment Date; or (b) to issue or transfer or exchange any Bond then considered for redemption during the period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day on which the notice of redemption is mailed; or (c) to transfer 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 series, maturity and interest rate.

SECURITY FOR THE BONDS

General Obligation Pledge Security

The Bonds are general obligations of the School District and are payable from its local taxes, state subsidies and other general revenues. The School District has covenanted in the Resolution 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 due 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 available taxing power, which taxing power presently includes *ad valorem* taxes on all taxable property within the School District, within limitations provided by law (See **"TAXING POWERS AND LIMITS"** and **"PENNSYLVANIA ACTS AFFECTING LOCAL TAXING POWERS OF SCHOOL DISTRICTS"** herein). The Debt Act presently provides for enforcement of debt service payments as hereinafter described (see **"Actions in the Event of Default on the Bonds"** herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see **"State Subsidy Intercept Under Section 633 of the Pennsylvania School Code"** and **"COMMONWEALTH AID TO SCHOOL DISTRICTS"** herein).

Sinking Fund

Two sinking funds for the payment of debt service on each respective series of the Bonds, to be designated "Sinking Fund, General Obligation Bonds, FEDERALLY TAXABLE Series A of 2017" and "Sinking Fund, General Obligation Bonds, Tax-Exempt Series B of 2017" (the "Sinking Funds"), have been created in accordance with the Resolution and will be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Funds sums sufficient not later than the date when interest and/or principal is to become due on the respective series of the Bonds (or such earlier date as may be required by the Bond Insurer) so that on each payment date each Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and principal then due on respective series of the Bonds.

The Sinking Funds shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent as authorized by the Debt Act and 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 respective Sinking Fund.

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

State Subsidy Intercept under Section 633 of the Pennsylvania School Code

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 154 of 1998 (the "Public School Code"), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness or 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 State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, 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. Also, See **"COMMONWEALTH AID TO SCHOOL DISTRICTS"** herein

There can be no assurance, however, that any payments pursuant to this withholding provision will be made by the date on which such payments are due to the Bondholders. The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally.

State Subsidy Impasse Intercept Under Act 85

Act No. 85 of 2016, enacted July 13, 2016 ("Act 85") provides an intercept regime applicable only during a budget impasse. While there is a budget impasse (i.e., the annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue to be not enacted when a school district debt service payment is due), and the Secretary of Education is required to withhold money from payments due to a school district under the intercept program described above (see "**State Subsidy Intercept Under Section 633 of the Pennsylvania School Code**") but there are no payments or allocations due to be paid to the school district as of such payment date, and the Secretary has provided at least 10 days' notice to Commonwealth legislative officials, then Act 85 requires (and provides an appropriation for) the Secretary to pay such amount to the fiscal agent for the school district debt obligations on the day the scheduled payment for principal and interest is due. The total amount of all impasse intercept payments to a school district may not exceed 50% of the total non-federal General Fund subsidy payments made to the school district in the prior fiscal year, and the appropriation is further limited to available cash balances in the Commonwealth's General Fund at the time the payment is due (and the Commonwealth may not issue tax anticipation notes or enter into a loan agreement with the Treasury Department to provide cash for impasse intercept payments). Once the annual budget appropriations are ultimately enacted, the impasse intercept amounts so expended by the Commonwealth Department of Education are to be withheld from subsidy payments due the school district. Debt obligations of a school district are eligible for the impasse intercept only if the school district within 30 days after receipt of the proceeds of the debt obligation provides to the Commonwealth Department of Education the final official statement or loan documents in such format as the Department prescribes, including a schedule of principal and interest payments.

Act 85 is recent legislation. It is not clear how the Commonwealth Department of Education would apply Act 85 in the event of a budget impasse. In particular, in the absence of a fiscal agent agreement or other obligation to make a sinking fund deposit more than 10 days in advance of a debt service payment date, timely payment of the impasse intercept by the Commonwealth Department of Education does not appear to be possible in light of the required advance notice to legislative officials.

Actions in the Event of Default on the Bonds

Subject to the exclusive representation of Bondholders by a trustee appointed under the Act as described in the following paragraph, if the School District fails or neglects to pay principal or interest on any of the Bonds as it becomes due and payable, and such failure continues for thirty days, the holder of such bond may bring suit in the Court of Common Pleas of the county in which the School District is located (Allegheny County) and any judgment recovered shall have an appropriate priority upon the money next coming into the treasury of the School District, all as provided in the Act. The Act also provides other remedies to Bondholders to enforce the School District's covenants in respect of payment of the Bonds.

In the event the School District defaults in the payment of the principal of or the interest on any of the Bonds after the same shall become due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Act provides that the holders of 25% in aggregate principal amount of the Bonds then outstanding may, upon appropriate action, appoint a trustee to represent the Bondholders. The trustee or paying agent may, and upon request of the holders of 25% in principal amount of the Bonds then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Bondholders as is more specifically set forth in the Act. Such representation by the trustee shall be exclusive.

MUNICIPAL BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix C to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 27, 2016, S&P issued a credit rating report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Capitalization of AGM

At September 30, 2016, AGM's policyholders' surplus and contingency reserve were approximately \$3,891 million and its net unearned premium reserve was approximately \$1,378 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (filed by AGL with the SEC on February 26, 2016);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 (filed by AGL with the SEC on May 5, 2016);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 (filed by AGL with the SEC on August 4, 2016); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 (filed by AGL with the SEC on November 4, 2016).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption “MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp.” or included in a document incorporated by reference herein (collectively, the “AGM Information”) shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading “MUNICIPAL BOND INSURANCE”.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been provided by The Depository Trust Company, New York, New York (“DTC”) and is not deemed to be a representation of the School District or the Underwriter.

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 certificate will be issued for each maturity of the Bonds, respectively, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest 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 3.6 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 Standard & Poor’s highest rating: 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 and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of 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 the 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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).

Redemption proceeds, distributions, and dividend payments 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 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 if 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 Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

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

Disclaimer of Liability for Failures of DTC

The School District and the Underwriters cannot and do not give any assurances that DTC, the Direct and Indirect Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the owner of Bonds, or will distribute any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The School District and the Underwriters are not responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds, or any error or delay relating thereto.

So long as Cede & Co. is the registered owner of the bonds, as nominee of DTC, references herein to the bondholders or registered owners of the bonds (other than under the caption "TAX MATTERS - Federal Tax Exemption") shall mean Cede & Co. and shall not mean the beneficial owners of the bonds. Payments made by the paying agent to DTC or its nominee shall satisfy the School District's obligations with respect to the bonds to the extent of such payments.

Discontinuance of Book-Entry-Only System

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the School District and the Paying Agent. In addition, the School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). Under either of such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates are required to be printed and delivered, and the following provisions of the Paying Agent Agreement will apply: (i) principal or redemption price of the Bonds will be payable upon surrender of the Bonds at the designated corporate trust office of the Paying Agent located in Philadelphia, Pennsylvania; (ii) Bonds may be transferred or exchanged for other Bonds of authorized denominations at the designated office of the Paying Agent of the Bonds, without cost to the owner thereof except for any tax or other governmental charge; and (iii) Bonds will be issued in denominations as described above under "**THE BONDS.**"

REDEMPTION OF BONDS

Series A

Optional Redemption – Series A

The Series A Bonds stated to mature on or after November 15, 2027 are subject to redemption prior to maturity at the option of the School District, in whole or in part on any date on or after November 15, 2026, upon not less than 30 days' notice to be given in the manner required by the Resolution, at 100% of principal, together with accrued interest to the redemption date.

Mandatory Redemption – Series A

The Series A Bonds stated to mature on November 15, 2035 and 2038 ("Term Bonds") are subject to mandatory redemption prior to maturity, by lot, at 100% of the principal amount thereof, plus accrued interest to the redemption date, on November 15 of the following years in the following aggregate principal amounts:

Bonds due November 15

2035	Principal Amount	2038	Principal Amount
<u>Redemption Date</u>	<u>to be Redeemed</u>	<u>Redemption Date</u>	<u>to be Redeemed</u>
2032	\$425,000	2036	\$505,000
2033	\$440,000	2037	\$530,000
2034	\$465,000	2038*	\$555,000
2035*	\$485,000		

*Stated Maturity

Series B

Optional Redemption – Series B

The Series B Bonds stated to mature on or after November 15, 2022 are subject to redemption prior to maturity at the option of the District, in whole or in part on any date on or after May 15, 2022 upon not less than 30 days notice, to be given in the manner required by the Resolution, at 100% of principal, together with accrued interest to the redemption date.

Mandatory Redemption – Series B

The Series B are not subject to mandatory redemption.

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 shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) nor more than (60) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; 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 so 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 to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If at time of mailing of a notice of redemption the School District shall not have deposited with the Paying Agent (or, in the case of a refunding, with another bank or depository acting as refunding escrow agent) money sufficient to redeem all Bonds 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 opening of business on the redemption date, and such notice shall be of no effect unless such money is so deposited.

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 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 a Bond or Bonds, appropriate, of 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 of Pennsylvania 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

Moon Area School District, Allegheny County, Pennsylvania (the "School District") is comprised of the Townships of Crescent and Moon (collectively, the "Component Municipalities"), encompassing a combined land area of 26.2 square miles. The School District is located approximately twenty miles west of the City of Pittsburgh, the county seat of Allegheny County, Pennsylvania (the "County"). The School District is bounded to the north by the Borough of Coraopolis and the Ohio River, to the south of the Township of Findlay, to the east by the Townships of Robinson and North Fayette, and to the west by the County of Beaver. The School District's population, according to the 2010 U.S. Census is 26,825, an increase from the 2000 U.S. Census of 2,221 from 24,604.

Organization and Central Administration

The School District is a third class school district (school districts within the Commonwealth are classified as first, second, third and fourth class according to population) and operates under and pursuant to the School Code. The School District is governed by a nine-member Board of School Directors (the "School Board"), comprised of residents of the School District who are elected on a staggered basis for four-year terms of office. The daily operations and management of the School District are overseen by the Superintendent of Schools, who serves as the chief educational officer of the School District.

TABLE 1

SCHOOL BUILDING DESCRIPTION

Buildings	Original Construction	Year(s) of Additions/ Renovations	Grades Housed	Rated Capacity	2016-17 Enrollment (1)
R.D. Hyde Elementary	1971	1989, 2015	K-5	375	173
J. H. Brooks Elementary	1965	1995, 2015	K-5	650	338
Bon Meade Elementary	1959	1977, 1989, 2000	K-5	675	527
J. A. Allard Elementary	1965	1989, 2015	K-5	300	178
McCormick Elementary	1969	2007	K-5	483	202
Moon Area Middle School	1953	1977, 1989, 2010	6-8	1,509	1,162
Moon Area High School	1968	1989, 2009	9-12	1,394	1,173

(1) As of January 20, 2017

Source: School District Officials

TABLE 2

PUPIL ENROLLMENT

The past and present enrollment data of the School District is shown below:

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2010-11	1,936	1,769	3,705
2011-12	1,904	1,775	3,679
2012-13	1,884	1,781	3,665
2013-14	1,861	1,783	3,644
2014-15	1,979	1,789	3,768
2015-16	1,956	1,764	3,720
2016-17 (1)	1,989	1,764	3,753
2017-18 (Projection)	2,083	1,776	3,859
2018-19 (Projection)	2,096	1,777	3,873
2019-20 (Projection)	2,107	1,803	3,910
2020-21 (Projection)	2,119	1,810	3,929
2021-22 (Projection)	2,132	1,829	3,961

(1) As of January 20, 2017

Source: School District Officials and Pennsylvania Department of Education

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 Fiscal and School Services and submitted to the School Board for approval prior to the beginning of each fiscal year on July 1.

Financial Reporting

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

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The government wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Budgeting Process in School Districts under the Taxpayer Relief Act, as Amended (Act 1)

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 the Taxpayer Relief Act (Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act No. 25 of 2011 ("Act 1")) all school districts of the first class, 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 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 "**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**") 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 or more of the referendum exceptions authorized under Act 1 (hereinafter defined).

With respect to the utilization of any of the Act 1 referendum exceptions for which PDE approval is required (see "**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**" – **The Taxpayer Relief Act, as Amended (Act 1)**", 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 Act 1 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, Act 1 requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Status of 2016-17 Budget under Act 1. The Index applicable to the School District in the 2016-17 fiscal year is 2.8%. The School District's budget for fiscal year 2016-17 required an increase to its tax rates by more than the Index,

Status of 2017-18 Budget under Act 1. The Index applicable to the School District in the 2017-18 fiscal year is 2.9%. The School District's budget for fiscal year 2017-18 is currently expected to require an increase to its tax rates by more than the Index.

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Annual Financial Statements

The School District's annual financial statements for the fiscal years ended June 30, 2012 through 2016, inclusive, have been filed by the School District on EMMA (as hereinafter defined) (<http://emma.msrb.org>). Such financial statements are incorporated herein by reference.

The Tables 3, 4 and the "General Fund Budget Summary for the Fiscal Year 2016-17" are summaries only and are not intended to be a complete report. For more complete information, the individual financial statements and the 2016-17 budget of the School District should be reviewed at the Business Office, Moon Area School District, Moon, Pennsylvania.

Summary and Discussion of Financial Results

A summary of comparative General Fund Revenues and Expenditures is presented in Table 3, and Table 4, which follows, shows a summary of the School District's General Fund Assets and Liabilities.

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TABLE 3
MOON AREA SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Fiscal Years Ending June 30)

	Audited 2012	Audited 2013	Audited 2014	Audited 2015	Audited 2016
ASSETS					
Cash and Cash Equivalents	\$ 11,900,931	\$ 11,580,078	\$ 10,699,103	\$ 7,174,804	\$ 2,782,450
Cash and Cash Equivalents-restricted bond proceeds	-	-	-	22,935,237	-
Taxes Receivable (Net)	4,562,906	4,826,571	5,160,597	3,986,293	3,957,959
Due from Other Funds	1,383,615	14,025	92,737	4,698,801	403,891
Due from Other Governments	709,794	781,776	1,270,893	1,676,018	2,219,244
Other Receivables	131,540	142,222	87,807	237,125	500,365
Prepaid Items	568,526	576,733	625,782	1,187,919	980,542
TOTAL ASSETS	\$ 19,257,312	\$ 17,921,405	\$ 17,936,919	\$ 41,896,197	\$ 10,844,451
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Governments	423,632	381,003	490,321	372,155	23,048
Due to Other Funds	-	27,146	-	27,371,854	166,738
Accounts payable	803,274	518,667	670,614	307,191	357,721
Contracts payable	-	-	-	-	1,850
Accrued Salaries and Benefits	3,943,370	4,417,139	5,271,600	2,751,942	6,800,996
Accrued claims and judgments	-	-	-	-	250,000
Payroll Deductions and Withholdings	254,679	173,844	288,562	3,138,798	-
Deferred Revenues	3,555,219	3,578,760	-	2,429	-
Other Current Liabilities	77,664	505,132	345,989	349,474	12,871
TOTAL LIABILITIES	\$ 9,057,838	\$ 9,601,691	\$ 7,067,086	\$ 34,293,843	\$ 7,613,224
Deferred inflows of Revenue					
Unavailable Revenues - Property Taxes	-	-	3,955,079	2,776,474	2,835,969
Fund Balances					
Reserve for Prepaid Expenses	-	-	-	-	-
Unreserved – Designated	-	-	-	-	-
General Fund	-	-	-	-	-
Nonspendable	568,526	576,733	625,782	1,187,919	980,542
Committed	2,665,057	-	-	-	-
Assigned	4,774,800	2,497,320	2,209,360	2,282,124	-
Unassigned	2,191,091	5,245,661	4,079,612	1,355,837	(585,284)
TOTAL FUND BALANCES	\$ 10,199,474	\$ 8,319,714	\$ 6,914,754	\$ 4,825,880	\$ 395,258
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,257,312	\$ 17,921,405	\$ 17,936,919	\$ 41,896,197	\$ 10,844,451

NOTES:

The Audits ending June 30, 2012, 2013 and 2014 were audited by Hosack, Specht, Muetzel & Wood LLP, CPA, Pittsburgh PA
The Audits ending June 30, 2015, and 2016 were audited by MaherDuessel, CPA, Pittsburgh, PA

Sources: Audited Financial Statements for the Years Ending June 30, 2012 to and including 2016

TABLE 4
MOON SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES
(Fiscal Years Ending June 30)

	Audited 2012	Audited 2013	Audited 2014	Audited 2015	Audited 2016
Revenues					
Local Sources	\$ 45,883,722	\$ 45,929,723	\$ 47,365,274	\$ 49,652,908	\$ 50,750,356
State Sources	12,094,844	12,564,422	13,443,845	14,518,040	15,524,272
Federal Sources	1,407,203	1,328,113	1,282,602	1,330,908	1,327,079
Total Revenues	59,385,769	59,822,258	62,091,721	65,501,856	67,601,707
Expenditures					
Instruction	29,844,493	31,623,178	34,717,472	37,386,761	39,147,500
Support Services	15,570,836	16,402,418	17,318,367	18,037,889	19,694,998
Noninstructional Services	1,908,253	1,635,357	1,652,709	1,457,280	1,552,632
Capital Outlay	-	-	-	-	-
Debt Service	853,347	678,711	559,526	500,828	458,834
Refunds of Prior Year's Receipts	52,897	40,675	8,730	-	-
Total Expenditures	48,229,826	50,380,339	54,256,804	57,382,758	60,853,964
Excess (Deficiency) of Revenues Over Expenditures	11,155,943	9,441,919	7,834,917	8,119,098	6,747,743
Other Financing Sources (Uses)					
Proceeds from Extended Term Financing	-	221,000	561,215	-	-
Refunds of prior year receipts	-	-	-	(451,228)	(451,857)
Sale of Fixed Assets	-	53,638	-	9,000	-
Proceeds from Capital Leases	-	-	500	-	-
Interfund Transfers In	-	-	-	-	-
Operating Transfers Out	(8,442,094)	(11,596,317)	(9,801,592)	(9,765,744)	(10,726,508)
Total Other Financing Sources (Uses)	(8,442,094)	(11,321,679)	(9,239,877)	(10,207,972)	(11,178,365)
Net Changes in Fund Balances	2,713,849	(1,879,760)	(1,404,960)	(2,088,874)	(4,430,622)
Fund Balances – July 1	\$ 7,485,625	\$ 10,199,474	\$ 8,319,714	\$ 6,914,754	\$ 4,825,880
Fund Balances – June 30	<u>\$ 10,199,474</u>	<u>\$ 8,319,714</u>	<u>\$ 6,914,754</u>	<u>\$ 4,825,880</u>	<u>\$ 395,258</u>

NOTES:

The Audits ending June 30, 2012, 2013 and 2014 were audited by Hosack, Specht, Muetzel & Wood LLP, CPA, Pittsburgh PA
The Audits ending June 30, 2015, and 2016 were audited by MaherDuessel, CPA, Pittsburgh, PA

Sources: Audited Financial Statements for the Years Ending June 30, 2012 to and including 2016

**MOON AREA SCHOOL DISTRICT
GENERAL FUND BUDGET SUMMARY FOR THE
FISCAL YEAR 2016-17**

ESTIMATED REVENUES AND OTHER FINANCING SOURCES

**Estimated Beginning Unreserved Fund Balance Available for
Appropriation and Reserves Scheduled For Liquidation During
The Fiscal Year**

Estimated Beginning Fund Balance – Unassigned	\$422,991
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**Total Estimated Beginning Unreserved Fund Balance Available
For Appropriation and Reserves Scheduled for Liquidation
During the Fiscal Year**

\$422,991

Estimated Revenues and Other Financing Sources

Revenues from Local Sources	\$52,561,077
Revenues from State Sources	16,398,720
Revenues from Federal Sources	1,518,631
Other Financing Sources	4,874,003
Total Estimated Revenues and Other Financing Sources	\$75,352,431

Total Estimated Fund Balance,

Revenues & Other Financing Sources Available for Appropriation	\$75,775,422
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Estimated Expenditures and Other Financing Sources

Instruction	\$42,279,093
Support Services.....	19,115,071
Operation of Noninstructional Services.....	2,144,019
Other Expenditures and Financial Uses.....	12,237,239

Total Estimated Expenditures and Other Financing Uses

\$75,775,422

Source: Moon Area School District General Fund Budget for Fiscal Year Ended June 30, 2017.

