OFFICIAL STATEMENT

NEW ISSUE - BOOK ENTRY ONLY

Ratings: S&P: AA (Stable Outlook) (Insured)
S&P: A- (Negative Outlook) (Underlying)
(*See* **"Bond Insurance"** and **"Ratings"** herein**)**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the 2017A Bonds (including, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and par) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the 2017A Bonds is not a specific item of tax preference under §57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. Interest on the 2017B Bonds is subject to federal taxes. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income, corporate net income, and personal property taxes within the Commonwealth of Pennsylvania (See "TAX MATTERS" herein.)

The School District has designated the 2017A Bonds as "Qualified Tax-Exempt Obligations" pursuant to §265(b)(3) of the Code (relating to the deductibility of interest expense by certain financial institutions).

BROWNSVILLE AREA SCHOOL DISTRICT
(Fayette and Washington Counties, Pennsylvania)

$8,495,000 General Obligation Bonds, Series A of 2017
$1,910,000 General Obligation Bonds, Series B of 2017 (Federally Taxable)

Dated: Date of Delivery
Principal Due: November 15 (as shown on the inside cover)
Denomination: Integral multiples of $5,000

Interest Payable: May 15 and November 15
First Interest Payment: November 15, 2017
Form: Book-Entry Only

Legal Investment for Fiduciaries in Pennsylvania: The Bonds (hereinafter defined) are a legal investment for fiduciaries in the Commonwealth of Pennsylvania under the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508 as amended and supplemented.

Payment of Principal and Interest: The General Obligation Bonds, Series A of 2017, in the aggregate principal amount of $8,495,000 (the "2017A Bonds") and General Obligation Bonds, Series B of 2017 (Federally Taxable), in the aggregate principal amount of $1,910,000 (the "2017B Bonds" and together with the 2017A Bonds, the "Bonds") of the Brownsville Area School District, a public school district located in Fayette and Washington Counties, Pennsylvania (the "School District"). The Bonds will be issued as fully registered Bonds and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made only in book-entry form, and purchasers will not receive certificates representing their interests in the Bonds. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal and interest on the Bonds will be made by U.S. Bank National Association, having corporate trust offices located in Pittsburgh, Pennsylvania (the "Paying Agent") directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See "**DESCRIPTION OF THE BONDS**" and "**BOOK-ENTRY ONLY SYSTEM**" herein.

Redemption: The Bonds are subject to redemption prior to maturity. See **"REDEMPTION OF BONDS"** herein.

Use of Proceeds - 2017A Bonds: Proceeds of the 2017A Bonds will be used to: (1) advance refund a portion of the School District's outstanding General Obligation Notes, Series C of 2014; and (2) pay the costs of issuing the 2017A Bonds.

Use of Proceeds - 2017B Bonds: Proceeds of the 2017B Bonds will be used to: (1) advance refund all of the School District's outstanding Taxable General Obligation Notes, Series D of 2013, and (2) pay the costs of issuing the 2017B Bonds.

Security: The Bonds are payable from tax and other general revenues of the School District. The School District has, subject to statutory restrictions and limitations, covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from funds in the sinking fund established in the Resolution (as hereinafter defined) or from any other revenues or funds of the School District, and for such budgeting, appropriation and payment the School District irrevocably has, subject to statutory restrictions and limitations, pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property with the School District, within limitations provided by law (see "**SECURITY FOR THE BONDS", and APPENDIX A – "TAXING POWERS OF THE SCHOOL DISTRICT, PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS"** herein.)

Bond Insurance: 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. ("AGM").

Legal Approvals: The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter and subject to the approving legal opinion of Clark Hill PLC, Pittsburgh, Pennsylvania, Bond Counsel. Certain additional matters will be passed upon for the School District and by its Solicitor, Davis & Davis, Uniontown, Pennsylvania and for the Underwriter by their Limited Scope Underwriter's Counsel, Eckert Seamans Cherin & Mellott, LLC, Pittsburgh, Pennsylvania. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about September 7, 2017.

RBC Capital Markets

Dated: August 3, 2017

$8,495,000

BROWNSVILLE AREA SCHOOL DISTRICT

(Fayette and Washington Counties, Pennsylvania)

General Obligation Bonds, Series A of 2017

Dated: Date of Delivery
Principal Due: November 15
Denomination: Integral multiples of $5,000

Interest Payable: May 15 and November 15
First Interest Payment: November 15, 2017
Form: Book-Entry Only

BOND MATURITY SCHEDULE

Year (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers [1]
2019	$ 75,000	1.300%	1.300%	100.000%	116304HU3
2032*	550,000	3.375	3.400	99.701	116304HA7
2033	935,000	3.250	3.420	97.896	116304HB5
2034	965,000	3.250	3.470	97.166	116304HC3
2035	1,005,000	3.350	3.520	97.727	116304HD1
2036	1,115,000	3.400	3.570	97.649	116304HE9
2039*	3,850,000	3.500	3.630	98.027	116304HF6

* Term Bond

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

$1,910,000

BROWNSVILLE AREA SCHOOL DISTRICT

(Fayette and Washington Counties, Pennsylvania)

General Obligation Bonds, Series B of 2017 (Federally Taxable)

Dated: Date of Delivery
Principal Due: November 15
Denomination: Integral multiples of $5,000

Interest Payable: May 15 and November 15
First Interest Payment: November15, 2017
Form: Book-Entry Only

BOND MATURITY SCHEDULE

Year (November 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers [1]
2017	$140,000	2.000%	2.000%	100.000	116304HG4
2018	80,000	2.100	2.100	100.000	116304HH2
2019	250,000	2.280	2.280	100.000	116304HJ8
2020	115,000	2.550	2.550	100.000	116304HK5
2021	5,000	2.850	2.850	100.000	116304HL3
2022	70,000	3.050	3.050	100.000	116304HM1
2023	50,000	3.320	3.320	100.000	116304HN9
2024	90,000	3.570	3.570	100.000	116304HP4
2025	25,000	3.700	3.700	100.000	116304HQ2
2026	85,000	3.850	3.850	100.000	116304HR0
2027	90,000	4.000	4.000	100.000	116304HS8
2035*	910,000	4.450	4.450	100.000	116304HT6

*Term Bond

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

No dealer, broker, salesman or other person has been authorized by the School District or the Underwriter to give any information or to make any representation, other than that given or made in this Official Statement, and if given or made, any such other information or representation 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, while the information set forth in this Official Statement has been furnished by the School District and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter or, as to information obtained from other sources, by the School District. The information and expressions of opinion set forth in this Official Statement 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 the affairs of the School District have remained unchanged since the date of this Official Statement.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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.

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 “Bond Insurance” and “Appendix E - Specimen Municipal Bond Insurance Policy”.

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BROWNSVILLE AREA SCHOOL DISTRICT
(Fayette and Washington Counties, Pennsylvania)

ADDRESS
5 Falcon Drive
Brownsville, PA 15417

Telephone: (724) 785-2021
Fax: (724) 785-4333

BOARD OF SCHOOL DIRECTORS

Mr. R. W. Brashear	President
Mr. Ronald Dellarose	Vice President
Mr. John Harvey	Secretary
Mr. Gary Seelye	Treasurer
Mr. Andy Assad	Member
Mr. Terry Clark	Member
Mr. Andy Dorsey	Member
Mr. Richard Gates	Member
Mrs. Cheryl Terravecchia................................	Member

ADMINISTRATION

Dr. Keith Hartbauer	Superintendent of Schools
William Boucher, CPA.....................................	Business Manager

SOLICITOR
Davis & Davis
Uniontown, Pennsylvania

BOND COUNSEL
Clark Hill PLC
Pittsburgh, Pennsylvania

PAYING AGENT
U.S Bank National Association
Pittsburgh, Pennsylvania

UNDERWRITER
RBC Capital Markets, LLC
Pittsburgh, Pennsylvania

UNDERWRITER'S LIMITED SCOPE COUNSEL
Eckert Seamans Cherin & Mellott, LLC
Pittsburgh, Pennsylvania

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	Brownsville Area School District, a public school district located in Fayette and Washington Counties, Pennsylvania (the "School District").
The Bonds	$8,495,000 aggregate principal amount, General Obligation Bonds, Series of A 2017, dated the Date of Delivery, and will mature as shown in the **BOND MATURITY SCHEDULE** inside the cover page of this Preliminary Official Statement. Interest on the 2017A Bonds will begin to accrue on the Date of Delivery, and is payable each May 15 and November 15 thereafter until the principal amount is paid, commencing November 15, 2017. (See **"THE BONDS"** herein.) $1,910,000 aggregate principal amount, General Obligation Bonds, Series B of 2017 (Federally Taxable), dated the Date of Delivery, and will mature as shown in the **BOND MATURITY SCHEDULE** inside the cover page of this Preliminary Official Statement. Interest on the 2017B Bonds will begin to accrue on the Date of Delivery, and is payable each May 15 and November 15 thereafter until the principal amount is paid, commencing November 15, 2017. (See **"THE BONDS"** herein.)
Redemption Provisions	The Bonds are subject to mandatory and optional redemption prior to their stated dates of maturity, as more fully described herein. (See "**REDEMPTION OF BONDS**" herein.)
Form of Bonds	Book-Entry only.
Use of Proceeds	Proceeds of the 2017A Bonds will be used to: (1) advance refund a portion of the the School District's outstanding General Obligation Notes, Series C of 2014 (the "2014C Notes") being those 2014C Notes maturing on November 15, 2035 and November 15, 2039; and (2) pay all costs and expenses incurred by the School District in connection with the issuance and sale of the 2017A Bonds. Proceeds of the 2017B Bonds will be used to: (1) advance refund all of the School District's outstanding Taxable General Obligation Notes, Series D of 2013, and (2) pay all costs and expenses incurred by the School District in connection with the issuance and sale of the Bonds. (See **"PURPOSE OF THE ISSUE," "SOURCES AND USES OF FUNDS," "APPENDIX A - STATEMENT OF LONG-TERM INDEBTEDNESS DIRECT DEBT (NON ELECTORAL & LEASE RENTAL), OVERLAPPING DEBT, DEBT RATIOS AND DEBT LIMITS"** herein.)
Security for the Bonds	The Bonds are general obligations of the School District, for the payment of which the School District has irrevocably pledged its full faith, credit and all available taxing power, subject to the limitations in the Taxpayer Relief Act. (See **"SECURITY FOR THE BONDS" and APPENDIX A – "TAXING POWERS OF THE SCHOOL DISTRICT, PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS - Act 1 of Special Session 2006 ("Taxpayer Relief Act")"** herein.)
Credit Enhancement	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM"). (See **"BOND INSURANCE"** herein.)
Bond Rating	(See **"MISCELLANEOUS - Ratings"** 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 Exchange Act of 1934, as amended and interpreted (the "Rule"). (See **"CONTINUING DISCLOSURE UNDERTAKING AND APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE"** herein.)