TAXING POWERS AND LIMITS

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see “**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS – The Taxpayer Relief Act, as Amended (Act 1)**” herein), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An *ad valorem* tax on all property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An *ad valorem* tax on all property taxable for school purposes unlimited in rate, to provide funds for:
 - a) salaries and increments for the teaching and supervisory staff;
 - b) rentals due any municipal authority, or non-profit corporation, or due the State Public School Building Authority;
 - c) interest and principal on any indebtedness incurred under the Debt Act or any prior or subsequent act governing the incurrence of indebtedness of the School District; and
 - d) amortization of Bonds to finance construction of school facilities, if issued prior to the first Monday in July, 1959.
3. An annual per capita tax on each resident over eighteen years old of not more than \$5.00
4. Additional taxes 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. On July 2, 2008 the Pennsylvania legislature enacted an amendment of the Local Tax Enabling Act with the goal of consolidating and simplifying the collection of local earned income taxes on a countywide basis. Under the new law, effective January 1, 2012, the collection responsibility falls into one of sixty-six Tax Collection Districts (“**TCD**”). Each TCD has chosen a collector that will be responsible for collecting the local earned income tax for all school districts contained in the TCD. The School District’s TCD has appointed Jordan Tax Services, Peters Township, Pennsylvania to be its collector.

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

The Taxpayer Relief Act, as Amended (Act 1)

Pennsylvania Act No. 1 of the Special Session of 2006 (the “Act 1”), which became effective June 27, 2006 provides, *inter alia*, that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 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 provided below. On June 30, 2011, the General Assembly adopted legislation (Act 25 of 2011) amending Act 1, eliminating several exceptions previously permitted under Act 1 and providing for the rescission of certain prior approved referendum exceptions for disaster/emergency costs, implementation of a court order, school construction and non-academic school construction (effective after the last payment of principal and interest on debt incurred to finance same). (Act 1, together with Act 25 of 2011, will hereinafter be referred to as the “Taxpayer Relief Act”).

The exceptions contained in Act 1 are:

1. to pay interest and principal on indebtedness incurred (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 Indexes applicable to the School District in the current and previous fiscal years are as follows:

Fiscal Year (ending June 30)	Applicable Index
2017-18	2.9%
2016-17	2.8%
2015-16	2.2%
2014-15	2.4%
2013-14	2.0%
2012-13	2.0%
2011-12	1.6%

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. The referendum was **NOT** approved by the voters.

STATUS OF THE BONDS UNDER ACT 1 – THE BONDS ARE NOT ELIGIBLE FOR ACT 1 EXCEPTION

Payments of debt service on the Bonds described in this Official Statement are **NOT** eligible for exception from the provisions of Act 1 pursuant to the exceptions described above. Therefore, the debt service on the Bonds **IS** subject to the tax rate limitations of Act 1.

Act 1 does not affect the School District's covenant under the Debt Act to budget, appropriate and pay debt service on the Bonds and all other outstanding debt of the School District.

The increase in the rate of any tax pursuant to the above exceptions must be approved by the Pennsylvania Department of Education, and must not produce revenue in excess of the anticipated dollar amount of the expenditure for which the exception is allowed. If the Department of Education disapproves the school district's petition or request to increase taxes pursuant to one or more of the allowable exceptions, the school district may submit a referendum question to the voters at the election immediately preceding the start of the school district fiscal year in which the proposed tax increase would take effect. If the referendum is not approved, however, the board of school directors may not approve an increase in the tax rate of more than the Index.

THE SUMMARY OF ACT 1, AS AMENDED, IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OR A LEGAL REPRESENTATION THEREOF, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1, AS AMENDED, AS PART OF ANY DECISION TO PURCHASE THE BONDS.

Act 130 of 2008

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district implemented a personal income tax in accordance with Act 1, an increased personal income tax, in a revenue neutral manner. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place a binding referendum question on the ballot at a general or municipal election for approval by the voters.

The School District has not placed a referendum question on the ballot.

Legislation Limiting Unreserved Fund Balances

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, 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, undesignated 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.

The total budgeted expenditures in the School District’s budget for the 2016-17 fiscal year is \$75,775,422, and the School District’s estimated ending “unassigned fund balance” is \$0.00 which as a percentage of total budgeted expenditures for the 2016-17 fiscal year is 0.00%.

SET FORTH IN THE TWO IMMEDIATELY PRECEDING TWO SUBSECTIONS ARE SUMMARIES OF PORTIONS OF ACT 130 OF 2008 AND ACT 48 OF 2003. THESE SUMMARIES ARE NOT INTENDED TO BE EXHAUSTIVE DISCUSSIONS OF THE PROVISIONS OF ACT 130 OF 2008 OR ACT 48 OF 2003 NOR A LEGAL INTERPRETATION OF ANY PROVISIONS THEREOF. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 130 OF 2008 AND ACT 48 OF 2003 AND CONSULT WITH HIS OR HER ATTORNEY AND/OR TAX ADVISOR AS PART OF ANY DECISION TO PURCHASE THE BONDS.

Tax Levy Trends

Table 5 shows the recent trend of tax rates levied by the School District. Table 6 shows the comparative trend of real property tax rates for the School District, the municipalities that comprise the School District, and for Allegheny County.

TABLE 5**Tax Levy Trends**

The following table shows the recent trend of tax rates levied by the School District.

Year	Local Services Tax	Real Estate	Real Estate Transfer	Amusement Tax	Wage & Income
2011-12	\$5.00	21.3000 mills	0.50%	10.00%	0.50%
2012-13	\$5.00	21.3000 mills	0.50%	10.00%	0.50%
2013-14	\$5.00	18.1167 mills	0.50%	10.00%	0.50%
2014-15	\$5.00	18.8461 mills	0.50%	10.00%	0.50%
2015-16	\$5.00	18.8461 mills	0.50%	10.00%	0.50%
2016-17	\$5.00	19.5576 mills	0.50%	10.00%	0.50%

Source: School District

TABLE 6**Current Tax Structure**

**Moon Area School District
Comparative Real Property Tax Rates
(Mills on Assessed Value)**

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Moon Area School District ⁽¹⁾	21.3000	18.1167	18.8461	18.8461	19.5576
Township of Moon.....	3.28	2.48	2.74	2.74	2.74
Township of Crescent	6.50	6.40	6.40	6.40	6.40
Allegheny County	5.69	4.73	4.73	4.73	4.73

⁽¹⁾ Tax rate as of year ending June 30th.

Source: School District Officials

Real Property Tax

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data.

TABLE 7

REALTY TAX COLLECTION

Year	Assessed Value	Homestead Exclusion	Mills	Levy	Current Collections	Current to Collections	Prior Year Collections	Total Collections	Total Collections to Levy
2011-12	1,897,349,637	44,826,403	21.3000	39,458,745	39,260,828	99.50%	631,344	39,892,172	101.10%
2012-13	1,924,908,037	44,860,553	21.3000	40,045,011	38,680,486	96.59%	542,848	39,223,334	97.95%
2013-14	2,330,577,953	53,219,415	18.1167	41,258,221	39,339,801	95.35%	546,154	39,885,955	96.67%
2014-15	2,326,456,813	50,765,941	18.8461	42,887,898	41,112,321	95.86%	1,031,784	42,144,105	98.27%
2015-16	2,365,241,930	50,714,790	18.8461	43,619,810	42,389,562	97.18%	788,860	43,178,422	98.99%
2016-17 (1)	2,399,645,569	48,946,139	19.5576	45,974,039	44,135,077	96.00%	750,000	44,885,077	97.63%

(1) Based on 2016-17 Budget

Source: School District Officials

TABLE 8

MOON AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2010 ⁽¹⁾	\$1,732,780,848	\$1,737,621,737	100.28%
2011	\$1,771,277,784	\$1,773,934,837	100.15%
2012	\$1,836,917,093	\$1,781,598,537	96.99%
2013	\$1,836,917,093	\$2,144,886,616	116.77%
2014	\$2,058,593,663	\$2,312,275,400	112.32%
2015	\$2,098,660,697	\$2,354,624,142	112.20%

⁽¹⁾Market values recertified on August 22, 2011

Source: Pennsylvania State Tax Equalization Board

TABLE 9

MOON AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2014 Market Value	2014 Assessed Value	2015 Market Value	2015 Assessed Value
Moon Area School District	\$2,058,593,663	\$2,312,275,400	\$2,098,660,697	\$2,354,624,142
Crescent Township	\$118,126,553	\$129,625,113	\$117,904,571	\$129,397,513
Moon Township	\$1,940,467,110	\$2,182,650,287	\$1,980,756,126	\$2,225,226,629
Allegheny County	\$71,406,193,519	\$80,504,529,273	\$71,961,996,339	\$81,077,199,631

Source: Pennsylvania State Tax Equalization Board.

TABLE 10

**MOON AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Residential	\$1,226,663,907	\$1,238,111,107	\$1,373,929,259	\$1,565,576,583	\$1,594,515,019
Trailers	2,149,800	2,065,200	2,271,000	2,726,000	2,659,000
Lots	32,490,613	33,766,813	17,361,030	16,484,190	15,270,950
Industrial	9,734,700	9,313,800	20,534,700	20,347,200	20,347,000
Commercial	501,876,717	497,625,717	729,334,327	705,769,727	720,461,473
Agriculture	401,000	416,000	791,000	809,000	809,000
Land	618,100	299,900	665,300	562,700	561,700
Mineral	0	0	0	0	0
Total	\$1,773,934,837	\$1,781,598,537	\$2,144,886,616	\$2,312,275,400	\$2,354,624,142

Source: Pennsylvania State Tax Equalization Board.

The largest real property taxpayers, together with 2017 assessed values, are shown in Table 11. The aggregate assessed value of these taxpayers' totals approximately 13.01 percent of total assessed value. The estimated assessed value of the District for FY 2016-17 is \$2,399,645,569.

TABLE 11

**MOON AREA SCHOOL DISTRICT
LARGEST REAL PROPERTY TAXPAYERS, 2017**

<u>Company</u>	<u>Business/Product</u>	<u>Assessed Value</u>	<u>Percentage</u>
Fedex Ground Package Systems	Delivery Service	\$55,636,300	2.32%
HUB Properties Trust	Office Complex	\$44,147,900	1.84%
Elmhurst Group	Office Complex	\$43,800,000	1.83%
Westpointe Corporate Center	Office Complex	\$31,438,900	1.31%
Eaton Finance NV	Electrical Power Management	\$30,613,200	1.28%
MPA Hotel LLC	Hotel	\$29,000,000	1.21%
NHH CMS Pittsburgh LP	Hotel	\$22,000,000	0.92%
Nernberg Richard A. & Susan	Office Complex	\$18,992,000	0.79%
Glaxo Smith Kline Consumer	Pharmaceuticals	\$18,746,900	0.78%
Airport Office Park LP	Office Complex	\$17,700,000	0.74%
TOTAL		\$312,075,200	13.01%

Source: School District officials.

Other Taxes

Under Act 511, the School District expects to collect, based on the 2016-17 budget, \$5,475,000 in other taxes. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Wage and Other Earned Income Tax (including net profits), Per Capita Tax, Local Services Tax and Amusement Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property of \$2,058,593,663, is \$24,703,124.

Real Estate Transfer. The School District collects a tax of .50 percent (.50%) of the value of real estate transfers. It expects to collect, based on the 2016-17 budget \$750,000 or less than 1.00% of School District revenues*.

Earned Income Tax. A tax of .50 percent (.50%) is levied on the earned income of residents. It expects to collect, based on the 2016-17 budget \$4,625,000 or 6.13% of School District revenues*.

Per Capita Taxes. A tax of \$15.00 (\$10.00 under Act 511 and \$5.00 under the School Code) is levied on each resident over 18 years old. It expects to collect, based on the 2016-17 budget \$90,000 or less than 1.00% of School District revenues*.

Amusement Tax. It expects to collect, based on the 2016-17 budget \$10,000 or less than 1.00% of School District revenues*.

* Total 2016-17 estimated revenues all sources \$75,352,431

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.

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

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of debt service on the Bonds after final approval of PDE. Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Market Value Aid Ratio ("MVAR") or Capital Account Reimbursement Fraction ("CARF"), whichever is higher. In future years, this percentage may change as the School District's MVAR changes, or by future legislation. MVAR is a function of the market value per weighted average daily membership of the School District relative to that of all other school districts in the Commonwealth.

The School District officials have estimated that the "Reimbursable Percentage" of the Series A Bonds will be 0.00 percent and 25.17 percent for the Series B Bonds. The School District Aid Ratio for the FY 2016-17 is 42.32 percent. The product of these two factors is 0.00% for the Series A Bonds and 10.65% for the Series B Bonds which is the percentage of debt service which is expected to be reimbursed by the Commonwealth.

House Bill 1589 ("HB 1589"), was presented to the Governor for consideration on April 14, 2016 after adoption by the General Assembly. HB 1589 contained language that authorized a borrowing of up to \$2.5 billion to fund PlanCon appropriations. Rather than appropriate the amounts committed to be paid, the General Assembly determined to issue bonds through the Commonwealth Finance Authority (the "CFA") to fund its 2015-16 and 2016-17 obligations. HB 1589 became law and known as Act 25 of 2016 ("Act 25") when the Governor failed to sign or veto the bill within the ten (10) day period prescribed under the laws of the Commonwealth. The first CFA bond issue closed on October 31, 2016, and the proceeds were used to fund the past due PlanCon reimbursements for 2015-16 as well as 2016-17 fiscal year reimbursements. On November 10, 2016 the School District received its PlanCon reimbursement payment in the amount of \$2,307,675 for fiscal years 2015-16 and 2016-17.

Act 25, provides that the Department of Education shall not accept or approve new building or reconstruction project applications, if received after May 15, 2016. Instead, such new projects would be subject to such new or revised system of Commonwealth support for construction or renovation as may be enacted into law in the future. The School District made application prior to the May 15 deadline with respect to the last of its elementary school replacement projects

In addition, legislation has been introduced from time to time in the Pennsylvania General Assembly containing language that would revise and alter the PlanCon program for Pennsylvania school districts. To the extent that any future legislation contains changes and alterations to the PlanCon program as it currently is structured, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could impact the amount of local funds needed to be allocated by the School District to pay debt service or its debt obligations.

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DEBT AND DEBT LIMITS

Debt Statement

Table 12 below shows the debt of the School District as of Date of Delivery, assuming issuance of the Bonds.

TABLE 12

**MOON AREA SCHOOL DISTRICT
DEBT STATEMENT
(As of Date of Delivery)
(Assuming issuance of the Bonds)**

DEBT STATEMENT

	ELECTORAL	NON-ELECTORAL	LEASE RENTAL
Gross Indebtedness of the School District			
General Obligation Debt			
GOB, Series A of 2015		57,480,000	
GOB, Series of 2015		24,725,000	
GOB, Series A of 2010		3,045,000	
GOB, Series B of 2010		27,140,000	
GOB, Series of 2009		19,930,000	
Lease Rental			
Total	-	-	132,320,000
Self-liquidating or subsidized debt (per concurrent proceedings for exclusion or as previously excluded with section 410(b))		12,241,859	
Debt no longer outstanding (after settlement of the debt being incurred) is:			
GOB, Series A of 2010		3,045,000	
Other deductions:		-	
Debt incurred (pursuant to these proceedings) is:			
GOB, Series A of 2017		8,170,000	
GOB, Series B of 2017		3,165,000	
Net indebtedness is:			
ELECTORAL			
NON-ELECTORAL	-	128,368,141	
LEASE RENTAL SUB-TOTAL			-
NON-ELECTORAL PLUS LEASE RENTAL			128,368,141
BORROWING BASE IS:	64,777,943		
DEBT LIMITS ARE:			
a) Nonelectoral plus lease rental (225% of borrowing base)			145,750,371
b) Remaining borrowing capacity			17,382,230

TABLE 13

**MOON AREA SCHOOL DISTRICT
INDEBTEDNESS AND DEBT RATIOS
(As of Date of Delivery – Includes this Issue)**

BONDED INDEBTEDNESS

Direct Debt	Gross	Net
Nonelectoral Debt	Outstanding	Outstanding
GOB, Series A of 2017 (this issue)	8,170,000	8,170,000
GOB, Series B of 2017 (this issue)	3,165,000	2,776,404
GOB, Series A of 2015	57,480,000	53,694,770
GOB, Series of 2015	24,725,000	24,725,000
GOB, Series B of 2010	27,140,000	23,818,362
GOB, Series of 2009	19,930,000	18,092,570
Lease Rental Debt		
Total Direct Debt	140,610,000	131,277,105
Overlapping Debt		
Municipal Debt	8,485,000	8,485,000
County of Allegheny (2.90%)	21,309,642	21,309,642
Total Overlapping Debt	29,794,642	29,794,642
Total Direct and Overlapping Debt	170,404,642	161,071,746

DEBT RATIOS

Direct Debt to:		
Market Value	6.700%	6.26%
Assessed Value	5.972%	5.58%
Per Capita	5,242	4,894
Direct and Overlapping Debt to:		
Market Value	8.120%	7.675%
Assessed Value	7.237%	6.841%
Per Capita	6,352	6,005
Allegheny County Assessed Value (2015)	81,077,199,631	
Moon ASD Market Value (2015)	2,098,660,697	
Moon ASD Assessed Value (2015)	2,354,624,142	
Population (2013)	26,825	

Debt Limit and Remaining Borrowing Capacity

The borrowing capacity of the School District is regulated by the Act, which establishes the debt limits for local government units, including school districts and municipalities. Under the Act, the School District may incur debt in an unlimited amount when such debt is approved by a majority of the School District's voters at a municipal, general or primary election. Nonelectoral debt, or debt not approved by the School District's electorate, together with lease rental debt, may not exceed 225% of the School District's borrowing base, as that term is defined in the Act, after the deduction of any authorized exclusions from nonelectoral, or lease rental, debt, as calculated in the following table.