OFFICIAL STATEMENT

BROWNSVILLE AREA SCHOOL DISTRICT

(Fayette and Washington Counties, Pennsylvania)

$8,495,000 General Obligation Bonds, Series A of 2017

$1,910,000 General Obligation Bonds, Series B of 2017 (Federally Taxable)

INTRODUCTION

This Official Statement is furnished by Brownsville Area School District, located in Fayette and Washington Counties, Pennsylvania (the "School District"), in connection with the offering of its General Obligation Bonds, Series A of 2017, in the aggregate principal amount of $8,495,000 (the “2017A Bonds”) and General Obligation Bonds, Series B of 2017 (Federally Taxable), in the aggregate principal amount of $1,910,000 (the “2017B Bonds” and, together, with the 2017A Bonds, the “Bonds”).

The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District, adopted July 26, 2017 (the "Resolution"), and in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the “Commonwealth”) , as amended (the "Debt Act").

The Bonds will be issued as fully registered bonds and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made only in book-entry form, and purchasers will not receive certificates representing their interests in the Bonds. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, Pittsburgh, Pennsylvania (the “Paying Agent”) directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See “**THE BONDS**” and “**BOOK-ENTRY ONLY SYSTEM**” herein. The Bonds are subject to optional redemption as more fully described herein.

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.

PURPOSE OF THE ISSUE

2017A Bonds:

Proceeds of the 2017A Bonds will be used to: (1) advance refund a portion of the School District’s outstanding General Obligation Notes, Series C of 2014 (the “2014C Notes”) being those 2014C Notes maturing on November 15, 2035 and November 15, 2039 (the “Refunded 2014C Notes”); and (2) pay the costs of issuing the 2017A Bonds.

A portion of the proceeds of the 2017A Bonds, after paying issuance expenses, will be irrevocably deposited into an escrow fund (the “2014C Escrow Fund”) maintained by U.S. Bank National Association under the terms of an Escrow Trust Agreement (the “Escrow Agreement”), to be dated the date of the 2017A Bonds. The amount so deposited will be used to purchase direct obligations of the United States of America, which will mature and earn interest at such rates as will provide sufficient funds to pay all principal of and interest on the Refunded 2014C Notes through May 15, 2019, when the Refunded 2014C Notes will be called for redemption.

2017B Bonds:

Proceeds of the 2017B Bonds will be used to: (1) advance refund all of the School District’s Taxable General Obligation Notes, Series D of 2013 (the “2013D Notes”); and (2) pay the costs of issuing the 2017B Bonds.

A portion of the proceeds of the 2017B Bonds, after paying issuance expenses, will be irrevocably deposited into an escrow fund (the “2013D Escrow Fund”) maintained by U.S. Bank National Association under the terms of an Escrow Trust Agreement (the “Escrow Agreement”), to be dated the date of the 2017B Bonds. The amount so deposited will be used to purchase direct obligations of the United States of America, which will mature and earn interest at such rates as will provide sufficient funds to pay all principal of and interest on the 2013D Notes through November 15, 2020 when the 2013D Notes will be called for redemption.

Escrow Verification

The accuracy of the mathematical computations supporting the adequacy of the maturing principal amounts of, and interest earned on, the Government Obligations deposited pursuant to the 2014C Escrow Agreement and the 2013D Escrow Agreement to pay the principal of, and interest and premium, if any, when due on the Refunded 2014C Notes and the 2013D Notes, respectively, and the accuracy of certain mathematical computations supporting the conclusion of Bond Counsel that the 2017A Bonds will not be “arbitrage bonds” under Section 103(c) of the Internal Revenue Code of 1986, as amended, will be verified by MaherDuessel, Certified Public Accountants, as a condition to the delivery of the Bonds.

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds will be applied substantially in the following manner:

Sources of Funds:	2017A Bonds	2017B Bonds	Total
Par Amount of the Bonds	$ 8,495,000.00	$ 1,910,000.00	$ 10,405,000.00
Net Original Issue Discount	(173,682.80)	0.00	(173,682.80)
Total Sources of Funds	$ 8,321,317.20	$ 1,910,000.00	$ 10,231,317.20
Uses of Funds:			
Escrow Fund Deposit for the 2014C Notes	$ 8,194,640.86	$ 0.00	$ 8,194,640.86
Escrow Fund Deposit for the 2013D Notes	0.00	1,821,477.53	1,821,477.53
Costs of Issuance (1)	126,676.34	88,522.47	215,198.81
Total Use of Funds	$ 8,321,317.20	$ 1,910,000.00	$ 10,231,317.20

(1)Includes bond discount, legal, printing, rating, municipal bond insurance premium, CUSIP, paying agent fee, escrow agent fee, verification agent and miscellaneous fees.

THE BONDS

Description

The Bonds will be issued in fully registered form (without coupons) in denominations of $5,000 and integral multiples thereof. The Bonds will be dated as of the date of delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable initially on November 15, 2017 and semiannually on May 15 and November 15 of each year thereafter until the principal sum thereof is paid.

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

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC, and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued 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 the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to U.S. Bank National Association (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its designated corporate trust office (or to any successor paying agent at its designated office).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding November 15, 2017, in which event such Bond shall bear interest from the date of delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on November 15, 2017, and thereafter, semiannually on May 15 and November 15 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the last calendar day (whether or not a day on which the Paying Agent is open for business) of the month immediately preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date.

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

Transfer, Exchange and Registration of Bonds

*Subject to the provisions described 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 Sinking Fund Depository, shall be required to: (a) issue, or register the transfer or exchange of, any Bond during a period of fifteen (15) business days before any date of selection of Bonds to be redeemed; or (b) register the transfer or exchange of any Bond after it has been selected for redemption.

SECURITY FOR THE BONDS

General Obligation Pledge

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 all available taxing power, which taxing power presently includes ad valorem taxes on all taxable property within the School District, within the limits provided by law. (See, "**TAXING POWERS OF THE SCHOOL DISTRICT" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**" in **APPENDIX A** herein). The Debt Act presently provides for enforcement of debt service payments as hereinafter described (see "**SECURITY FOR THE BONDS – Actions in the Event of Default on the Bonds**" herein), and the Public School Code of 1949, as amended (the "Public School Code") presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see **"SECURITY FOR THE BONDS - Commonwealth Enforcement of Debt Service Payments" and "Pennsylvania Budget Adoption"** herein).

Sinking Funds

Sinking funds for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series A of 2017" and "Sinking Fund, General Obligation Bonds, Series B of 2017" (collectively, 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 a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Funds will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and principal then due on 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, together with the interest thereon, shall be a part of the Sinking Funds. The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Funds the principal of and interest on the Bonds, as and when due and payable.

Commonwealth Enforcement of Debt Service Payments

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

In addition, enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally. But see **"Pennsylvania Budget Adoption"** herein.

Intercept of Commonwealth Appropriation

Payment of principal of and interest on the Bonds is supported by the Commonwealth "intercept" provisions contained in the Pennsylvania Public School Code of 1949, P.L. 30 §§ 101 et seq. (the "School Code"). The School Code provides that where a school district fails to pay or to provide for the payment of any principal or interest or the amount required as a sinking fund deposit on indebtedness of the school district, the Secretary of Education of the Commonwealth is required to withhold, out of any Commonwealth appropriation due to such school district, and to pay directly to the sinking fund depository for such Bonds an amount equal to the sum of the interest and principal amount maturing or subject to mandatory sinking fund redemption or the amount required as a sinking fund deposit which is owing by such school district. The School District Bonds of the Borrower are entitled to the benefits of the intercept provisions of the School Code. Section 633 of the Public School Code states:

> "In all cases where the board of directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory sinking fund 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 obligations 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 sinking fund redemption and interest owing by such school district, or such 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 depositary for such bond issue."

The School Code also requires each school district to report to the Secretary of Education of the Commonwealth within 120 days after the close of its fiscal year as part of its annual financial report, the amount of bonds, notes or other indebtedness that became due during the fiscal year together with amounts paid on such indebtedness. Failure to include such information in the annual report permits the Secretary of Education of the Commonwealth to withhold any Commonwealth appropriation until such report is filed.

The withholding provisions of Section 633 of the School Code described above are <u>not</u> part of any contract with the owners of any Bonds, including the owners of the Bonds, and may be amended or repealed by future legislation. The effectiveness of these provisions may be limited by the application of other withholding provisions contained in the School Code, such as provisions for withholding and paying over appropriations for payment of unpaid teachers' salaries. There is no assurance that any payment pursuant to Section 633 will be made by the date such payments are due to Bondholders. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally.