BORROWING BASE CERTIFICATE – SECTION 8002

Prepared as of the Date of Delivery

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
TOTAL REVENUES	\$62,139,766	\$65,502,472	\$67,604,175
(i) Subsidies			
(ii) Project Receipts	0	0	0
(iii) Sinking Fund Interest	0	0	0
(iv) Grants	0	0	0
(v) Nonrecurring	<u>500</u>	<u>460,228</u>	<u>451,857</u>
Total Exceptions	500	460,228	451,857
TOTAL	\$62,139,266	\$65,042,244	\$67,152,318
NET NONELECTORAL DEBT	<u>LEGAL LIMIT</u>	<u>NET DEBT</u>	<u>REMAINING BORROWING CAPACITY</u>
LIMIT: 225% OF BORROWING BASE	\$145,750,372	\$128,368,141	\$17,382,230

⁽¹⁾ Includes this issue

Under the Act as presently in effect, no school district may 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.

Source: School District

Debt Service Requirements

Table 14 presents in the extent to which Commonwealth Aid provides coverage for debt service and lease rental requirements.

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

TABLE 14
MOON AREA SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY STATE AID*

2016-17 Commonwealth Aid Budgeted	\$16,398,720
2016-17 Debt Service Requirements	\$9,487,868
Maximum Future Debt Service Requirements after Issuance of Bonds.....	\$10,567,572
Coverage of 2016-17 Debt Service Requirements	1.73 x
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	1.55 x

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

Future Financing

The School District, at the present time, does not expects to issue any additional long-term debt in the next 3 years.

LABOR RELATIONS

Employee Type	Number of Employees	Union	Contact Expiration Date
Teacher & Other Professional Staff	350	Moon Assn Education	June 30, 2021
Support Staff	170	Moon Area Education Support Professionals	June 30, 2021

Source: School District Officials

PENSION PROGRAM

School Districts in Pennsylvania are required to participate in a statewide pension program administered by the Public School Employees Retirement System (PSERS). All of the School District's full-time employees, part-time employees who work more than 80 days in a school year, and hourly employees who work over 500 hours a year participate in the program. However, a Pennsylvania Supreme Court decision ⁽¹⁾ has removed the hourly de minimis requirement for current members of PSERS regarding the purchase of credit for their part-time school service rendered prior to their being members of PSERS, for purposes of increasing their pension benefits.

Beginning July 1, 1976, certain revisions were made in the pension program. The Retirement Board, previously under the Department of Education of the Commonwealth, became an independent agency. However, the program is still guaranteed by the Commonwealth. Currently, each party to the program contributes a fixed percentage of the employee's salary as follows:

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.20% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

The Public School Employees Retirement System (PSERS) Board of Trustees certified an annual employer contribution rate of 25.84% for fiscal year 2015-16, which began on July 1, 2015. The 25.84% employer contribution rate is composed of 0.84% for health insurance premium assistance and a pension rate of 25.00%. The pension component of the rate was capped at a 4.50% increase from the previous year. This was the fifth year of planned increases in the employer contribution rate under Act 120 of 2010 which were needed to raise the rate to the actuarially required level. Based on projections, fiscal year 2015-16 would be the last fiscal year rate minimums and maximums would be in place. On December 8, 2015, the Board of Trustees certified an annual employer contribution rate of 30.03% for fiscal year 2016-17, which commenced July 1, 2016. The rate caps established under Act 120 of 2010 are no longer in effect. This year the increase in the pension component of the rate was less than the 4.50% rate collar. Total employer contributions for fiscal year 2016-17 are estimated at \$4.1 billion.

The Commonwealth reimburses school employers for not less than 50% of the total employer contribution rate. The contributions for the School District are as follows:

2010-11	\$1,377,990
2011-12	\$2,161,548
2012-13	\$3,065,522
2013-14	\$4,602,381
2014-15	\$6,229,228
2015-16	\$7,773,263
2016-17 (budgeted)	\$9,463,271

PSERS is also funded through investment earnings and mandatory member contributions. Investment earnings are the largest source of funding for PSERS. For the most recent fiscal year ended June 30, 2015, PSERS' investments added over \$1.3 billion in investment income (net of fees) to the fund. PSERS members contribute from 5.25% to 10.30% to payroll depending on their membership class and when they joined PSERS. Members will contribute an average of 7.52% of their salary to fund their retirement benefit in fiscal year 2016-17. Member contributions of approximately \$1 billion are expected in fiscal year 2016-17.

In June 2012, the Government Accounting Standards Board ("GASB") issued "Statement No. 68 Accounting and Financing Reporting for Pensions – An Amendment of GASB Statement No. 27." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. The new accounting standard will require the School District to report in its government-wide financial statements its proportionate share of the new pension liability of the pension systems to which it contributes. GASB 68 is effective for fiscal years beginning after June 15, 2014, which, in the case of the School District began with fiscal year ending June 30, 2015. Please see School District's Audited Financial Statements for fiscal year ending June 30, 2015 in Appendix B for the net effects of the implementation of GASB 68.

⁽¹⁾ Pennsylvania Sch. Boards Ass'n Inc. v Com., Pub. Sch. Employees' Ret. Bd., 580 PA. 610, 612, 863 A.2d 432, 434 (2004).

Source: Pennsylvania School Board Association at www.PSBA.org and PSERS at www.PSERS.state.pa.us

Additional information relating to the Pension Plan can be found on Page 32 Note 9 of the District's "**Audited Financial Statements for the Years Ended June, 2016**" in Appendix B of this document.

Other Post-Employment Benefits

The School District provides certain health care benefits for its retirees (commonly referred to as "other post-employment benefits" or "OPEB"). The School District has become subject to the requirements of GASB Statements No. 43 and 45, which require the present value of future OPEB to be reflected as a liability on the School District's financial statements, commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009.

The School District annually appropriates funds to meet its obligation to pay such benefits on a "pay-as-you-go" basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years. In the fiscal year ended June 30, 2016, the School District's OPEB cost was \$1,172,903.

For additional detailed information please see Page 41 Note 11 of the District's "**Audited Financial Statements for the Years Ended June, 2016**" in Appendix B of this document.

LITIGATION

At the time of settlement of the Bonds, the School District and the Solicitor will deliver a certificate stating that there is no litigation pending with respect to the Bonds, the Resolution or the right of the School District to issue the Bonds.

TAX MATTERS

Federal Tax Exemption

Bond Counsel is expected to issue its opinion on the date of closing to the effect that, under existing laws, regulations and judicial decisions, interest on and accruals of original issue discount with respect to the Series B Bonds are excluded from gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on and accruals of original issue discount with respect to the Series B Bonds are not items of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest and accruals are taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in this paragraph is subject to the condition that the School District complies with all the requirements of the Code that must be satisfied subsequent to the issuance of the Series B Bonds in order that interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Series B Bonds to be included in gross income retroactively to the date of issuance of the Series B Bonds. The School District has covenanted to comply with all such requirements.

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

Interest on the Series A Bonds and accruals of original issue discount with respect to the Series A Bonds will **NOT** be excluded from gross income for federal income tax purposes pursuant to the Code.

Original Issue Discount. Certain of the Series B Bonds may be sold with an original issue discount (each Series B Bond sold at an original issue discount is referred to individually in the following discussion as an “**OID Series B Bond**”). The difference between the initial public offering price at which the OID Series B Bonds were sold and the principal amount thereof constitutes original issue discount (“**OID**”). OID is apportioned among the original purchasers of the OID Series B Bonds and subsequent holders thereof during their periods of ownership on a daily basis. Section 1288 of the Code is applicable to the OID Series B Bonds and requires holders of the OID Series B Bonds to accrue OID tax-exempt interest income on the basis of an economic constant interest rate method over the life of the OID Series B Bonds, taking into account the semiannual compounding of accrued interest. Under this provision, for the purpose of determining gain or loss upon the disposition (including sale, redemption or payment at maturity) of any OID Series B Bond, a holder of such OID Series B Bond is entitled to increase his or her adjusted basis with respect to the OID Series B Bond by the amount of OID which shall have accrued under the constant interest method as tax-exempt interest income during the period such OID Series B Bond was held by the holder.

Owners of OID Series B Bonds should consult their tax advisors as to the determination for federal income tax purposes of interest accrued or accreted upon purchase, sale or redemption such OID Series B Bonds.

Original Issue Premium. Certain of the Series B Bonds may be sold with an original issue premium (each Note sold at an original issue premium is referred to individually in the following discussion as an “**OIP Series B Bond**”). The original issue premium on an OIP Series B Bond will be equal to the excess of a holder's tax basis in the OIP Series B Bond over the amount payable at maturity, or in the case of an OIP Series B Bond subject to redemption, the amount payable on the redemption date. Under current law, the original issue premium for an OIP Series B Bond must be amortized on an annual basis by the holder thereof. The amount of original issue premium amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the OIP Series B Bond be deducted from the holder's tax basis in such OIP Series B Bond. This reduction in a holder's tax basis will affect the amount of capital gain or loss to be recognized by the holder when the OIP Series B Bond is sold or redeemed.

Owners of OIP Series B Bonds should consult their tax advisors with respect to the determination and treatment of amortizable original issue premium for federal income tax purposes, and with respect to the state and local tax consequences of owning such OIP Series B Bonds.

Pennsylvania Tax Exemption

Bond Counsel is expected to issue an opinion on the date of closing to the effect that, under the laws of the Commonwealth, as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth and interest on the Bonds is exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the 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 the following to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent:

- (A) Annually, not later than April 1st, immediately following the end of each fiscal year, beginning with the fiscal year ending June 30, 2017, the following financial information and operating data for the School District:
- Audited financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units
 - a summary of the budget for the current fiscal year.
- (B) In a timely manner not in excess of ten (10) business days after the occurrence of the event, 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 status of the Bonds, or other material events affecting the tax 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; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (C) in a timely manner, notice of a failure of the School District to provide the required annual financial information specified above, on or before the date specified above.

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 events listed in (B) 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 file notice of the occurrence of other events, in addition to the events listed in (B) above, but the School District does not commit to provide notice of the occurrence of any events except those specifically listed in (B) above.

The School District acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the Beneficial Owners of the Bonds and shall be enforceable by the Beneficial Owners of the Bonds, but the right of the 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 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 "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>.

COMPLIANCE WITH PREVIOUS CONTINUING DISCLOSURE UNDERTAKINGS

The School District has entered into prior undertakings to provide information pursuant to Continuing Disclosure Agreements for several outstanding bond issues. The requirements of the outstanding bond issues require the School District to submit information annually, with the shortest submission period being 180 days following the close of each fiscal year of the School District, which occurs on June 30th. The following table provides information regarding the undertaking, annual filing deadlines and history of filing:

Bond Issue Subject to a CDA	Fiscal Year	Annual Filing Deadline	Due Date	Date of Actual Filing Audit	Date of Actual Filing Operating Data (1)
Series A of 1997	6/30/2012	December 31st	12/31/2012	10/14/2016	10/24/2016
Dated Date: October 29, 1997	6/30/2013		12/31/2013	2/7/2014	10/24/2016
Closing Date: October 29, 1997	6/30/2014		12/31/2014	10/14/2016	12/28/2015
The Series A matured 11-15-15	6/30/2015	Insurer: FGIC	12/31/2015	-	-
	6/30/2016		12/31/2016	-	-
Series of 2005	6/30/2012	Six months following	12/27/2012	3/4/2013	10/24/2016
Dated Date: April 15, 2005	6/30/2013	June 30th	12/27/2013	2/7/2014	10/24/2016
Closing Date: April 28, 2005	6/30/2014		12/27/2014	2/12/2014	10/24/2016
Refunded, in full, by the Series A of 2015 on August 19, 2015	6/30/2015	Insurer: FSA	12/27/2015	-	-
	6/30/2016		12/27/2016	-	-
Series of 2009	6/30/2012	December 31st	12/31/2012	3/4/2013	10/24/2016
Dated Date: November 15, 2009	6/30/2013		12/31/2013	2/7/2014	10/24/2016
Closing Date: November 24, 2009	6/30/2014		12/31/2014	12/12/2014	10/24/2016
	6/30/2015	Insurer: None	12/31/2015	1/13/2017	10/24/2016
	6/30/2016		12/31/2016	1/27/2017	12/15/2016
Series A of 2010	6/30/2012	December 31st	12/31/2012	3/4/2013	10/24/2016
Dated Date: October 6, 2010	6/30/2013		12/31/2013	2/7/2014	10/24/2016
Closing Date: October 20, 2010	6/30/2014		12/31/2014	12/12/2014	10/24/2016
To be refunded by this issue	6/30/2015	Insurer: None	12/31/2015	1/13/2017	10/24/2016
	6/30/2016		12/31/2016	1/27/2017	12/15/2016
Series B of 2010	6/30/2012	December 31st	12/31/2012	3/4/2013	10/24/2016
Dated Date: October 6, 2010	6/30/2013		12/31/2013	2/7/2014	10/24/2016
Closing Date: October 20, 2010	6/30/2014		12/31/2014	12/12/2014	10/24/2016
	6/30/2015	Insurer: None	12/31/2015	1/13/2017	10/24/2016
	6/30/2016		12/31/2016	1/27/2017	12/15/2016
Series of 2015	6/30/2012	February 1st	2/1/2013	-	-
Dated Date: March 25, 2015	6/30/2013		2/1/2014	-	-
Closing Date: March 25, 2015	6/30/2014		2/1/2015	-	-
	6/30/2015	Insurer: None	2/1/2016	1/13/2017	12/28/2015
	6/30/2016		2/1/2017	1/27/2017	12/15/2016
Series A of 2015	6/30/2012	February 1st	2/1/2013	-	-
Dated Date: August 19, 2015	6/30/2013		2/1/2014	-	-
Closing Date: August 19, 2015	6/30/2014		2/1/2015	-	-
	6/30/2015	Insurer: None	2/1/2016	1/13/2017	12/28/2015
	6/30/2016		2/1/2017	1/27/2017	12/15/2016
(1) The date shown indicates the date at which all required and/or missing Operating Data was filed even though certain Operating Data was filed on time.					

As outlined in the table above, the School District failed to provide certain annual financial information in a timely manner during the past five (5) years, however the School District subsequently filed all the required annual financial information on the dates stated on the above table along with a "Failure to Provide" notice to the MSRB's Emma System February 9, 2017. The School District will continue to adhere to procedures that were put in place to provide timely ongoing disclosure of annual financial information and notice of material events affecting its securities.

The School District has engaged Digital Assurance Certification, LLC ("DAC") as its Dissemination Agent for the purpose of complying with Rule 15c2-12.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate price of \$11,222,408.30, (which represents the par amount of Bonds less underwriter's discount of \$96,347.50 minus net original issue discount of \$16,244.20. The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

RATING

S&P Global Services, Inc. ("S&P") is expected to assign its rating of "AA" (Stable outlook) to the Bonds, with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy will be issued by AGM insuring the payment, when due, of the principal of and interest on the Bonds. S&P has also assigned an underlying rating of "A/Negative" to the Bonds. An explanation of the significance of such rating may be obtained only from the rating agency furnishing the same. There is no assurance that any such rating will be in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

LEGAL OPINION

All legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, Bond Counsel, whose approving legal opinion is printed on the Bonds. Certain legal matters will be passed upon for the School District by its counsel, Dodaro, Matta & Cambest, P.C., of Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the Underwriter by its counsel, Bruce E. Dice & Associates, P.C., of Pittsburgh, Pennsylvania.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the IRS or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinions.

MISCELLANEOUS

This Official Statement has been prepared under the direction of the School District by Boenning & Scattergood, Inc., Pittsburgh, Pennsylvania in its capacity as Underwriter of the Bonds. 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 Underwriter 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.

MOON AREA SCHOOL DISTRICT
Allegheny County, Pennsylvania

By: /s/ Jerry Testa
President, Board of School Directors

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APPENDIX A

DEMOGRAPHIC AND ECONOMIC INFORMATION RELATING TO MOON AREA SCHOOL DISTRICT

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THE SCHOOL DISTRICT

General

Moon Area School District, Allegheny County, Pennsylvania (the "School District") is comprised of the Townships of Crescent and Moon (collectively, the "Component Municipalities"), encompassing a combined land area of 26.2 square miles. The School District is located approximately twenty miles west of the City of Pittsburgh, the county seat of Allegheny County, Pennsylvania (the "County"). The School District is bounded to the north by the Borough of Coraopolis and the Ohio River, to the south of the Township of Findlay, to the east by the Townships of Robinson and North Fayette, and to the west by the County of Beaver. The School District's population, according to the 2010 U.S. Census is 26,825, an increase from the 2000 U.S. Census of 24,604.

Demographic Characteristics

The following tables provide population trends, age, wealth and housing indices for the School District, the County and the Commonwealth.

Population Trends

	<u>1970</u>	<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2013⁽¹⁾</u>
School District	21,235	23,797	22,121	24,604	26,825	27,588
Allegheny County	1,605,133	1,450,085	1,336,449	1,281,666	1,223,348	1,229,582
Pennsylvania	11,800,766	11,864,720	11,882,842	12,056,112	12,702,379	12,759,859

Source: U.S. Bureau of the Census

(1) ACS 3yr Estimate.

Age Composition (2010)

	<u>16 or Over</u>	<u>21 or Over</u>	<u>65 or Over</u>	<u>Persons per Household</u>
Allegheny County	80.7%	74.9%	16.8%	2.48
Commonwealth	80.8%	73.5%	15.4%	2.45

Source: U.S. Census Bureau

Occupied Housing (2010)

	<u>Total Housing Units</u>	<u>Occupied Housing Units</u>	<u>(%)</u>	<u>Owner-Occupied Housing Units</u>	<u>(%)</u>
Allegheny County	589,201	533,960	90.6%	345,393	64.7%
Commonwealth	5,567,315	5,018,904	90.1%	3,491,722	69.6%

Source: U.S. Census Bureau

Employment

Listed below are the twenty major employers located within Allegheny County.