Pennsylvania Budget Adoption

Over the past several years the Commonwealth of Pennsylvania (the "Commonwealth") has, from time to time, started its fiscal year without a fully adopted state budget. For example, in the Commonwealth's 2015-16 fiscal year which began on July 1, 2015, a final budget was not enacted until March 27, 2016, 270 days following the beginning of the fiscal year, when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on March 17, 2016. This delay forced many school districts to review their cash flow position and issue tax anticipation notes to cover operating costs (see "**History of Tax Anticipation Note Financings**" herein). In the 2016-17 fiscal year, the state budget became law, known as Act 16A of 2016, on July 12, 2016 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on July 1, 2016. On July 13, 2016, the General Assembly adopted and the Governor signed into law an additional tax and revenue package, known as Act 85 of 2016 that was needed to balance the 2016-17 state budget. A state budget for the 2017-18 fiscal year, which began July 1, 2017 has not yet been approved.

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

Act 85 of 2016

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

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

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

1. annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;

2. the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and

3. the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

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

The total of all intercept payments under Article XVII-E.4 of Act 85 of 2016 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

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

Actions in the Event of Default on the Bonds

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

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 an appendix 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 June 26, 2017, S&P issued a research update 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 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.

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.

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, 2016.

Capitalization of AGM

At March 31, 2017:

- The policyholders' surplus of AGM was approximately $2,204 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,263 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves of AGM and its subsidiaries (as described below) were approximately $1,349 million. Such amount includes (i) 100% of the net unearned premium reserves of AGM and AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and (ii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves and net unearned premium reserves of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves of Assured Guaranty (Europe) Ltd were determined in accordance with accounting principles generally accepted in the United States of America.

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, 2016 (filed by AGL with the SEC on February 24, 2017); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 (filed by AGL with the SEC on May 5, 2017).

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 "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 "BOND INSURANCE"

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure payment of redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the School District which is recovered by the School District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by AGM at such time and in such amounts as would have been due absence such prepayment by the School District unless AGM chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of AGM without appropriate consent. AGM may direct and must consent to any remedies that the Paying Agent exercises and AGM's consent may be required in connection with amendments to the Resolution.

In the event AGM is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the Resolution. In the event AGM becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of AGM and its claims paying ability. AGM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of AGM and of the ratings on the Bonds insured by AGM will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The obligations of AGM are general obligations of AGM and in an event of default by AGM, the remedies available to the Paying Agent and holders of Bonds may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the School District nor the Underwriter have made independent investigation into the claims paying ability of AGM and no assurance or representation regarding the financial strength or projected financial strength of AGM is given.

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Bond, in the aggregate principal amount of such issue, and will be deposited with DTC. DTC the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities: DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Security 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 Securities 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 Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption proceeds and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or 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 Securities at any time by giving reasonable notice to Issuer or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

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

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

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

REDEMPTION OF BONDS

2017A BONDS

Optional Redemption

The 2017A Bonds stated to mature on or after November 15, 2029, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), on November 15, 2022, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such 2017A Bonds, together with accrued interest to the redemption date.

Mandatory Redemption

The 2017A Bonds maturing on November 15, 2032 and November 15, 2039, are subject to mandatory redemption, in part, prior to the stated maturity date, upon payment of the principal amount thereof, together with accrued interest, to the date fixed for redemption on November 15 of the following years and in the following principal amounts:

2017A Bonds Stated to Mature on November 15, 2032:

Year	Principal Redeemed
2029	$ 5,000
2030	5,000
2031	5,000
2032*	535,000

2017A Bonds Stated to Mature on November 15, 2039:

Year	Principal Redeemed
2037	$1,160,000
2038	1,330,000
2039*	1,360,000

*Final maturity.

2017B BONDS

Optional Redemption

The 2017B Bonds stated to mature on or after November 15, 2028, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), on November 15, 2027, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such 2017B Bonds, together with accrued interest to the redemption date.

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Resolution, the 2017B Bonds stated to mature on November 15, 2035 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon, in the amounts set forth below:

2017B Bonds Stated to Mature

on November 15, 2035:

Year	Principal Redeemed
2028	$ 90,000
2029	95,000
2030	100,000
2031	100,000
2032	125,000
2033	130,000
2034	135,000
2035*	135,000

*Final maturity.

Notice of Redemption

When required or directed to redeem Bonds, the Paying Agent shall cause notice of the redemption to be given by first-class mail, postage pre-paid, to all registered holders of Bonds to be redeemed at their registered addresses no less than 30, nor more than 60 days prior to the redemption date. Any such notice shall be given in the name of the School District, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price and shall state that on the redemption date the Bonds called for redemption will be payable at a designated office of the Paying Agent or its designee and that from that date interest will cease to accrue on the Bonds or portions thereof to be redeemed. Failure to mail any notice or any defect in the mailed notice or in the mailing thereof shall not affect the validity of the proceedings for the redemption of Bonds with respect to which no such failure or defect occurred. The Paying Agent may use CUSIP numbers in notices of redemption as a convenience to holders of the Bonds, provided that such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the serial numbers of the Bonds.