Employer	
UPMC Presbyterian Shadyside	United States Steel Corporation
University of Pittsburgh	School District of Pittsburgh
Federal Government	Wal-Mart Associates Inc.
PNC Bank NA	City of Pittsburgh
Giant Eagle Inc.	Eat N' Park Hospitality Group
Western Penn Allegheny Health	Highmark Inc.
Allegheny County	University of Pittsburgh Physicians
Bank of New York Mellon	Childrens Hospital of Pittsburgh
Carnegie-Mellon University	Magee-Womens Hospital of UPMC
State Government	Dicks Sporting Goods Inc.

* State Government includes all state employment except Pennsylvania State University, SEPTA, System of Higher Education, PA College of Technology and PHEAA.

Source: Center for Workforce Information & Analysis – 3rd Quarter 2015 – 4/12/2016

Table below shows recent trends in labor force, employment, and unemployment for the County and the State.

RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016⁽¹⁾</u>
<i>Allegheny County</i>								
Civilian Labor Force (000).....	639.4	636.10	643.0	653.3	651.4	644.8	651.3	652.9
Employment (000).....	595.9	587.9	597.3	607.7	608.5	610.5	626.4	621.7
Unemployment (000)	43.5	48.2	45.7	45.6	42.9	34.3	24.9	31.2
Unemployment Rate	6.8%	7.6%	7.1%	7.0%	6.6%	5.3%	3.8%	4.8%
<i>Pennsylvania</i>								
Civilian Labor Force (000).....	6,400.0	6,381.0	6,396.0	6,464.0	6,440.0	6,391.0	6,424.0	6,473.0
Employment (000).....	5,885.0	5,841.0	5,889.0	5,957.0	5,965.0	6,016.0	6,094.0	6,155.0
Unemployment (000)	515.0	540.0	507.0	507.0	476.0	376.0	330.0	318.0
Unemployment Rate	8.0%	8.5%	7.9%	7.8%	7.4%	5.9%	5.1%	4.9%

⁽¹⁾As of November 2016

Source: Pennsylvania State Employment Service: www.paworkstats.state.pa.us

Transportation

The School District is served by Interstate Route 79 and State Routes 60 and 22-30. Direct access to the Pittsburgh International Airport from the School District is provided by Interstate Route 376, known as the Parkway West. A significant portion of the new Midfield Terminal of the Pittsburgh International Airport is located within Findlay Township, which borders the School District to the south. Railroad service is provided by the Montour Railroad and the Pittsburgh and Lake Erie Railroad. Motor and air freight service is provided by UPS, Federal Express, USAirways and most other major carriers.

Public Utilities

Natural gas is supplied to the School District by Peoples Natural Gas and Columbia Gas, and electricity is supplied by Duquesne Light. The Moon Township Municipal Authority, incorporated in 1957 provides water and sewerage service to Moon Township. The Authority's modern water filtration plant has a capacity of 3,500,000 gallons per day. Water is supplied to Crescent Township by the Creswell Heights Joint Authority, and the Crescent South Heights Municipal Authority provides sewage service to Crescent Township. Telephone service is provided to the School District by Verizon.

Higher Education

The School District is the home of Robert Morris University ("RMU"), a four-year institution of higher education founded in 1921. RMU offers undergraduate degrees in business administration, English and sports management; graduate degrees are available in business administration, business education and taxation. The main campus of RMU is located in Moon Township and RMU also has an eight story center in downtown Pittsburgh.

Due to the close proximity of the School District to the City of Pittsburgh, residents enjoy easy access to numerous institutions of higher education, including Carnegie-Mellon University, the University of Pittsburgh, Duquesne University, Point Park College, Carlow College, Community College of Allegheny County, Chatham College, LaRoche College and the Pittsburgh Theological Seminary. Two branch campuses of the Pennsylvania State University are also located within reasonable commuting distance of the School District. In addition, numerous business and technical schools are available in the Pittsburgh region.

Health Care

Two hospitals are located within close distance of the School District. The Ohio Valley General Hospital ("Ohio Valley"), located in nearby Kennedy Township, is a modern, full-service medical facility. Ohio Valley employs approximately 575 people, approximately 167 beds and is equipped with the latest technological advancements. Included among its resources are maternity care, an emergency center, a family health center for outpatient surgery and special hospital support services.

Sewickley Valley Hospital ("Sewickley Valley") is located in Sewickley, across the Ohio River from the School District. The medical staff of Sewickley Valley is comprised of approximately 171 physicians and dentists holding admitting or consulting privileges at the hospital. Sewickley Valley, which employs some 1,425 people, is a 250 bed full-service hospital and operates a family health center in Moon Township.

In addition, residents of the School District enjoy easy access to the numerous health care facilities located throughout the Greater Pittsburgh Metropolitan Area.

Police and Fire Protection

Police protection is provided to residents of the School District by the Moon Township Police Department and the Crescent Township Police Department. The Moon Township Police Department is presently comprised of approximately 27 full-time officers; the Crescent Township Police Department is comprised of one full-time and five part-time officers. Fire protection is provided by volunteer fire departments in both Moon and Crescent Townships, and residents in both municipalities are provided with ambulance service by the Valley Ambulance Authority, located in Moon Township.

Financial Institutions

Branch offices of PNC Bank, National Association are located both in the component Municipality of Moon Township and in the Pittsburgh International Airport. Within Moon Township, branches of Citizen's Bank, Dollar Bank, First National Bank and Clearview federal Credit Union can also be found.

Communications

The Greater Pittsburgh Metropolitan Area is served by numerous television stations, including KDKA (CBS), WPXI (NBC), WTAE (ABC), and WQED (educational); cable television, offering numerous regular and premium programming channels, is provided to the area by TCI of Pennsylvania, Inc. on a subscription basis. Numerous AM and FM radio stations are received throughout the area. *The Pittsburgh Post-Gazette*, *Tribune-Review* and *Allegheny Times* is widely circulated on a daily basis, including Sunday.

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APPENDIX B

**AUDITED FINANCIAL STATEMENT
FOR YEAR ENDED JUNE 30, 2016**

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Moon Area School District

Single Audit

June 30, 2016

MaherDuessel
Certified Public Accountants

Pittsburgh | Harrisburg | Butler

Pursuing the profession while promoting the public good®
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MOON AREA SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2016

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MOON AREA SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2016

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Independent Auditor's Report

Members of the Board
Moon Area School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Moon Area School District (School District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, postemployment benefits other than pension benefits (OPEBs), and budgetary comparison information, on pages i through xii, and 47 through 49, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2017 on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
January 27, 2017

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of Moon Area School District's (School District), financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this MD&A is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The MD&A is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*," issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The School District continues to receive local, state, and national notoriety related to outstanding educational programs and services for students which are delivered at a reasonable level of costs. Regional and national publications identify the School District as a premier school district whose students, faculty, and administration perform at exemplary levels.
- The liabilities and deferred inflows of the School District exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$91,657,178, resulting in a deficit net position.
- The School District's total net position decreased by \$10,011,189 over the previous year. Net position of governmental activities decreased by \$10,147,089 and net position from business-type activities increased by \$135,900.
- As of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$2,326,330, a decrease of \$22,841,974 in comparison with the prior year. The majority of this decrease is attributable to the Capital Projects Fund, with the completion of the two District Elementary school construction projects and the large deficit incurred in the General Fund. The Board committed \$568,339 for future capital improvements.
- Local revenues represent approximately 75% of the total General Fund revenues. Real estate tax collection is the School District's single largest revenue. For the 2015-2016 fiscal year, real estate tax collections totaled \$43,321,645 or approximately 64% of total revenue. Collections increased by \$1,688,812 from 2014-2015 due to an increase in assessments from growth in the community. The tax rate assessed for the 2015-2016 school year was equal to 18.8461 mills, the same as the 2014-2015 school year.
- At the end of the 2015-2016 fiscal year, the unassigned fund balance for the General Fund was (\$585,284) or (1%) of total General Fund expenditures.

Overview of the Financial Statements

The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. In addition to the basic financial statements, this report also contains required supplementary information.

Government-wide Financial Statements - The government-wide financial statements are designed to provide a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net position and the statement of activities show how the School District performed financially during the fiscal year. These two statements report the School District's net position and changes in those net positions. Changes in net position can result from financial and non-financial factors. Some examples of non-financial factors are School District property tax base and mandated educational programs.

The School District does not have a profit motive, so a true comparison is impossible. The statement of net position includes all of the School District's assets and liabilities. 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.

Both government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through sales and subsidies (business-type activities). The business-type activities of the School District include only the Food Service Fund.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Some funds are mandated by state law and by bond requirements.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the School District's activities are reported in governmental funds that focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called "modified accrual accounting," which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and the governmental funds is reflected in reconciliations on pages 4 and 6.

The School District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the School District's most significant funds. The School District's major governmental funds are the General Fund, Debt Service Fund, and the Capital Projects Fund. Data from the other governmental funds are combined into a single, aggregate presentation.

The basic governmental funds financial statements can be found on pages 3 and 5 of this report.

Proprietary Fund - The School District maintains one proprietary fund to account for its food service program. The fund is presented as a business-type activity in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food service operation. This fund is used to account for activities that are similar to business operations in the business sector. The basic proprietary fund financial statements can be found on pages 7 through 9 of this report.

Fiduciary Fund - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on pages 10 and 11 of this report.

Notes to Financial Statements - The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 12 through 46 of this report.

Required Supplementary Information - The required supplementary information includes the schedule of the School District's proportionate share of the net pension liability on page 47; the postemployment benefits other than pension benefits (OPEBs) schedule of funding progress on page 48; and the statement of revenues, expenditures, and changes in fund balance on budget and actual for the General Fund on page 49.

Supplementary Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The schedule of expenditures of federal awards is found on page 52.

Government-wide Financial Analysis

The School District's total net position was \$(81,760,159) at June 30, 2016 and (\$91,771,348) at June 30, 2015, as restated.

Table 1
Fiscal Year Ended June 30, 2016
Net Position

	Governmental Activities	Business-Type Activities	Total
Assets			
Current and other assets	\$ 41,033,685	\$ 496,655	\$ 41,530,340
Capital assets (net)	122,452,888	537,370	122,990,258
Total Assets	163,486,573	1,034,025	164,520,598
Deferred Outflows of Resources			
Deferred charge on refunding	52,786	-	52,786
Deferred outflows of resources for pension	9,492,278	69,000	9,561,278
Total Deferred Outflows of Resources	9,545,064	69,000	9,614,064
Liabilities			
Current and other liabilities	12,495,066	91,338	12,586,404
Long-term liabilities:			
Due within one year	5,096,441	-	5,096,441
Due in more than one year	231,114,219	1,239,890	232,354,109
Total Liabilities	248,705,726	1,331,228	250,036,954
Deferred Inflows of Resources			
Deferred inflows of resources for pension	5,836,000	89,000	5,925,000
Total Deferred Inflows of Resources	5,836,000	89,000	5,925,000
Net Position			
Net investment in capital assets	664,365	476,572	1,140,937
Unrestricted	(82,174,454)	(726,642)	(82,901,096)
Total Net Position	\$ (81,510,089)	\$ (250,070)	\$ (81,760,159)

Fiscal Year Ended June 30, 2015
Net Position

	Governmental Activities	Business-Type Activities	Total
Assets			
Current and other assets	\$ 13,207,930	\$ 639,217	\$ 13,847,147
Capital assets (net)	134,549,639	636,931	135,186,570
Total Assets	147,757,569	1,276,148	149,033,717
Deferred Outflows of Resources			
Deferred charge on refunding	628,194	-	628,194
Deferred outflows of resources for pension	15,580,051	234,212	15,814,263
Total Deferred Outflows of Resources	16,208,245	234,212	16,442,457
Liabilities			
Current and other liabilities	8,205,727	120,990	8,326,717
Long-term liabilities:			
Due within one year	3,736,578	-	3,736,578
Due in more than one year	243,088,687	1,494,540	244,583,227
Total Liabilities	255,030,992	1,615,530	256,646,522
Deferred Inflows of Resources			
Deferred inflows of resources for pension	592,000	9,000	601,000
Total Deferred Inflows of Resources	592,000	9,000	601,000
Net Position			
Net investment in capital assets	125,710	636,931	762,641
Unrestricted	(91,782,888)	(751,101)	(92,533,989)
Total Net Position	\$ (91,657,178)	\$ (114,170)	\$ (91,771,348)

Government-wide Financial Analysis - The School District's capital assets increased \$12,257,110 from fiscal year ended June 30, 2015 to fiscal year ended June 30, 2016. The School District's buildings include five elementary schools, one middle school, and one high school. It also includes technology and other assets net of depreciation. This increase in capital assets was due to the amount of capital outlays exceeding depreciation expense in the current year.

The School District's negative net position is primarily the result of implementing GASB Statement No. 68. The School District's portion of the PSERS unfunded liability (included in long-term liabilities) is \$97,676,000 and \$82,882,000 at June 30, 2016 and 2015, respectively.

The current liabilities lie in six line items: due to other governments, accounts payable, contracts payable, accrued salaries and benefits, unearned revenues, and other current liabilities. Non-current liabilities consist of long-term debt and related premiums and discounts associated with renovation and additions of the School District's five buildings. The other components are capital leases, compensated absences, accrued claims and judgments, other postemployment benefits, and the net pension liability.

The School District's net position has decreased by \$10,011,189 during the current fiscal year.

Table 2 takes the information from the statement of activities, rearranges it slightly, to show the total revenues, expenses, and change to the net position of both the governmental activities and the business-type activities for fiscal years ended June 30, 2016 and 2015.

Table 2
Fiscal Year Ended June 30, 2016
Change in Net Position

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 165,307	\$ 794,397	\$ 959,704
Operating grants and contributions	9,799,863	600,769	10,400,632
General revenues:			
Property taxes	43,897,859	-	43,897,859
Other taxes	5,519,175	-	5,519,175
Grants, subsidies/contributions, unrestricted	7,093,162	-	7,093,162
Investment earnings	24,303	1,759	26,062
Miscellaneous income	259,609	-	259,609
Transfers	(240,956)	240,956	-
Total revenues	66,518,322	1,637,881	68,156,203
Expenses:			
Instruction	45,471,371	-	45,471,371
Support services	4,913,073	-	4,913,073
Non-instructional services	20,259,687	-	20,259,687
Interest on long-term debt	6,021,280	-	6,021,280
Food services	-	1,501,981	1,501,981
Total expenses	76,665,411	1,501,981	78,167,392
Change in Net Position	\$ (10,147,089)	\$ 135,900	\$ (10,011,189)

Fiscal Year Ended June 30, 2015
Change in Net Position

	Governmental Activities	Business-Type Activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 163,417	\$ 843,067	\$ 1,006,484
Operating grants and contributions	9,536,593	555,475	10,092,068
General revenues:			
Property taxes	41,377,542	-	41,377,542
Other taxes	5,575,852	-	5,575,852
Grants, subsidies/contributions, unrestricted	7,324,754	-	7,324,754
Investment earnings	41,927	1,093	43,020
Loss on sale of capital assets	(901,196)	-	(901,196)
Miscellaneous income	305,089	-	305,089
Transfers	(65,000)	65,000	-
Total revenues	<u>63,358,978</u>	<u>1,464,635</u>	<u>64,823,613</u>
Expenses:			
Instruction	42,617,175	-	42,617,175
Support services	4,700,421	-	4,700,421
Non-instructional services	18,116,108	-	18,116,108
Interest on long-term debt	6,726,942	-	6,726,942
Food services	-	1,486,502	1,486,502
Total expenses	<u>72,160,646</u>	<u>1,486,502</u>	<u>73,647,148</u>
Change in Net Position	<u><u>\$ (8,801,668)</u></u>	<u><u>\$ (21,867)</u></u>	<u><u>\$ (8,823,535)</u></u>

The information labeled Table 3 shows the School District's largest functions as well as each program's net cost (total cost, less revenue generated by the activity). This table also shows the net costs offset by the other grants to articulate the remaining financial needs for these activities, which must be supported by local taxes and other miscellaneous revenue.

Table 3
Fiscal Year Ended June 30, 2016
Governmental Activities

Functions/Programs	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 45,471,371	\$ 39,729,678
Support Services	4,913,073	4,471,966
Non-instructional services	20,259,687	17,818,182
Interest on long-term debt	<u>6,021,280</u>	<u>4,680,415</u>
Total governmental activities	<u>\$ 76,665,411</u>	66,700,241
Less:		
Grants, subsidies, and contributions not restricted		<u>7,093,162</u>
Total Needs from Local Taxes and Other Revenues		<u>\$ 59,607,079</u>

Financial Analysis of the School District's Funds

As previously noted, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$2,326,330. Approximately (25%) or (\$585,284) of this total amount constitutes the unassigned fund balance. The remainder of the fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending, because it has already been constrained for future pension contributions, capital projects, and prepaid expenses.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was (\$585,284), while the total fund balance amounted to \$395,258. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the total fund expenditures. The unassigned fund balance represents (1%) of total General Fund expenditures, while the total fund balance represents 0.6% of that same amount.

The fund balance of the School District's General Fund decreased by \$4,430,622 during the current fiscal year.

The Capital Projects Fund has a fund balance of \$1,362,733, all of which is restricted for future capital needs of the School District.

Proprietary Funds - The School District's business-type activities provide the same type of information found in the government-wide financial statements.

Net position of the Food Service Fund at the end of the year resulted in a balance of (\$114,170). Total net position increased by \$135,900 after transfers from the Capital Projects Fund of \$240,956. Management is committed and continues to implement different strategies that will make the School District's food service operation self-sustaining.

General Fund Budgetary Highlights - The School District's budget is prepared according to the laws of the Commonwealth of Pennsylvania (Commonwealth) and is based on the modified accrual system of accounting. The most significant fund in the School District's financial statements is the General Fund.

The budgeting systems are designed to tightly control budgets by administrators responsible for their respective accounts. Internal control procedures are built into the system by requiring purchase orders, which are approved at several levels, and with required signatures for all budget transfers and payment of expenditures. A schedule showing the School District's original and final budget amounts compared with the amounts actually paid and received is provided on pages 49 through 53.

For the General Fund, revenues and other financing sources totaled \$67,601,707 for the current fiscal year and were higher than budgeted amounts by \$2,682,403. The School District under-budgeted for real estate tax and state retirement revenue.