Manner of Redemption

Portions of any Bond of a denomination larger than $5,000 may be redeemed, but only in the principal amount of $5,000 or any integral multiple thereof. For the purpose of redemption, each 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. Upon surrender of any Bond for redemption of a portion only, the Paying Agent shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same series, maturity date and interest rate, in authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

TAX MATTERS

State Tax Matters

In the opinion of Bond Counsel, the Bonds, and the interest income therefrom, are free from taxation for purposes of personal income, corporate net income and personal property taxes within the Commonwealth of Pennsylvania.

Federal Income Tax Matters

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the 2017A Bonds (including, in the case of 2017A Bonds sold at an original issue discount, the difference between the initial offering price and par) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the 2017A Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the “Code”) for purposes of the Federal individual or corporate alternative minimum taxes.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the 2017A Bonds. The School District has covenanted to comply with certain restrictions designed to ensure that interest on the 2017A Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the 2017A Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the 2017A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2017A Bonds may adversely affect the tax status of the interest on the 2017A Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2017A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion regarding the 2017A Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Clark Hill PLC.

Although Bond Counsel has rendered an opinion that interest on the 2017A Bonds is excludable from gross income for Federal and Pennsylvania income tax purposes, the ownership, or disposition of, or the accrual or receipt of interest on, the 2017A Bonds may otherwise affect a Bondholder’s Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing of the 2017A Bonds on the tax liabilities of the individual or entity.

For example, corporations are required to include all tax-exempt interest in determining “adjusted current earnings” under Section 56 (c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership, or disposition of the 2017A Bonds may result in other collateral federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits, under Section 86 of the Code and, for tax years beginning in 1996, limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any 2017A Bond may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, the residence of a holder of 2017A Bonds in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the 2017A Bonds.

The 2017A Bonds have been designated as "qualified tax-exempt obligations" for the purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

In the opinion of Bond Counsel, interest on the 2017B Bonds must be included in gross income for federal income tax purposes.

Original Issue Discount

The 2017A Bonds maturing November 15th of the years 2032 through 2036 and 2039 (collectively, the "Tax-Exempt Discount Bonds"), are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For Federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Tax-Exempt Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns such Discount Bond is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Tax-Exempt Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (“SEC”), and the Resolution, adopted July 26, 2017 authorizing issuance of the Bonds, the School District will execute and deliver a written continuing disclosure undertaking with respect to the Bonds. (See the form of the Continuing Disclosure Certificate in Appendix C (the “Certificate”) herein.)

Under the terms of the Certificate, the School District will undertake to file with the Municipal Securities Rulemaking Board (“MSRB”) financial and other information concerning the School District. The School District’s obligations with respect to continuing disclosure relative to the Bonds will terminate upon the prior redemption or payment in full of all of the Bonds.

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.

The School District failed to file in a timely manner its financial statements for fiscal years ending June 30, 2013 and June 30, 2015, its budgets for fiscal years ending June 30, 2013, June 30, 2014 and June 30, 2016; and its operating information for fiscal years ending June 30, 2012, June 30, 2013, June 30, 2014 and June 30, 2015 as required by its continuing disclosure agreements executed by the School District with regard to certain outstanding series of bonds (the “Continuing Disclosure Obligations”). Notwithstanding the same, the majority of the operating information meeting the requirements of the Continuing Disclosure Obligations for fiscal years ending June 30, 2012 and June 30, 2013 are contained in an Official Statement for the bond transaction issued by the School District on November 20, 2013 and posted to EMMA on November 26, 2013. The School District has filed a notice cross-referencing this operating information and has separately filed the missing tax collection data for the respective fiscal years.

Additionally, the School District failed to file in a timely manner notices of the bond insurer rating changes of Assured Guaranty Municipal Corp. by S&P Global Ratings (“S&P”) and Moody’s Investor Services (“Moody’s”). The rating changes by S&P and Moody’s were widely disseminated at the time of their action and part of public information readily available from other sources

The School District’s underlying rating was downgraded from an A to an A- by S&P Global Ratings on March 4, 2016; a material event notice was subsequently filed to EMMA by the School District. Although this notice was filed it was not timely filed.

The School District filed a “Failure to Provide Annual Financial Information in a Timely Manner” notice, which outlines its failure to timely file some of its financial information, as referenced above, to EMMA. Although this notice was filed, it was not timely filed.

The School District has engaged the services of Digital Assurance Certification, LLC (DAC), as Dissemination Agent in order to assist the School District with posting remedial notice filings as outlined above and to facilitate ongoing compliance with the School District’s continuing disclosure undertakings in accordance with the Rule.