General Fund expenditures and other financing uses for the School District totaled \$72,032,329 for the current fiscal year and were \$3,778,555 higher than budgeted. The increase was due to an under budgeting of salaries, benefits, tuition expense, and debt service combined with a substantial increase in expenditures for professional and technical services.

Fund Balance Analysis - The School District's General Fund balance decreased by \$4,430,622. In fiscal year 2015-2016, the School District used the General Fund balance to balance the budget and to absorb the overspending in the various categories of expenses previously listed. The fund balance is within acceptable guidelines established by the Commonwealth.

The School District will continue to monitor operations and strive to increase this fund balance to acceptable levels.

Table 4
Fiscal Years Ended June 30, 2016 and 2015
Summary of Governmental Change in General Fund Balance

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Beginning General Fund Balance	\$ 4,825,880	\$ 6,914,754
Net Change in Fund Balance	<u>(4,430,622)</u>	<u>(2,088,874)</u>
Ending General Fund Balance	<u><u>\$ 395,258</u></u>	<u><u>\$ 4,825,880</u></u>

Capital Asset and Debt Administration

Capital Assets - At June 30, 2016, the School District had \$135,186,570 invested in a broad range of capital assets, including land, buildings and system, improvements, construction in progress, machinery and equipment, technology infrastructure, text and library books, and vehicles. This amount represents a net increase (including additions, deletions, and depreciation) of \$12,257,110 or approximately 10% from last year.

In 2015-2016, there were significant additions to the capital assets. Additional information on the School District's capital assets can be found in the notes to financial statements on pages 26 and 27 of this report.

Long-term Debt - At the end of the current fiscal year, the School District had total bonded outstanding debt of \$135,525,000. This debt is comprised of various bond issues, which were to provide renovation and additions to Allard and Brooks elementary schools (2015), the high school and middle school (1997-1998 and 2011-2012), as well as Bon Meade and McCormick elementary schools (2005-2007).

The School District's total debt obligations (including accrued compensated absences, net pension liability, and other post-employment benefits) increased by the net of \$10,840,605 during the 2015-2016 fiscal year.

The School District's general obligation bond rating is Standard & Poor's AA- rating. The AA-rating is based upon a Standard & Poor's rating review that took place in November 2013 and the additional security for bonds provided by the Commonwealth Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to School District bond holders in the event of default. Additional information on the School District's long-term debt can be found in the notes to financial statements on pages 28 through 31 of this report.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's fiscal year 2016-2017 budget. The largest economic impact for future budgets will be the increases in salaries, health benefits, charter school tuition, and employer contributions to the Public School Employees' Retirement System (PSERS).

The revenue budget for fiscal year 2016-2017 is \$5,554,124 *greater* than the revenue budget for the 2015-2016 fiscal year. This represents an 8.6 percent increase in budgeted revenues. The increase in budgeted revenues results from the inclusion of the Crescent Township real estate tax revenues, which were omitted from the prior year budget, an increase in real estate tax revenues from increased assessments, an increase in the real estate millage rate, and an increase in the State social security and retirement income received. Allegheny County reassessed real estate values in 2013-2014. The School District continues to have appeal hearings on assessments from the reassessment just noted. New developments of both business and residential properties, which has produced new assessments, has offset some of the exonerations from re-assessment hearing outcomes.

The expenditure budget for fiscal year 2016-2017 is \$7,516,649 *higher* than the expenditure budget for 2015-2016 fiscal year. The School District anticipates higher personnel costs and higher personnel-related expenditures in part due to a 4.19 percent increase in the Pennsylvania School Employee Retirement System rate; this represents an approximate increase of \$2,434,000 to the 2016 expenditure budget. Salaries are anticipated to increase approximately \$2,401,000 or 8.3 percent. This includes the inclusion of some salary categories that were omitted from the 2015-16 budget and the salary increases resulting from the Professional Collective Bargaining Agreement which became effective July 1, 2016. Other districtwide expenditure increases were made including increases for charter school tuition, transfer to the capital fund and an increase in real estate tax refunds.

The School District Board has committed to addressing the ongoing deficit results of the District. The Board is anticipating issuing debt in order to provide temporary financial relief until cost reductions and revenue enhancements can be identified and implemented.

The transportation operation is now in the fourth year of full contracting, providing much better equipment as well as saving the School District equipment replacement and retirement contributions costs.

The 2016-2017 budget plans for much higher retirement system costs. The PSERS trustees set the percentage of payroll that all school districts must pay in 2016-2017 to 30.03 percent, up from 25.84 percent in 2015-2016. It is anticipated that this contribution rate will continue to increase due to significant investment losses from prior years. The rate is projected to increase to 32.57 percent in fiscal year 2017-2018 to fund pension benefits.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Fiscal and School Services, Moon Area School District, 8353 University Boulevard, Moon Township, PA 15108.

MOON AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,584,276	\$ 582,690	\$ 6,166,966
Taxes receivable, net	3,957,959	-	3,957,959
Due from other governments	2,219,244	4,413	2,223,657
Other receivables	500,365	5,829	506,194
Internal balances	(34,456)	34,456	-
Inventories	-	11,829	11,829
Prepaid items	980,542	-	980,542
Capital assets, not being depreciated:	1,504,786	-	1,504,786
Capital assets, net of accumulated depreciation:	133,044,853	636,931	133,681,784
Total Assets	147,757,569	1,276,148	149,033,717
Deferred Outflows of Resources			
Deferred charge on refunding	628,194	-	628,194
Deferred outflows of resources for pension	15,580,051	234,212	15,814,263
Total Deferred Outflows of Resources	16,208,245	234,212	16,442,457
Liabilities			
Due to other governments	23,048	-	23,048
Accounts payable	442,496	4,761	447,257
Contracts payable	87,220	-	87,220
Accrued salaries and benefits	6,800,996	71,226	6,872,222
Unearned revenues	-	11,829	11,829
Other current liabilities	851,967	33,174	885,141
Non-current liabilities:			
Due within one year	3,736,578	-	3,736,578
Due in more than one year:			
Bonds payable, net	140,637,501	-	140,637,501
Capital leases	211,078	-	211,078
Compensated absences	1,693,375	28,540	1,721,915
Accrued claims and judgments	764,000	-	764,000
Other postemployment benefits	3,572,733	-	3,572,733
Net pension liability	96,210,000	1,466,000	97,676,000
Total Liabilities	255,030,992	1,615,530	256,646,522
Deferred Inflows of Resources			
Deferred inflows of resources for pension	592,000	9,000	601,000
Net Position			
Net investment in capital assets	125,710	636,931	762,641
Unrestricted	(91,782,888)	(751,101)	(92,533,989)
Total Net Position	\$ (91,657,178)	\$ (114,170)	\$ (91,771,348)

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 45,471,371	\$ -	\$ 5,741,693	\$ -	\$ (39,729,678)	\$ -	\$ (39,729,678)
Instructional student support	4,913,073	-	441,107	-	(4,471,966)	-	(4,471,966)
Administrative and financial support services	6,679,861	-	443,395	-	(6,236,466)	-	(6,236,466)
Operation and maintenance of plant services	7,398,854	-	489,664	-	(6,909,190)	-	(6,909,190)
Pupil transportation	2,789,891	-	1,201,288	-	(1,588,603)	-	(1,588,603)
Student activities	1,651,727	165,307	110,932	-	(1,375,488)	-	(1,375,488)
Community services	128,732	-	30,919	-	(97,813)	-	(97,813)
Interest on long-term debt	6,596,150	-	1,340,865	-	(5,255,285)	-	(5,255,285)
Capital outlay	1,035,752	-	-	-	(1,035,752)	-	(1,035,752)
Total governmental activities	76,665,411	165,307	9,799,863	-	(66,700,241)	-	(66,700,241)
Business-Type Activities:							
Food services	1,501,981	794,397	600,769	-	-	(106,815)	(106,815)
Total	\$ 78,167,392	\$ 959,704	\$ 10,400,632	\$ -	(66,700,241)	(106,815)	(66,807,056)
General revenues:							
Taxes:							
Property taxes, levied for general purposes, net					43,897,859	-	43,897,859
Earned income taxes					4,542,952	-	4,542,952
Real estate transfer taxes					823,409	-	823,409
Other taxes, levied for general purposes, net					152,814	-	152,814
Grants, subsidies, and contributions not restricted					7,093,162	-	7,093,162
Investment earnings					24,303	1,759	26,062
Miscellaneous income					259,609	-	259,609
Transfers					(240,956)	240,956	-
Total general revenues and transfers					56,553,152	242,715	56,795,867
Change in Net Position					(10,147,089)	135,900	(10,011,189)
Net Position:							
Beginning of year					(81,510,089)	(250,070)	(81,760,159)
End of year					\$ (91,657,178)	\$ (114,170)	\$ (91,771,348)

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 2,782,450	\$ -	\$ 1,748,727	\$ 1,053,099	\$ 5,584,276
Taxes receivable, net	3,957,959	-	-	-	3,957,959
Due from other funds	403,891	-	-	-	403,891
Due from other governments	2,219,244	-	-	-	2,219,244
Other receivables	500,365	-	-	-	500,365
Prepaid items	980,542	-	-	-	980,542
Total Assets	\$ 10,844,451	\$ -	\$ 1,748,727	\$ 1,053,099	\$ 13,646,277
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Due to other funds	\$ 166,738	\$ -	\$ 215,849	\$ 55,760	\$ 438,347
Due to other governments	23,048	-	-	-	23,048
Accounts payable	357,721	-	84,775	-	442,496
Contracts payable	1,850	-	85,370	-	87,220
Accrued salaries and benefits	6,800,996	-	-	-	6,800,996
Accrued claims and judgments	250,000	-	-	429,000	679,000
Other current liabilities	12,871	-	-	-	12,871
Total Liabilities	7,613,224	-	385,994	484,760	8,483,978
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,835,969	-	-	-	2,835,969
Total Deferred Inflows of Resources	2,835,969	-	-	-	2,835,969
Fund Balances:					
Nonspendable	980,542	-	-	-	980,542
Restricted	-	-	1,362,733	-	1,362,733
Committed	-	-	-	568,339	568,339
Unassigned	(585,284)	-	-	-	(585,284)
Total Fund Balance	395,258	-	1,362,733	568,339	2,326,330
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,844,451	\$ -	\$ 1,748,727	\$ 1,053,099	\$ 13,646,277

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

YEAR ENDED JUNE 30, 2016

Total Fund Balance - Governmental Funds		\$	2,326,330
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 governmental funds.			134,549,639
Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.			2,835,969
Premiums and discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position.			(7,699,307)
Deferred outflows and inflows of resources for pension are not recorded on the fund financial statements.			14,988,051
Accrued interest is not due and payable in the current period and, therefore, is not reported as a liability in the funds.			(839,096)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:			
	Bonds payable	\$	(135,525,000)
	Capital leases		(647,656)
	Compensated absences		(1,693,375)
	Accrued claims and judgments		(170,000)
	Other postemployment benefits		(3,572,733)
	Net pension liability		(96,210,000)
			<u>(237,818,764)</u>
Total Net Position - Governmental Activities		\$	<u>(91,657,178)</u>

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Revenues:					
Local sources	\$ 50,750,356	\$ -	\$ 187	\$ 2,281	\$ 50,752,824
State sources	15,524,272	-	-	-	15,524,272
Federal sources	1,327,079	-	-	-	1,327,079
Total revenues	67,601,707	-	187	2,281	67,604,175
Expenditures:					
Instruction	39,147,500	-	-	-	39,147,500
Support services	19,694,998	-	-	55,107	19,750,105
Noninstructional services	1,552,632	-	-	-	1,552,632
Capital outlay	-	-	18,117,103	654	18,117,757
Debt service	458,834	80,877,066	-	-	81,335,900
Total expenditures	60,853,964	80,877,066	18,117,103	55,761	159,903,894
Excess (Deficiency) of Revenues over Expenditures	6,747,743	(80,877,066)	(18,116,916)	(53,480)	(92,299,719)
Other Financing Sources (Uses):					
Proceeds from refunding of bonds	-	63,940,000	-	-	63,940,000
Refunds of prior year receipts	(451,857)	-	-	-	(451,857)
Premium on refunding bonds issued	-	6,210,558	-	-	6,210,558
Transfers in	-	10,726,508	-	-	10,726,508
Transfers out to Debt Service Fund	(10,726,508)	-	-	-	(10,726,508)
Transfers out to Enterprise Food Service Fund	-	-	(240,956)	-	(240,956)
Total other financing sources (uses)	(11,178,365)	80,877,066	(240,956)	-	69,457,745
Net Change in Fund Balance	(4,430,622)	-	(18,357,872)	(53,480)	(22,841,974)
Fund Balance:					
Beginning of year	4,825,880	-	19,720,605	621,819	25,168,304
End of year	\$ 395,258	\$ -	\$ 1,362,733	\$ 568,339	\$ 2,326,330

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Net Change in Fund Balance - Governmental Funds

\$ (22,841,974)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year.

Capital outlays	\$ 17,082,005	
Less: depreciation expense	<u>(4,985,254)</u>	12,096,751

Some property taxes and state grants will not be collected for several months after Moon Area School District's (School District) year-end; they are not considered "available" revenues in the governmental funds. Unavailable revenue changed by this amount during the year.

59,495

In the statement of activities, certain operating expenses (legal settlements, compensated absences, other postemployment benefits, and pension benefits) 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. This amount represents the difference between the amount earned versus the amount used:

Compensated absences	(188,335)	
Accrued claims and judgments	585,000	
Other postemployment benefits	(432,245)	
Pension benefits	<u>(3,240,227)</u>	(3,275,807)

Because the investment in joint venture is not recorded on the fund statements, as it does not represent a financial asset to the School District, the change in the School District's investment in joint venture is reflected on the statement of activities.

(322,211)

Reimbursements due from governmental grantors for accrued debt service expenditures are recorded in the funds in the current year. The reimbursement was recorded in the statement of activities in the prior year, but not the funds.

(452,535)

The governmental funds report proceeds from long-term obligations (e.g., bonds, capital leases, notes) as other financing sources, while the repayment of long-term obligations is reported as an expenditure. Also, governmental funds report the effect of original issue discounts, premiums, and deferred charges on refunding when the long-term obligation is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of long-term obligations and interest is as follows:

Proceeds from bond refunding	(63,940,000)	
Premium on bond issuance	(6,210,558)	
Accrued interest on long-term obligations	120,809	
Principal repayments on debt	78,620,558	
Principal repayments on capital lease	64,212	
Amortization of discounts/premiums/deferred charges on refunding	<u>(4,065,829)</u>	4,589,192

Change in Net Position of Governmental Activities

\$ (10,147,089)

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2016

	Enterprise Fund Food Service
	<u>Food Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 582,690
Due from other funds	166,738
Due from other governments	4,413
Other receivables	5,829
Inventories	11,829
Total current assets	<u>771,499</u>
Non-current assets:	
Furniture and equipment, net	<u>636,931</u>
Total non-current assets	<u>636,931</u>
Total Assets	<u>1,408,430</u>
Deferred Outflows of Resources	
Deferred outflows for resources of pension	<u>234,212</u>
Liabilities	
Current liabilities:	
Due to other funds	132,282
Accounts payable	4,761
Accrued salaries and benefits	71,226
Unearned revenues	11,829
Other current liabilities	33,174
Total current liabilities	<u>253,272</u>
Non-current liabilities:	
Long-term portion of compensated absences	28,540
Net pension liability	1,466,000
Total non-current liabilities	<u>1,494,540</u>
Total Liabilities	<u>1,747,812</u>
Deferred Inflows of Resources	
Deferred inflows for resources of pension	<u>9,000</u>
Net Position	
Net investment in capital assets	636,931
Unrestricted	<u>(751,101)</u>
Total Net Position	<u><u>\$ (114,170)</u></u>

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2016

	Enterprise Fund Food Service
<u>Operating Revenue:</u>	
Food service revenue	\$ 794,397
<u>Operating Expenses:</u>	
Salaries	492,627
Employee benefits	330,224
Purchased professional and tech. services	7,395
Purchased property services	2,007
Other purchased services	1,947
Supplies	565,647
Depreciation	80,597
Equipment - replacement	5,500
Dues and fees	4,125
Miscellaneous	11,912
Total operating expenses	1,501,981
Net Operating Loss	(707,584)
<u>Non-operating Revenues:</u>	
Earnings on investments	1,759
State sources	115,677
Federal sources	485,092
Total non-operating revenues	602,528
Loss before transfers	(105,056)
Transfers in	240,956
Change in Net Position	135,900
<u>Net Position:</u>	
Beginning of year	(250,070)
End of year	\$ (114,170)

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2016

	Enterprise Fund Food Service
Cash Flows From Operating Activities:	
Received from users	\$ 793,276
Payments to employees for services	(959,474)
Payments to suppliers for goods and services	(517,018)
Net cash provided by (used in) operating activities	(683,216)
Cash Flows From Non-Capital Financing Activities:	
State sources	31,984
Federal sources	449,028
Net cash provided by (used in) non-capital financing activities	481,012
Cash Flows From Investing Activities:	
Earnings on investments	1,759
Net Increase (Decrease) in Cash and Cash Equivalents	(200,445)
Cash and Cash Equivalents:	
Beginning of year	783,135
End of year	\$ 582,690
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:	
Net operating loss	\$ (707,584)
Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities:	
Depreciation expense	80,597
Pension expense	264,738
Donated commodities	81,712
Change in assets and liabilities:	
Other receivables	(2,678)
Due to other funds	(177,677)
Accounts payable	4,602
Accrued salaries and benefits	(5,684)
Unearned revenues	(4,799)
Other current liabilities	1,557
Long-term portion of compensated absences	4,000
Net pension liability	(222,000)
Total adjustments	24,368
Net cash provided by (used in) operating activities	\$ (683,216)
Non-Cash, Capital, and Financing Transactions:	
During the year ended June 30, 2016, the School District received \$76,913 of U.S.D.A. Donated Commodities in the Food Service Fund. Additionally, \$240,956 of capital assets were purchased by the Capital Projects Fund and transferred to the Proprietary Fund.	

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016

	Private Purpose Trust Fund	Agency Funds
Assets:		
Cash and cash equivalents	\$ 93,313	\$ 187,351
Other receivables	-	4,841
Total Assets	93,313	192,192
Liabilities:		
Accounts payable	-	5,223
Due to other governments	-	1,025
Other current liabilities	-	185,944
Total Liabilities	-	192,192
Net Position Held in Trust for Scholarships	\$ 93,313	\$ -

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2016

	Private Purpose Trust Fund
Additions:	
Gifts and contributions	\$ 1,500
Deductions:	
Scholarship awarded	7,500
Change in Net Position	(6,000)
Net Position:	
Beginning of year	99,313
End of year	\$ 93,313

The notes to basic financial statements are an integral part of this statement.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Moon Area School District (School District), located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Townships of Moon and Crescent. The School District operates under a nine-person elected Board of Directors.

Basic Financial Statements - Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-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 School District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the School District's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Basic Financial Statements - Fund Financial Statements

The fund financial statements provide information about the School District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as Other Governmental Funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental funds:

The *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Fund* accounts for the financial resources to be used for the acquisition or construction of major capital facilities or equipment, other than those financed by proprietary funds.

The School District also reports the following other governmental fund:

The *Capital Reserve Fund*, a capital projects fund, accounts for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds).

The School District reports the following major enterprise fund:

The *Food Service Fund* accounts for the revenues, food purchases, and other costs and expenses for providing meals to students and/or faculty.

Additionally, the School District reports the following fund types:

The *Private Purpose Trust Fund* was established to account for resources received for the purpose of issuing scholarships to students. All resources of the fund, including any earnings on invested resources, may be used for

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

scholarships. There is no requirement that any portion of these resources be preserved as capital.

The *Agency Fund* represents the School District's student activity funds. These funds account for student activities in the high school and middle school. They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds or advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of any uncollectible amounts, are

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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.

The 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 School 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, postemployment healthcare benefits, pension obligations, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, investment income, rent, and certain miscellaneous revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. State and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting of its assets and liabilities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's proprietary fund are charges to customers for the sale of food. Operating expenses

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

for its proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

For all financial statements, when both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The fair values of the funds approximate cost.

Due from Other Governments

Amounts due from other governments represent receivables for state funding, mostly through the Pennsylvania Department of Education, and other federal funding passed through from the state.

Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the General Fund. This is the only fund for which a budget is required and for which taxes may be levied. The General Fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. There were no budget transfers or supplemental budgetary appropriations made during the year ended June 30, 2016.

Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) basis and consist of both donated commodities from the U.S. Department of Agriculture (USDA) and other food and supplies on hand. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

Any unused donated commodities at June 30, 2016 are reported as unearned revenue.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of governmental funds is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, equipment, and land improvements of the School District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20-30
Land improvements	20
Furniture	20
Vehicles	8
Equipment	5-15
Computer software	5

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 12 years.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the term of the related bonds. Long-term liabilities related to postemployment benefits, including pensions and health insurance, are calculated based on actuarial valuations as described in Notes 9 and 11, respectively.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures in the year incurred in both the government-wide and the fund financial statements.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Refunding Transactions

The excess of the reacquisition price over the net carrying amount of refunded debt is recorded as a deferred outflow of resources on the statement of net position and amortized as a component of interest expense over the shorter of the term of the refunding issue or refunded bonds.

Compensated Absences

The School District's policies regarding sick time under various contracts provide for employees to accumulate sick days for which they are paid upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as a non-current liability in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element,

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to deferred outflows related to pensions, as further described below, the School District has one item that qualifies for reporting in this category. It 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.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. In addition to deferred inflows related to pensions, as further described below, the School District has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred Inflows and Outflows of Resources Related to Pensions

In conjunction with pension accounting requirements, differences between expected and actual experience, the effect of the change in the School District's proportion, the net difference between expected and actual investment earnings, and payments made to the Public School Employees' Retirement System (PSERS) subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions on the government-wide and proprietary fund financial statements. These amounts are determined based on the actuarial valuation performed for the PSERS plan. Note 9 presents additional information about the PSERS plan.

Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes such items as prepaids.

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NOTES TO BASIC FINANCIAL STATEMENTS

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- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. The School District has restricted fund balance in the Capital Projects Fund for debt proceeds to be used for capital improvements.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the School Board. Such commitment is made via a School Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a School Board resolution. The School District has committed fund balance in the Capital Reserve Fund for future capital improvements.
- Assigned – This category represents intentions of the School Board to use the funds for specific purposes. Such assignment is made by the Superintendent or Chief Financial Officer, but approval is obtained from the School Board for all such assignments. The School District has no assigned fund balance at June 30, 2016.
- Unassigned – This category represents all other funds not otherwise defined.

The School District's informal policy is that it considers restricted amounts to have been spent first when expenditures are incurred for purposes for which both restricted and unassigned fund balance is available. It also considers committed amounts to be spent first when expenditures are incurred for purposes for which both committed and unassigned fund balance could be used.

Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

Net investment in capital assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources

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attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. As of June 30, 2016, the School District has no restricted net position.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The School District's informal policy is that it considers restricted amounts to have been spent first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Adoption of Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*," effective for fiscal years beginning after June 15, 2015. This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*," was adopted in the current year by the School District. This statement addresses accounting and financial reporting for certain external investment pools and pool participants.

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Pending Pronouncements

GASB has issued several statements that will become effective in future years including Statement Nos. 74 (OPEB Plans), 75 (OPEB Employer), 77 (Tax Abatement); 78 (Pensions); 80 (Component Units), 81 (Split-Interest Agreements), and 82 (Pensions). Management has not yet determined the impact of these statements on the School District's financial statements.

2. CASH AND CASH EQUIVALENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds consistent with sound business practices in the following types of investments:

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

Deposits in savings accounts or time deposits or share accounts of institutions insured by Federal Deposit Insurance Corporation (FDIC) 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, is pledged by the depository.

In March 2016, Act 10 was passed, which expanded the scope of investment options available to school districts including repurchase agreements, commercial paper, negotiable certificates of deposit, and bankers' acceptances. The School District elected to maintain its current investment policy due to the additional risk and oversight associated with the expanded investment options under Act 10.

The deposit and investment policy of the School District adheres to state statutes and prudent business practices. Deposits are either maintained in demand deposits or savings accounts, certificates of deposit, or cash equivalents held by a Trustee of the School District. There were no deposits or investments made during the year which violated either the state statutes or the policy of the School District.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Throughout the year ended June 30, 2016, the School District invested its funds only in one or more of the above-authorized investments. At June 30, 2016, the School District's deposits and investments were as follows:

	Bank Balance			Carrying Amount
	Deposits	Pooled Funds	Total	
General Fund	\$ 2,642,151	\$ 470,547	\$ 3,112,698	\$ 2,782,450
Capital Projects Fund	1,743,499	-	1,743,499	1,748,727
Capital Reserve Fund	-	1,053,099	1,053,099	1,053,099
Proprietary Fund	475,655	113,019	588,674	582,690
Private Purpose Trust Fund	93,313	-	93,313	93,313
Agency Fund	186,026	-	186,026	187,351
	<u>\$ 5,140,644</u>	<u>\$ 1,636,665</u>	<u>\$ 6,777,309</u>	<u>\$ 6,447,630</u>

At June 30, 2016, the School District's investments in pooled funds were as follows:

INVEST	\$ 286,465
Pennsylvania School District	
Liquid Asset Fund (PSDLAF)	30,474
Pennsylvania Local Government	
Investment Trust (PLGIT)	<u>1,319,726</u>
Total Pooled Funds	<u>\$ 1,636,665</u>
Carrying Value	<u>\$ 1,636,665</u>

The following is a description of the School District's deposit and investment risks:

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal deposit policy for custodial credit risk. As of June 30, 2016, \$4,361,896 of the School District's bank balance was exposed to custodial credit risk, of which the entire amount is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

Credit Risk. The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The School District's policy in regard to

MOON AREA SCHOOL DISTRICT

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credit risk authorizes the School District to make temporary investments of funds in U.S. Treasury Bills, to place such funds with institutions insured by the FDIC or the Federal Savings and Loan Insurance Corporation, or in certificates of deposits to the extent such certificates are secured by a proper bond or collateral. Investments in INVEST, PSDLAF, and PLGIT (described below) have received an AAA rating from Standard & Poor's.

Interest Rate Risk. The School District's policy in regard to interest rate risk places limits on investment maturities as a means of managing its exposure to fair value losses arising from changes to interest rates. All of the School District's investments in INVEST, PSDLAF, and PLGIT (described below) have a maturity of less than one year.

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issue.

Investments

PLGIT and PSDLAF were established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools, and municipalities. The purpose of these funds is to enable such governmental units to pool their available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The School District's deposits in these pooled funds are not subject to direct custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as cash and cash equivalents on the balance sheet and the statement of net position. The fair value of the School District's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pool that is not SEC-registered is subject to oversight by the Commonwealth of Pennsylvania. The School District can withdraw funds from the external investment pools without limitations or fees upon adequate notice. Otherwise, breakage fees may be charged.

Fiduciary Funds

The School District maintains one bank account for the private purpose trust and student activities funds. The balance of this account is reflected on the statement of fiduciary net position. Additions and deletions for student activities were \$587,951 and \$576,331, respectively, for the year ended June 30, 2016. The carrying amount of deposits for the fiduciary funds was \$280,664 and the bank balance was \$285,339.

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Of the bank balance, \$250,000 was covered by federal depository insurance. The remaining balance was collateralized in accordance with Act 72 of the Pennsylvania state legislature.

3. REAL ESTATE TAXES

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The assessed value upon which the levy for the 2016 fiscal year was based was \$2,365,241,930. The School District's tax rate for all purposes in fiscal year 2016 was 18.8461 mills (\$18.85 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for fiscal year 2016 is as follows:

July 1	- tax levy date
Through August 31	- 2% discount period
Through October 31	- face payment period
Beginning November 1	- 10% penalty period
January 15	- lien filing date

Delinquent real estate taxes receivable has not been recorded as revenue on the fund statements, other than delinquent taxes received within the period of availability. These taxes are, however, recorded as unavailable revenue on the balance sheet until they are considered available. The amount reported for taxes receivable on the statement of net position is comprised of real estate taxes totaling \$5,468,248 along with other taxes receivable totaling \$862,555. The real estate tax receivable is net of estimated uncollectible taxes of \$2,372,844. The estimated uncollectible amount was determined based on a percentage collectible based on the number of years taxes are outstanding.

MOON AREA SCHOOL DISTRICT

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4. CAPITAL ASSETS

Capital assets activity for the year June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 1,504,786	\$ -	\$ -	\$ 1,504,786
Construction in progress	7,569,383	-	(7,569,383)	-
Total non-depreciable assets	9,074,169	-	(7,569,383)	1,504,786
Depreciable assets:				
Land improvements	17,427,282	-	-	17,427,282
Buildings and building improvements	121,340,548	24,507,430	-	145,847,978
Furniture and equipment	4,957,589	143,958	-	5,101,547
Total depreciable assets	143,725,419	24,651,388	-	168,376,807
Less: accumulated depreciation for:				
Land improvements	5,005,709	836,565	-	5,842,274
Buildings and building improvements	22,383,163	3,841,527	-	26,224,690
Furniture and equipment	2,957,828	307,162	-	3,264,990
Total accumulated depreciation	30,346,700	4,985,254	-	35,331,954
Governmental activities capital assets, net	<u>\$ 122,452,888</u>	<u>\$ 19,666,134</u>	<u>\$ (7,569,383)</u>	<u>\$ 134,549,639</u>

Included in furniture and equipment above is \$508,731 of assets purchased under a capital lease. These assets have a net value of \$20,128 at June 30, 2016.

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Business-Type Activities:				
Furniture and equipment	\$ 857,846	\$ 240,956	\$ (12,983)	\$ 1,085,819
Less: accumulated depreciation	381,274	80,597	(12,983)	448,888
Business-type activities capital assets, net	<u>\$ 476,572</u>	<u>\$ 160,359</u>	<u>\$ -</u>	<u>\$ 636,931</u>

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

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

Governmental Activities:

Instruction	\$ 3,055,705
Instructional student support	7,952
Administration and financial support services	116,030
Operation and maintenance of plant services	1,651,742
Student activities	<u>153,825</u>
Total depreciation expense - governmental activities	<u>\$ 4,985,254</u>
Business-type activities:	
Food services	<u>\$ 80,597</u>

5. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2016 were:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 403,891	\$ 166,738
Capital Projects Fund	-	215,849
Capital Reserve Fund	-	55,760
Food Service Fund	<u>166,738</u>	<u>132,282</u>
Total	<u>\$ 570,629</u>	<u>\$ 570,629</u>

Balances due between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected/paid in the subsequent year.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

For the year ended June 30, 2016, interfund transfers consisted of the following:

<u>Transfers To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 10,726,508
Capital Projects Fund	-	240,956
Debt Service Fund	10,726,508	-
Food Service Fund	240,956	-
	<u> </u>	<u> </u>
Total	<u>\$ 10,967,464</u>	<u>\$ 10,967,464</u>

The General Fund annually transfers monies to the Debt Service Fund to pay the principal and interest due on the outstanding general obligation debt of the School District.

During fiscal year 2016, the Capital Projects Fund purchased \$240,956 of capital assets that were transferred to the Food Service Fund.

7. LONG-TERM LIABILITIES

In July 2015, the School District issued Series 2015A General Obligation Bonds in the amount of \$63,940,000, to currently refund Series 2005 General Obligation Notes. The Series 2015A General Obligation Bonds bear interest at rates ranging from 0.70% to 5.00%. Principal payments are due annually on the Series 2015A Bonds through May 2030. Interest is due semi-annually in November and May. The refunding resulted in a deferred charge on refunding of \$673,065, which is being amortized over the life of the refunded debt. The unamortized balance of the deferred charge on refunding is \$628,194 at June 30, 2016. The refunding resulted in an economic gain of approximately \$7,959,000 and cash flow savings of approximately \$9,381,000.

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NOTES TO BASIC FINANCIAL STATEMENTS

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General Obligation Bonds:

Series of 2009 Build American Bonds (BAB) par value of \$20,000,000; due in various amounts through November 15, 2034; interest due semi-annually at 6.42%; BAB credit on interest paid at 35%.	\$ 19,940,000
Series of 2010A par value of \$3,860,000; due in various amounts through November 15, 2029; interest due semi-annually from 2.00% - 3.80%.	3,230,000
Series of 2010B BAB par value of \$27,140,000; due in various amounts through November 15, 2035; interest due semi-annually from 5.67% - 5.87%.	27,140,000
Series of 2015 par value of \$24,735,000; due in various amounts through May 15, 2041; interest due semi-annually from 2.00% - 5.00%.	24,725,000
Series of 2015A par value of \$63,940,000; due in various amounts through May 15, 2030; interest due semi-annually from 0.70% - 5.00%.	<u>60,490,000</u>
	<u>\$ 135,525,000</u>

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

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The annual requirements of School District funds to amortize General Obligation Bonds outstanding as of June 30, 2016, are as follows:

June 30,	General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 3,215,000	\$ 6,676,948	\$ 9,891,948
2018	3,305,000	6,587,521	9,892,521
2019	3,425,000	6,472,207	9,897,207
2020	3,555,000	6,336,103	9,891,103
2021	3,710,000	6,182,686	9,892,686
2022-2026	22,120,000	28,160,909	50,280,909
2027-2031	31,745,000	22,351,246	54,096,246
2032-2036	39,925,000	12,226,429	52,151,429
2037-2041	24,525,000	3,771,802	28,296,802
	<u>\$ 135,525,000</u>	<u>\$ 98,765,851</u>	<u>\$ 234,290,851</u>

The total interest expense paid by the School District during the current fiscal year was approximately \$6.2 million; however, the School District receives a federal rebate of approximately 35% on its Build America Bonds issued in 2009 and 2010. Such rebate was approximately \$1 million for the year ended June 30, 2016.

During fiscal year 2016, the School District issued Tax and Revenue Anticipation Draw-Down Note, Series 2015-2016 in advance of property tax collections. The Note had a maximum principal amount of \$5,000,000. The School District did not draw upon the Note during fiscal year 2016.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

8. CAPITAL LEASES

The School District has entered into lease agreements as lessee for financing the acquisition of various equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 444,397
2018	<u>212,598</u>
Total minimum lease payments	656,995
Less: amount representing interest	<u>(9,339)</u>
Present value of minimum lease payments	<u><u>\$ 647,656</u></u>

9. PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (PSERS)

Summary of Significant Accounting Policies

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' 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. The net pension liability is primarily recorded as a governmental activity expected to be paid from the General Fund. The remaining portion is recorded in the Food Service Fund.

MOON AREA SCHOOL DISTRICT

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Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate 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.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 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 become 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 of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and 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 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, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

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of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Health Insurance Premium Assistance Program

In addition, PSERS provides a Health Insurance Premium Assistance Program (Premium Assistance) for all eligible annuitants who qualify and elect to participate. Under this program, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants 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 annuitants must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Premium Assistance is not included in the calculation of the net pension liability, as it does not qualify under the provisions of GASB Statement No. 68.

Contributions

Member Contributions:

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

Active members who joined PSERS prior to July 22, 1983:

Membership Class T-C	5.25%
Membership Class T-D	6.50%

Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:

Membership Class T-C	6.25%
Membership Class T-D	7.50%

Members who joined PSERS after June 30, 2001, and before July 1, 2011:

Membership Class T-D	7.50%
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Members who joined PSERS after June 30, 2011:

Membership Class T-E*	7.50%
Membership Class T-F**	10.30%

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

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- * Shared risk program could cause future contribution rates to fluctuate between 7.50% and 9.50%.
- ** Shared risk program could cause future contribution rates to fluctuate between 10.30% and 12.30%.

Employer Contributions:

The School District's contractually required pension contribution rate for the fiscal year ended June 30, 2016 was 25.00% 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.

In addition, the School District was required to contribute 0.84% of covered payroll to Premium Assistance.

The contribution rate will increase to 30.03% in fiscal year 2017 and is projected to grow to 36.40% by fiscal year 2022.

The School District contributed \$7,773,263 toward pension benefits which were recognized by PSERS for the year ended June 30, 2016. \$7,650,773 was contributed by the General Fund and \$122,490 was contributed by the Food Service Fund. Approximately \$2.4 million is owed to PSERS as of June 30, 2016, which represents the School District's required contribution for the end-of-year payroll. Contributions are remitted quarterly.