MISCELLANEOUS

Underwriting

RBC Capital Markets, LLC (the "Underwriter") has agreed, subject to certain conditions, to purchase the 2017A Bonds from the School District at a purchase price of $8,249,109.70 (consisting of an aggregate principal amount of $8,495,000.00 less an underwriter's discount of $72,207.50 and a net original issue discount of $173,682.80) and has also agreed, subject to certain conditions, to purchase the 2017B Bonds from the School District at a purchase price of $1,893,765.00 (consisting of an aggregate principal amount of $1,910,000.00 less an underwriter's discount of $16,235.00). The Underwriter's obligation~~s~~ to purchase the Bonds is subject to certain conditions precedent, however, the Underwriter is 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.

The Underwriter has provided the following information for inclusion in this Official Statement: The Underwriter and its affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the Bonds or other offering of the School District. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of the Bonds or other offerings of the School District. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

No Litigation

As of the date of this Official Statement, there is no litigation, of any nature, pending or threatened against the School District to restrain or enjoin the issuance, sale, execution or delivery of the Bonds.

Legal Opinion

Certain legal matters relating to the authorization and issuance of the Bonds will be subject to the approving opinion of Clark Hill PLC, Pittsburgh, Pennsylvania, as Bond Counsel for the School District. Certain additional matters relating to the authorization and issuance of the Bonds will be passed upon for the School District by Davis & Davis, Uniontown, Pennsylvania, Solicitor to the School District.

Ratings

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of A- (negative outlook) to the Bonds. S&P has assigned its municipal bond rating of "AA" (stable outlook) to tthe Bonds, based upon the issuance by AGM of its municipal bond insurance policy. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, 38th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The above rating is not recommendations to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

Other

All references to the provisions of the Debt Act, the Bonds, the Taxpayer Relief Act and the Resolution set forth in this Official Statement are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and this Official Statement does not purport to set forth complete statements of any or all such provisions.

All information, estimates and assumptions herein have been obtained from officials of the School District, other governmental bodies, trade and statistical services, and other sources which are believed to be reliable; but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended as such and not representations of fact.

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

BROWNSVILLE AREA SCHOOL DISTRICT
Fayette and Washington Counties, Pennsylvania

By: /s/ R. W. Brashear
President, Board of School Directors

By: /s/ John Harvey
Secretary

APPENDIX A

THE SCHOOL DISTRICT AND FINANCIAL REVIEW

THE SCHOOL DISTRICT

Introduction

The School District is located south of the City of Pittsburgh, and is comprised of the Borough of Brownsville and the Townships of Brownsville, Luzerne, and Redstone, all in Fayette County and the Borough of West Brownsville, located in Washington County (collectively, the "Component Municipalities"). The School District encompasses a combined land area of about 56.6 square miles, serving a 2010 U.S. Census population of 15,537.

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 Public School Code of 1949, as amended and supplemented. The School District is governed by a nine member Board of School Directors, comprised of residents of the School District who are elected at large for four-year staggered terms of office. The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education, financial budget, and all financial operations. Budget preparation and control are overseen by the Business Manager. The Superintendent and the Business Manager are appointed by the School Board.

School Facilities and Current Enrollment

The School District currently operates one elementary and two secondary school building facilities.

	Original Construction	Year(s) of Additions/ Renovations	Grades Housed	Rated Pupil Capacity	2016-17 Current Enrollment[1]
Elementary:					
Central Elementary..........................	1964	---	---	---	[2]
Brownsville Area Elementary..........	2016	---	K-5	900	721
Secondary:					
Brownsville Middle School.............	2003	---	6-8	719	502
Brownsville Area High School........	1966	2003	9-12	733	490
			Totals	3,327	1,713

[1]1st day enrollment.
[2]Vacant and currently on the market for sale and listed @ $175,000.
Source: School District Officials.

Historical Enrollment Trends (Actual and Projected)

Actual Enrollment			
School Year Ending June 30,	**K-8**	**9-12**	**Total**
2012-2013	1,208	589	1,797
2013-2014	1,186	574	1,760
2014-2015	1,133	524	1,657
2015-2016	1,106	448	1,554
2016-2017[1]	1,223	490	1,713

Projected Enrollment[2]			
School Year Ending June 30,	**K-8**	**9-12**	**Total**
2017-2018	1,095	458	1,553
2018-2019	1,095	445	1,540
2019-2020	1,095	440	1,535
2020-2021	1,123	400	1,523
2021-2022	1,131	393	1,524

[1]1st day enrollment.
[2]As of December 30, 2016, excludes students in full-time out-of-district special education, comprehensive AVTS's, charter schools, state-owned schools, consortium-operated alternative high schools, and juvenile correctional institutions.
Source: School District Officials (actual) and Pennsylvania Department of Education (projected).

FINANCIAL REVIEW

This Appendix A is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and the budget of the School District should be reviewed at the Business Office, Brownsville Area School District, Fayette and Washington Counties, Pennsylvania.

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

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited annually by a firm of independent certified public accountants, as required by State law.

The firm of Zelenkofske Axelrod LLC, of Pittsburgh, Pennsylvania currently serves as the School District's independent auditor (the "Auditor"). The Auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedure relating to this Official Statement.