In accordance with Act 29, the Commonwealth of Pennsylvania reimburses school districts for approximately one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$4.1 million during the current year. Because the Commonwealth of Pennsylvania payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

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

At June 30, 2016, the School District reported a liability of \$97,676,000 for its proportionate share of the net pension liability. Of this amount, \$1,466,000 is recorded in the Food Service Fund, allocated based on the covered payroll of the Food Service Fund as a percentage of the District's covered payroll. The net pension liability was measured as of June 30, 2015, and the total pension liability used to

MOON AREA SCHOOL DISTRICT

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calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2014 to June 30, 2015. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2015, the School District's proportion was 0.2255%, which was an increase of 0.0161% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense of \$11,056,228. \$10,890,000 was recorded as a governmental activity; \$166,228 was recorded in the Food Service Fund. At June 30, 2016, the School 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 differences between projected and actual earnings on pension plan investments:		
Governmental activity	\$ -	\$ 592,000
Business-type activity/proprietary fund	-	9,000
Changes in proportion:		
Governmental activity	7,920,000	-
Business-type activity/proprietary fund	121,000	-
School District contributions subsequent to the measurement date:		
Governmental activity	7,660,051	-
Business-type activity/proprietary fund	113,212	-
Total	<u>\$ 15,814,263</u>	<u>\$ 601,000</u>

\$7,773,263 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities/ Proprietary Fund</u>
2017	\$ 1,390,600	\$ 245,400
2018	1,390,600	245,400
2019	1,389,750	245,250
2020	<u>2,153,050</u>	<u>379,950</u>
Total	<u>\$ 6,324,000</u>	<u>\$ 1,116,000</u>

Actuarial Assumptions

The total pension liability as of June 30, 2015 was determined by rolling forward PSERS' total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1.0%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the PSERS Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public markets global equity	22.5%	4.8%
Private markets (equity)	15.0%	6.6%
Private real estate	12.0%	4.5%
Global fixed income	7.5%	2.4%
U.S. long treasuries	3.0%	1.4%
TIPS	12.0%	1.1%
High yield bonds	6.0%	3.3%
Cash	3.0%	0.7%
Absolute return	10.0%	4.9%
Risk parity	10.0%	3.7%
MLPs/infrastructure	5.0%	5.2%
Commodities	8.0%	3.1%
Financing (LIBOR)	-14.0%	1.1%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rates described above, as well as what the School District's proportionate share of the net pension 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 120,395,000	\$ 97,676,000	\$ 78,581,000

Pension Plan Fiduciary Net Position

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

10. CONTINGENCIES

Real Estate Tax Appeals

There is an ongoing appeal process through which a taxpayer may contest the assessed value of their property. This process could result in reductions in tax revenues and refunds of taxes previously collected.

Litigation

Claims and judgements liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Provisions are recorded within current liabilities on the statement of net position for amounts payable within one year. Amounts not payable within one year are reported within long-term liabilities on the statement of net position.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Changes in the accrued claims and judgments liability for the year ended June 30, 2016 were as follows:

	Case A	Case B	Case C	Case D	Total
Accrued claims and judgments, July 1	\$ 500,000	\$ 255,000	\$ 350,000	\$ 429,000	\$ 1,534,000
Current year additional claims	-	-	-	-	-
Claim payments	(500,000)	(85,000)	(100,000)	-	(685,000)
Accrued claims and judgments, June 30	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ 250,000</u>	<u>\$ 429,000</u>	<u>\$ 849,000</u>

\$1,534,000 in estimated claims payments was accrued as of the end of the previous fiscal year related to four specific cases. Case A was settled during fiscal year 2016. The total claim paid was \$500,000, including amounts paid from insurance proceeds. The School District has estimated future claims payments to be made as a result of Case B to be \$255,000, after consideration for receipt of insurance reimbursements. The School District paid \$85,000 related to this claim in fiscal year 2016. Case C was settled in fiscal year 2016 in the amount of \$350,000. The School District paid \$100,000 related to this case during fiscal year 2016. Case D is awaiting mediation. The School District has estimated future claims payments of \$429,000, and in August of 2015 received that approximate amount in insurance proceeds to be used to settle the case.

The School District has also been named in other cases and complaints. These matters are currently being reviewed by the School District, as well as the School District's insurance carrier and legal counsel. No determination as to the likelihood of loss or the range of loss can be determined at this time for these specific cases; therefore, no loss provisions have been included in the accompanying financial statements.

Government Grants

Certain grants require the fulfillment of conditions and compliance with applicable laws and regulations set forth in the grant agreements. Failure to fulfill the conditions or maintaining compliance with the aforementioned laws and regulations could result in the return of the funds to the grantors. Although this is a possibility, the School District deems the contingency remote.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

11. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The School District administers a single-employer defined benefit healthcare plan (Supplemental Health Plan). The plan provides medical and prescription, and in some cases life insurance; dental and vision, for three groups of employees: administrators; teachers; and support professional employees. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

Funding Policy

The eligibility and the benefits for each group are as follows:

Administrators

Eligibility: Retire under PSERS normal retirement requirements (for those hired on or before June 30, 2011: age 62 and one year of service, 35 years of service, or age 60 and 30 years of service, for those hired after June 30, 2011: age 65 with three years of service or a combination of age and service equal to 92 with at least 35 years of service completed) or early retirement requirement (age 55 and 25 years of service).

Coverage: Employee, spouse, and dependents until employee and spouse are each eligible for Medicare.

Benefits: A choice of Highmark HMO or Select Blue PPO, including prescription drug, dental, and vision endorsed by the Allegheny County Schools Health Insurance Consortium (ACSHIC).

Retiree Contribution: For those retirees who retired prior to June 30, 2010, \$100/month, plus any increases in husband/wife premium since retirement and full cost of dependent coverage. For those retirees who retire on or after June 30, 2010, \$100/month. For retirements after the 2011/2012 school year, retirees who elect the PPO plan must reimburse the School District the difference in cost between the PPO and HMO plans.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Life Insurance: None currently. Coverage was provided to employees who retired prior to July 1, 2005.

Teachers

Eligibility: Retire under PSERS normal, early or disability (five years of PSERS service) retirement requirements.

Coverage: Employee, spouse, and dependents until employee and spouse are each eligible for Medicare.

Benefits: A choice of Highmark HMO or Select Blue PPO, including prescription drug endorsed by the ACSHIC.

Retiree Contribution: \$100/month plus any increases in husband/wife premium since retirement and full cost of dependent coverage. For retirements after the 2011/2012 school year, retirees who elect the PPO plan must reimburse the School District the difference in cost between the PPO and HMO plans.

Life Insurance: None currently. Coverage was provided to employees who retired prior to July 1, 2005.

Support Professionals

Eligibility: Retire at age 62 with at least 20 years of continuous service with the School District, or after age 60 with 30 years of PSERS service, or after 35 years of PSERS service.

Coverage: Retiree for three years.

Benefits: A choice of Highmark HMO or Select Blue PPO, including prescription drug endorsed by the ACSHIC.

Retiree Contribution: \$100/month. In addition, retirements after the 2011/2012 school year, retirees who elect the PPO plan must reimburse the School District the difference in cost between the PPO and HMO plans.

Life Insurance: None currently. Coverage was provided to employees who retired prior to July 1, 2006.

For the year ended June 30, 2016, the School District contributed \$740,658 and retirees contributed \$196,326. The plan is financed on a pay-as-you-go basis.

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

Annual OPEB Cost and Net OPEB Obligation

The School District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (funding excess) over a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the School District's net OPEB obligation.

Annual required contribution	\$ 1,224,380
Interest on net OPEB obligation	141,322
Adjustment to annual required contribution	<u>(192,799)</u>
Annual OPEB cost	1,172,903
Contributions made	<u>(740,658)</u>
Increase in net OPEB obligation	432,245
Net OPEB obligation - beginning of year	<u>3,140,488</u>
Net OPEB obligation - end of year	<u><u>\$ 3,572,733</u></u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>% of AOC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2016	\$ 1,172,903	63.14%	\$ 3,572,733
June 30, 2015	1,178,917	68.88%	3,140,488
June 30, 2014	1,198,274	74.20%	2,773,553

Funded Status and Funding Progress

As of July 1, 2014, the actuarial accrued liability for benefits was \$12,637,647, all of which was unfunded. The covered payroll (annual payroll of active employees

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

covered by the plan) was \$28,943,232 and the ratio of unfunded actuarial accrued liability to the covered payroll was 43.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multi-year information will be presented in future years.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a discount rate of 4.5% and an annual healthcare cost trend rate of 8%. The method used to determine the actuarial value of assets is not applicable, since there are no plan assets. The unfunded actuarial accrued liability is being amortized using the level dollar method. The amortization period for the most recent actuarial valuation is thirty years. The period is open.

12. RISK MANAGEMENT

The School District is one of forty-eight members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

as maintaining working capital requirements. The School District paid approximately \$7.3 million to the Consortium during fiscal year 2016. The School District receives reimbursements from employees and retirees for health care premiums.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net assets or deficiency in net assets, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2016, the Consortium had net assets of approximately \$44 million, of which \$1,310,814 is attributable to the School District.

The School District purchases commercial insurance policies for risks of losses for casualty, workmen's compensation, and liability claims.

The School District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for fiscal year 2016.

13. OPERATING LEASES

The School District is committed under various leases for photocopiers. These leases are considered, for accounting purposes, to be operating leases. Total payments made on these leases for the year ended June 30, 2016 were \$140,777. Future minimum payments for these leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 140,777
2018	134,911
	<u>\$ 275,688</u>

14. LEASE INCOME

Beginning July 1, 2015, the School District began leasing multiple spaces in one of its repurposed elementary schools. These leases are considered, for accounting purposes, to be operating leases. The cost and carrying amount of property on lease

MOON AREA SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

is approximately \$1.9 million and \$270,000, respectively, at June 30, 2016. Future minimum payments to be received for these leases are as follows:

Fiscal Year	Amount
2017	\$ 120,000
2018	90,000
2019	90,000
2020	90,000
	<u>\$ 390,000</u>

15. PARKWAY WEST CAREER AND TECHNOLOGY CENTER AND RELATED AUTHORITY

The School District is one of twelve member School Districts of the Parkway West Career and Technology Center and related Authority (Parkway). Parkway, which provides vocational-technical education and training for high school students, is controlled and governed by the Joint Board, which is composed of all of the school board members of the entire member School Districts. Direct oversight of Parkway's operations is the responsibility of the Joint Committee, which consists of one representative from each participating School District. The School District's share of annual operating and capital costs for Parkway fluctuates based on the percentage enrollment in the school and is reflected as expenditures in the General Fund. The amount paid by the School District in the current fiscal year was approximately \$471,000. The net current assets of Parkway at June 30, 2016 are to be used to fund future years' operations and are not significant to the School District. Separate audited financial statements are available in the School District's business office.

16. SUBSEQUENT EVENT

In July 2016, the School District issued Tax and Revenue Anticipation Draw-Down Note, Series 2016-2017 in advance of property tax collections. The Note has a maximum principal amount of \$5,000,000. The interest rate on the Note is 70% of daily LIBOR plus 0.70%. The School District drew-down \$1,000,000 in July 2016, and subsequently repaid the entire balance in August 2016.

Required Supplementary Information

MOON AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years¹

	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.2255%	0.2094%
School District's proportionate share of the net pension liability	\$ 97,676,000	\$ 82,882,000
School District's covered-employee payroll ²	\$ 29,018,409	\$ 26,721,564
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	336.6001%	310.1690%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	54.3600%	57.2382%

¹ The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

² The covered-employee payroll amount reported for 2016 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2016.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS

Last 10 Fiscal Years³

	<u>2016</u>	<u>2015</u>
Contractually required employer contribution	\$ 7,511,286	\$ 5,808,063
Contributions recognized by PSERS	<u>7,511,286</u>	<u>5,808,063</u>
Difference between contractually required employer contribution and contributions recognized by PSERS	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll ⁴	\$ 29,957,449	\$ 28,943,232
Contributions as a percentage of covered-employee payroll	25.07%	20.07%

³ The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

⁴ The covered-employee payroll amount reported for 2015 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2016.

See accompanying notes to required supplementary information.

MOON AREA SCHOOL DISTRICT

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs) SCHEDULE OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/14	\$ -	\$ 12,637,647	\$ 12,637,647	0%	\$ 28,943,232	43.7%
7/1/12	-	12,930,378	12,930,378	0%	24,479,893	52.8%
7/1/10	-	13,009,758	13,009,758	0%	25,537,275	50.9%

See accompanying notes to required supplementary information.

MOON AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND - BUDGETARY BASIS

FOR THE YEAR ENDED JUNE 30, 2016

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 47,545,390	\$ 47,545,390	\$ 49,809,396	\$ 2,264,006
Intergovernmental grants	16,833,914	16,833,914	17,345,561	511,647
Investment earnings	40,000	40,000	21,835	(18,165)
Other	500,000	500,000	424,915	(75,085)
Total revenues	64,919,304	64,919,304	67,601,707	2,682,403
Expenditures:				
Current:				
Regular instructional services	27,148,897	27,148,897	27,968,956	(820,059)
Special instructional services	7,941,556	7,941,556	8,794,612	(853,056)
Vocational instructional services	1,855,876	1,855,876	1,894,620	(38,744)
Other instructional services	317,015	317,015	489,312	(172,297)
Pupil personnel services	1,666,322	1,666,322	1,700,394	(34,072)
Instructional support services	1,870,998	1,870,998	2,271,044	(400,046)
Administration	4,031,532	4,031,532	5,184,366	(1,152,834)
Pupil health services	696,342	696,342	703,123	(6,781)
Business	787,679	787,679	633,430	154,249
Operation and maintenance of plant	5,713,031	5,713,031	6,016,899	(303,868)
Student transportation services	3,037,244	3,037,244	2,776,287	260,957
Central administration	283,981	283,981	342,216	(58,235)
Other support services	70,000	70,000	67,239	2,761
Student activities	1,294,271	1,294,271	1,427,780	(133,509)
Community Services	360,743	360,743	124,852	235,891
Debt service	650,604	650,604	458,834	191,770
Total expenditures	57,726,091	57,726,091	60,853,964	(3,127,873)
Excess (Deficiency) of Revenues Over Expenditures	7,193,213	7,193,213	6,747,743	(445,470)
Other Financing Sources (Uses):				
Refunds of prior year revenues	-	-	(451,857)	(451,857)
Sale of capital assets	5,000	5,000	-	(5,000)
Fund transfers - Debt Service Fund	(10,132,683)	(10,132,683)	(10,726,508)	(593,825)
Budgetary reserve	(400,000)	(400,000)	-	400,000
Total other financing sources (uses)	(10,527,683)	(10,527,683)	(11,178,365)	(650,682)
Net Change in Fund Balance	(3,334,470)	(3,334,470)	(4,430,622)	(1,096,152)
Fund Balance:				
Beginning of year	4,825,880	4,825,880	4,825,880	
End of year	\$ 1,491,410	\$ 1,491,410	\$ 395,258	

See accompanying notes to required supplementary information

MOON AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2016

1. BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund. All annual appropriations lapse at year-end.

All budgets amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

The School District expenditures may not legally exceed the budget amounts by amounts in total for the fund unless funds are received in excess of the budgeted State allocation levels. Accordingly, the legal level of budgetary control is at the object level within each function and fund. During fiscal year 2016, expenditures were budgeted at \$57.7 million, while actual expenditures were \$60.8 million. The \$3.1 million variance is primarily attributable to an unexpected increase in regular and special education and administration costs.

Additionally, during fiscal year 2016, revenues were budgeted at \$64.9 million, while actual revenues were \$67.6 million. Local and State revenue exceeded budgeted amounts by \$2.7 million.

2. FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PENSION BENEFITS

The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. That is, the contributions calculated as of the June 30, 2014 actuarial valuation were made during the fiscal year ended June 30, 2016. The following actuarial methods and assumptions were used to determine contribution rates reported in the pension required supplementary schedules:

Changes in benefit terms	None
Changes in assumptions	None
Actuarial assumptions:	
Investment rate of return	7.50%, includes inflation at 3.00%
Salary increases	Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.50%
Benefit payments	No postretirement benefit increases

MOON AREA SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2016

Multiple decrement tables	assumed in the future Mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary
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Supplementary Information

MOON AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning/Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received For the Year</u>	<u>Accrued (Unearned) Revenue at July 1, 2015</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue at June 30, 2016</u>	<u>Passed through to Subrecipients</u>
U.S. Department of Education										
Passed through the Pennsylvania Department of Education:										
Title I Grants to Local Educational Agencies	84.010	013-160266	07/01/15-09/30/16	\$ 298,866	\$ 224,361	\$ -	\$ 298,866	\$ 298,866	\$ 74,505	\$ -
Title I Grants to Local Educational Agencies	84.010	013-150266	08/21/14-09/30/15	305,333	146,987	146,987	-	-	-	-
Total CFDA #84.010					371,348	146,987	298,866	298,866	74,505	-
Title II Improving Teacher Quality State Grants	84.367	020-160266	07/01/15-09/30/16	94,914	39,609	-	94,914	94,914	55,305	-
Title II Improving Teacher Quality State Grants	84.367	020-150266	07/01/14-09/30/15	95,311	27,116	27,116	-	-	-	-
Total CFDA #84.367					66,725	27,116	94,914	94,914	55,305	-
Passed through the Allegheny Intermediate Unit:										
Special Education - Grants to States - IDEA, Part B	84.027	062-160003	07/01/15-09/30/16	485,666	413,935	-	485,666	485,666	71,731	-
Special Education - Grants to States - IDEA, Part B	84.027	062-150003	07/01/14-09/30/15	442,440	5,403	222,156	5,403	5,403	222,156	-
Total CFDA #84.027					419,338	222,156	491,069	491,069	293,887	-
Special Education - Preschool Grants - IDEA, Section 619	84.173	131-150003	07/01/15-06/30/16	3,142	3,142	-	3,142	3,142	-	-
Total Special Education Cluster (IDEA)					422,480	222,156	494,211	494,211	293,887	-
Total U.S. Department of Education					860,553	396,259	887,991	887,991	423,697	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education:										
School Breakfast Program	10.553	N/A	07/01/15-06/30/16	N/A	54,403	-	54,403	54,403	-	-
School Breakfast Program	10.553	N/A	07/01/14-06/30/15	N/A	5,349	5,349	-	-	-	-
Total CFDA #10.553					59,752	5,349	54,403	54,403	-	-
Passed through the Pennsylvania Department of Education:										
National School Lunch Program	10.555	N/A	07/01/15-06/30/16	N/A	348,977	-	348,977	348,977	-	-
National School Lunch Program	10.555	N/A	07/01/14-06/30/15	N/A	36,148	36,148	-	-	-	-
Passed through the Pennsylvania Department of Agriculture:										
National School Lunch Program (food donation)	10.555	N/A	07/01/15-06/30/16	N/A	76,913	(16,628)	81,712	81,712	(11,829)	-
Total CFDA #10.555					462,038	19,520	430,689	430,689	(11,829)	-
Total Child Nutrition Cluster: CFDA #10.553 and #10.555					521,790	24,869	485,092	485,092	(11,829)	-
Total U.S. Department of Agriculture					521,790	24,869	485,092	485,092	(11,829)	-
Total Expenditures of Federal Awards					\$ 1,382,343	\$ 421,128	\$ 1,373,083	\$ 1,373,083	\$ 411,868	\$ -

See accompanying notes to schedule of expenditures of federal awards.

MOON AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Moon Area School District (School District) under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule is presented using the modified accrual basis of accounting. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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Moon Area School District

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2016

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

Members of the Board
Moon 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 Moon Area School District (School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 27, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding number 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Members of the Board
Moon Area School District
Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters

School District's Response to Findings

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Mahe Duessel

Pittsburgh, Pennsylvania
January 27, 2017

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance

Members of the Board
Moon Area School District

Report on Compliance for Each Major Federal Program

We have audited Moon Area School District's (School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2016. The 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the 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, 2016.

Report on Internal Control over Compliance

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

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

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

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

Maher Duessel

Pittsburgh, Pennsylvania
January 27, 2017

MOON AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiencies identified that are not considered to be material weakness(es)?

☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)?

☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☒ yes ☐ no

7. Major Programs:

CFDA Number(s)

10.553, 10.555

Name of Federal Program or Cluster

Child Nutrition Cluster

84.027, 84.173

Special Education Cluster (IDEA)

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? ☐ yes ☒ no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

Finding 2016-001

Condition: There were significant adjustments identified and posted in the form of journal entries as part of the audit process that were necessary for the financial statements to be materially accurate and reflect in proper periods all transactions. These adjustments related primarily to rolling fund balance of the Capital Reserve Fund, and adjustment of payroll liabilities.

MOON AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2016

Criteria: Auditing standards have placed emphasis on determining an entity's ability to fully prepare their own external financial statements, including the posting of all adjustments necessary to present GAAP financials and evaluating the need for all necessary financial statement disclosures.

Cause: The audit adjustments outlined above were not prepared and posted to the School District's general ledger prior to the start of the audit process. The payroll-related adjustment noted above was in large part related to the transition in accounting software during the fiscal year, and the Capital Reserve Fund adjustment related to an adjustment made late in the prior year audit process.

Repeat Finding: This is a repeat of finding 2015-001.

Effect: Adjustments were required to be recorded in order for the financial statements to be prepared in accordance with GAAP.

Recommendation: We recommend that management continue to evaluate their internal controls over the financial reporting process to ensure that the financial statements are prepared in accordance with GAAP. In addition, we recommend that management perform a review of the year-end closing process to ensure all necessary financial reporting adjustments are made timely.

Views of Responsible Official and Planned Corrective Action: Management agrees with the finding. See separate Corrective Action Plan.

III. Findings and questioned costs for federal awards

No matters were reported.

MOON AREA SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

Finding 2015-001

Criteria and Condition

There were significant adjustments identified and posted in the form of journal entries as part of the audit process that were necessary for the financial statements to be materially accurate and reflect in proper periods all transactions. The majority of these adjustments related to payroll liabilities and the related expenses, current year debt issuance, and construction payables and the related expenses.

Recommendation

Management should continue to evaluate their internal controls over the financial reporting process to ensure that the financial statements are prepared in accordance with generally accepted accounting principles. In addition, we recommend that management perform a review of the year-end closing process to ensure all necessary financial reporting adjustments are made timely.

Current Status

See Finding 2016-001.

Finding 2015-002

Federal Program: Child Nutrition Cluster, CFDA Nos. 10.555 and 10.553
Pass-through Entity: Pennsylvania Department of Education

Criteria and Condition

The pass-through entity requires claim reporting for the School Breakfast Program, National School Lunch Program, and After School Snacks on a prescribed form, "Monthly Claim Form for Reimbursement," to be submitted monthly with the number of meals served to children totaled by the classifications: paid; free; and reduced. At a minimum, a claim must include the number of reimbursable meals/milk served by category and type during the period (generally a month) covered by the claim. All meals claimed for reimbursement must: (a) be of types authorized by the school food authority's, institution's, or sponsor's administering agency; (b) be served to eligible children; and (c) be supported by accurate meal counts and records indicating the number of meals served by category and type.

The support provided by the School District of the meal counts did not agree to the amounts claimed on the reimbursement voucher for two months during the school year: October 2014 and April 2015.

MOON AREA SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2016

Recommendation

A copy of the claim should be printed and reviewed by another representative at the School District before final submission on the pass-through entities reporting system.

Current Status

Finding was resolved during 2016.

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APPENDIX C

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

APPENDIX D

SUMMARY OF OUTSTANDING BONDS (ANNUAL DEBT SERVICE)

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Moon Area School District
General Obligation (FEDERALLY TAXABLE) Bonds, Series A of 2017
General Obligation Bonds, Tax-Exempt Series B of 2017

Summary of Gross Debt Service - Before STATE Reimbursement, but after BAB Subsidy

Date	Series of 2009 Debt Service BABs	Series B of 2010 Debt Service BABs	Series of 2015 Debt Service	Series A of 2015 Debt Service	Series A of 2017 Debt Service	Series B of 2017 Debt Service	Semi-Annual Debt Service	Annual Debt Service
11/15/2016	-	-	-	-	-	-	-	-
5/15/2017	415,839.45	513,713.04	614,031.25	1,235,400.00	-	-	2,778,983.74	2,778,983.74
11/15/2017	425,839.45	513,713.04	603,931.25	4,330,400.00	473,120.07	220,587.86	6,567,591.68	-
5/15/2018	415,630.80	513,713.04	613,931.25	1,184,500.00	153,642.28	38,859.38	2,920,276.74	9,487,868.41
11/15/2018	425,630.80	513,713.04	603,831.25	4,394,500.00	418,642.28	253,859.38	6,610,176.74	-
5/15/2019	415,422.15	513,713.04	613,831.25	1,125,550.00	151,339.43	36,709.38	2,856,565.24	9,466,741.98
11/15/2019	425,422.15	513,713.04	603,731.25	4,460,550.00	421,339.43	256,709.38	6,681,465.24	-
5/15/2020	415,213.50	513,713.04	613,731.25	1,054,425.00	148,385.63	34,509.38	2,779,977.79	9,461,443.03
11/15/2020	425,213.50	513,713.04	603,631.25	4,534,425.00	423,385.63	264,509.38	6,764,877.79	-
5/15/2021	415,004.85	513,713.04	613,631.25	978,875.00	145,102.13	31,059.38	2,697,385.64	9,462,263.43
11/15/2021	425,004.85	513,713.04	603,531.25	4,608,875.00	430,102.13	266,059.38	6,847,285.64	-
5/15/2022	414,796.20	513,713.04	613,531.25	909,125.00	141,221.85	28,709.38	2,621,096.71	9,468,382.35
11/15/2022	424,796.20	513,713.04	603,356.25	4,694,125.00	431,221.85	263,709.38	6,930,921.71	-
5/15/2023	414,587.55	513,713.04	613,356.25	814,500.00	136,983.50	26,124.38	2,519,264.71	9,450,186.43
11/15/2023	424,587.55	513,713.04	603,181.25	4,799,500.00	436,983.50	266,124.38	7,044,089.71	-
5/15/2024	414,378.90	513,713.04	613,181.25	714,875.00	132,257.00	23,304.38	2,411,709.56	9,455,799.28
11/15/2024	424,378.90	513,713.04	603,006.25	5,319,875.00	442,257.00	268,304.38	7,571,534.56	-
5/15/2025	414,170.25	513,713.04	613,006.25	599,750.00	127,140.45	20,241.88	2,288,021.86	9,859,556.43
11/15/2025	424,170.25	513,713.04	602,831.25	5,469,750.00	447,140.45	280,241.88	7,737,846.86	-
5/15/2026	413,961.60	513,713.04	612,831.25	478,000.00	121,639.65	16,796.88	2,156,942.41	9,894,789.28
11/15/2026	423,961.60	513,713.04	602,656.25	6,028,000.00	451,639.65	276,796.88	8,296,767.41	-
5/15/2027	413,752.95	513,713.04	612,656.25	394,750.00	115,719.45	13,156.88	2,063,748.56	10,360,515.98
11/15/2027	423,752.95	513,713.04	602,481.25	6,114,750.00	460,719.45	288,156.88	8,403,573.56	-
5/15/2028	413,544.30	513,713.04	612,481.25	305,375.00	109,271.40	9,031.88	1,963,416.86	10,366,990.43
11/15/2028	423,544.30	513,713.04	602,306.25	6,260,375.00	464,271.40	299,031.88	8,563,241.86	-
5/15/2029	413,335.65	513,713.04	612,306.25	156,500.00	102,370.20	4,609.38	1,802,834.51	10,366,076.38
11/15/2029	423,335.65	513,713.04	602,131.25	6,416,500.00	472,370.20	299,609.38	8,727,659.51	-
5/15/2030	413,127.00	513,713.04	612,131.25	-	94,899.90	-	1,633,871.19	10,361,530.70
11/15/2030	4,023,127.00	3,968,713.04	601,956.25	-	479,899.90	-	9,073,696.19	-
5/15/2031	337,804.35	450,046.03	611,956.25	-	86,838.00	-	1,486,644.63	10,560,340.81
11/15/2031	4,112,804.35	4,030,046.03	601,781.25	-	491,838.00	-	9,236,469.63	-
5/15/2032	259,038.98	382,330.33	611,781.25	-	77,952.30	-	1,331,102.85	10,567,572.48
11/15/2032	4,214,038.98	4,077,330.33	601,606.25	-	502,952.30	-	9,395,927.85	-
5/15/2033	176,517.90	312,439.40	611,606.25	-	68,321.80	-	1,168,885.35	10,564,813.20
11/15/2033	4,311,517.90	4,142,439.40	601,431.25	-	508,321.80	-	9,563,710.35	-
5/15/2034	90,241.13	239,994.95	611,431.25	-	58,351.40	-	1,000,018.73	10,563,729.08
11/15/2034	4,415,241.13	4,199,994.95	601,256.25	-	523,351.40	-	9,739,843.73	-
5/15/2035	-	164,448.05	611,256.25	-	47,814.50	-	823,518.80	10,563,362.53
11/15/2035	-	8,784,448.05	601,081.25	-	532,814.50	-	9,918,343.80	-
5/15/2036	-	-	611,081.25	-	36,824.40	-	647,905.65	10,566,249.45
11/15/2036	-	-	600,906.25	-	541,824.40	-	1,142,730.65	-
5/15/2037	-	-	5,055,906.25	-	25,128.60	-	5,081,034.85	6,223,765.50
11/15/2037	-	-	501,750.00	-	555,128.60	-	1,056,878.60	-
5/15/2038	-	-	5,156,750.00	-	12,853.80	-	5,169,603.80	6,226,482.40
11/15/2038	-	-	385,375.00	-	567,853.80	-	953,228.80	-
5/15/2039	-	-	5,275,375.00	-	-	-	5,275,375.00	6,228,603.80
11/15/2039	-	-	263,125.00	-	-	-	263,125.00	-
5/15/2040	-	-	5,398,125.00	-	-	-	5,398,125.00	5,661,250.00
11/15/2040	-	-	134,750.00	-	-	-	134,750.00	-
5/15/2041	-	-	5,524,750.00	-	-	-	5,524,750.00	5,659,500.00
11/15/2041	-	-	-	-	-	-	-	-
5/15/2042	-	-	-	-	-	-	-	-
11/15/2042	-	-	-	-	-	-	-	-
5/15/2043	-	-	-	-	-	-	-	-
11/15/2043	-	-	-	-	-	-	-	-
5/15/2044	-	-	-	-	-	-	-	-
Total	33,262,735.00	44,622,482.55	52,000,281.25	77,383,250.00	12,571,235.37	3,786,812.86	223,626,797.04	223,626,797.04

Moon Area School District
General Obligation (FEDERALLY TAXABLE) Bonds, Series A of 2017
General Obligation Bonds, Tax-Exempt Series B of 2017

Summary of Debt Service after consideration of State Reimbursement

Date	Series of 2009 Debt Service BABs	Series B of 2010 Debt Service BABs	Series of 2015 Debt Service	Series A of 2015 Debt Service	Series A of 2017 Debt Service	Series B of 2017 Debt Service	Semi-Annual Debt Service	Annual Debt Service
11/15/2016	-	-	-	-	-	-	-	-
5/15/2017	377,501.46	450,840.20	614,031.25	1,154,045.20	-	-	2,596,418.12	2,596,418.12
11/15/2017	386,579.52	450,840.20	603,931.25	4,045,230.17	473,120.07	193,504.25	6,153,205.47	-
5/15/2018	377,312.05	450,840.20	613,931.25	1,106,497.12	153,642.28	34,088.25	2,736,311.15	8,889,516.62
11/15/2018	386,390.11	450,840.20	603,831.25	4,105,108.99	418,642.28	222,690.71	6,187,503.54	-
5/15/2019	377,122.64	450,840.20	613,831.25	1,051,429.16	151,339.43	32,202.23	2,676,764.90	8,864,268.43
11/15/2019	386,200.70	450,840.20	603,731.25	4,166,809.40	421,339.43	225,190.79	6,254,111.76	-
5/15/2020	376,933.22	450,840.20	613,731.25	984,987.95	148,385.63	30,272.34	2,605,150.59	8,859,262.35
11/15/2020	386,011.28	450,840.20	603,631.25	4,235,819.51	423,385.63	232,033.11	6,331,720.98	-
5/15/2021	376,743.81	450,840.20	613,631.25	914,413.14	145,102.13	27,245.93	2,527,976.46	8,859,697.44
11/15/2021	385,821.87	450,840.20	603,531.25	4,305,366.75	430,102.13	233,392.80	6,409,055.00	-
5/15/2022	376,554.40	450,840.20	613,531.25	849,256.39	141,221.85	25,184.46	2,456,588.55	8,865,643.55
11/15/2022	385,632.45	450,840.20	603,356.25	4,385,002.79	431,221.85	231,331.33	6,487,384.88	-
5/15/2023	376,364.98	450,840.20	613,356.25	760,862.73	136,983.50	22,916.84	2,361,324.51	8,848,709.39
11/15/2023	385,443.04	450,840.20	603,181.25	4,483,438.53	436,983.50	233,449.82	6,593,336.34	-
5/15/2024	376,175.57	450,840.20	613,181.25	667,798.34	132,257.00	20,443.08	2,260,695.44	8,854,031.78
11/15/2024	385,253.63	450,840.20	603,006.25	4,969,545.27	442,257.00	235,362.16	7,086,264.51	-
5/15/2025	375,986.16	450,840.20	613,006.25	560,254.66	127,140.45	17,756.59	2,144,984.31	9,231,248.83
11/15/2025	385,064.21	450,840.20	602,831.25	5,109,550.55	447,140.45	245,833.98	7,241,260.65	-
5/15/2026	375,796.74	450,840.20	612,831.25	446,522.27	121,639.65	14,734.57	2,022,364.68	9,263,625.33
11/15/2026	384,874.80	450,840.20	602,656.25	5,631,038.12	451,639.65	242,811.96	7,763,860.98	-
5/15/2027	375,607.33	450,840.20	612,656.25	368,754.53	115,719.45	11,541.48	1,935,119.24	9,698,980.22
11/15/2027	384,685.39	450,840.20	602,481.25	5,712,075.37	460,719.45	252,777.19	7,863,578.84	-
5/15/2028	375,417.91	450,840.20	612,481.25	285,265.14	109,271.40	7,922.95	1,841,198.85	9,704,777.70
11/15/2028	384,495.97	450,840.20	602,306.25	5,848,110.53	464,271.40	262,316.96	8,012,341.31	-
5/15/2029	375,228.50	450,840.20	612,306.25	146,194.01	102,370.20	4,043.44	1,690,982.60	9,703,323.91
11/15/2029	384,306.56	450,840.20	602,131.25	5,993,954.23	472,370.20	262,823.56	8,166,425.99	-
5/15/2030	375,039.09	450,840.20	612,131.25	-	94,899.90	-	1,532,910.44	9,699,336.43
11/15/2030	3,652,218.02	3,482,986.14	601,956.25	-	479,899.90	-	8,217,060.31	-
5/15/2031	306,660.75	394,965.33	611,956.25	-	86,838.00	-	1,400,420.33	9,617,480.64
11/15/2031	3,733,627.64	3,536,812.64	601,781.25	-	491,838.00	-	8,364,059.53	-
5/15/2032	235,157.08	335,537.29	611,781.25	-	77,952.30	-	1,260,427.93	9,624,487.46
11/15/2032	3,825,529.02	3,578,309.86	601,606.25	-	502,952.30	-	8,508,397.44	-
5/15/2033	160,243.97	274,200.25	611,606.25	-	68,321.80	-	1,114,372.27	9,622,769.71
11/15/2033	3,914,020.96	3,635,450.30	601,431.25	-	508,321.80	-	8,659,224.31	-
5/15/2034	81,921.42	210,622.20	611,431.25	-	58,351.40	-	962,326.27	9,621,550.58
11/15/2034	4,008,181.50	3,685,961.68	601,256.25	-	523,351.40	-	8,818,750.84	-
5/15/2035	-	144,321.41	611,256.25	-	47,814.50	-	803,392.16	9,622,143.00
11/15/2035	-	7,709,328.06	601,081.25	-	532,814.50	-	8,843,223.81	-
5/15/2036	-	-	611,081.25	-	36,824.40	-	647,905.65	9,491,129.46
11/15/2036	-	-	600,906.25	-	541,824.40	-	1,142,730.65	-
5/15/2037	-	-	5,055,906.25	-	25,128.60	-	5,081,034.85	6,223,765.50
11/15/2037	-	-	501,750.00	-	555,128.60	-	1,056,878.60	-
5/15/2038	-	-	5,156,750.00	-	12,853.80	-	5,169,603.80	6,226,482.40
11/15/2038	-	-	385,375.00	-	567,853.80	-	953,228.80	-
5/15/2039	-	-	5,275,375.00	-	-	-	5,275,375.00	6,228,603.80
11/15/2039	-	-	263,125.00	-	-	-	263,125.00	-
5/15/2040	-	-	5,398,125.00	-	-	-	5,398,125.00	5,661,250.00
11/15/2040	-	-	134,750.00	-	-	-	134,750.00	-
5/15/2041	-	-	5,524,750.00	-	-	-	5,524,750.00	5,659,500.00
11/15/2041	-	-	-	-	-	-	-	-
5/15/2042	-	-	-	-	-	-	-	-
11/15/2042	-	-	-	-	-	-	-	-
5/15/2043	-	-	-	-	-	-	-	-
11/15/2043	-	-	-	-	-	-	-	-
5/15/2044	-	-	-	-	-	-	-	-
Total	30,196,103.76	39,161,180.64	52,000,281.25	72,287,330.84	12,571,235.37	3,321,870.78	209,538,002.64	209,538,002.64