Budgeting Process in School Districts under the Taxpayer Relief Act

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

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

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to PDE no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (see **"Pennsylvania Act No. 1 of the Special Session of 2006 ("Taxpayer Relief Act")"** herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under The Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see **"Pennsylvania Act No. 1 of the Special Session of 2006 ("Taxpayer Relief Act")** herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

To use any of the referendum exceptions for which court approval is required under the Taxpayer Relief Act, the school district must petition the court of common pleas no later than 75 days prior to the upcoming election, after giving one week's public notice of the intent to file such petition. The court may schedule a hearing on the petition, and the school district must prove by clear and convincing evidence that it qualifies for the exception sought. The Taxpayer Relief Act requires that the court rule on the petition and inform the school district of its decision no later than 55 days prior to the upcoming election. Such Act provides that the court in approving the petition shall determine the dollar amount for which the exception is granted, the tax rate increase required to fund the exception and the appropriate duration of the tax increase. If the court denies the school district's petition, such Act permits the school district to submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

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

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

General Fund Comparative Summary of Assets, Liabilities, Deferred Inflows of Resources and Fund Equities

	Actual (Fiscal Year Ending June 30)				
Assets	**2012**	**2013**	**2014**	**2015**	**2016**
Cash and Cash Equivalents	$2,369,749	$3,290,851	$2,621,596	$1,551,099	$3,598,500
Investments	0	0	0	0	0
Taxes Receivable	1,188,407	1,296,724	1,244,161	1,561,053	1,314,731
Other Government Grants	483,688	287,410	493,431	217,695	1,076,191
Other Receivables	404,839	428,900	353,284	17,808	237,692
Due from Other Funds	557,111	633,494	100,000	23,808	42,850
Prepaid Assets	6,898	21,424	128,566	0	6,497
Total Assets	$5,010,692	$5,958,803	$4,941,038	$3,371,463	$6,276,461
Liabilities					
Accounts Payable	$237,333	$376,899	$560,442	$546,976	$2,644,381
Accrued Liabilities	991,744	1,167,925	1,593,765	1,458,316	1,652,598
Due to Other Funds	512,750	347,250	0	0	0
0Due to Other Governments	0	0	0	0	0
Deferred Revenues	1,188,407	1,317,438	0	0	0
Other Current Liabilities	0	0	0	0	0
Total Liabilities	$2,930,234	$3,209,512	$2,154,207	$2,005,292	$4,296,979
Deferred Inflows of Resources					
Unavailable Revenue – Uncollected Property Taxes	$0	$0	$1,244,161	$1,209,917	$1,314,731
Fund Equities					
Non-spendable	$6,898	$21,424	$128,566	$156,254	$6,497
Assigned	0	0	0	0	0
Unassigned	2,073,560	2,727,867	1,414,104	0	658,254
Total Fund Equities	$2,080,458	$2,749,291	$1,542,670	$156,254	$664,751
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	$5,010,692	$5,958,803	$4,941,038	$3,371,463	$6,276,461

Source: School District's Audits.

General Fund Comparative Summary of Revenue and Expenditure Sources & Beginning and Ending Fund Balances

	Actual (Fiscal Year Ending June 30)					Budgeted
REVENUE	**2012**	**2013**	**2014**	**2015**	**2016**	**2017[2]**
Local Sources	$6,190,687	$6,313,112	$6,352,100	$6,492,652	$6,965,334	$6,872,759
State Sources	16,068,640	16,216,195	16,739,788	17,219,163	18,729,480	17,985,779
Federal Sources	2,704,252	1,783,870	1,463,012	1,578,278	1,105,912	1,105,154
Sale of Fixed Assets	0	675	1,262	0	0	0
Proceeds from Long Term Debt Transfers In	0	0	32,020,000	0	0	0
Other Financing Sources	0	0	7,804,319	0	0	300,000
Total Revenue	$24,963,579	$24,313,852	$64,380,481	$25,290,093	$26,800,726	$26,263,692
EXPENDITURES						
Instruction	$13,852,543	$13,493,771	$15,041,521	$16,211,756	$15,427,256	$15,929,279
Support Services	7,066,468	7,247,336	7,789,112	7,630,202	7,857,525	7,868,091
Non-Instruction Services	310,155	377,691	384,345	366,501	391,120	411,112
Debt Service (P&I)	2,525,600	2,526,218	2,060,576	2,468,050	2,616,328	2,643,997
Transfers Out	0	0	17,074,103	0	0	0
Discount on Bonds	0	0	542,445	0	0	0
Payment to Escrow Agent	0	0	22,695,000	0	0	0
Budgetary Reserve	0	0	0	0	0	50,000
Total Expenditures	$23,754,766	$23,645,016	$65,587,102	$26,676,509	$26,292,229	$26,902,479
Excess of Revenue Over (Under) Expenditures	$1,208,813	$668,836	$(1,206,621)	$(1,386,416)	$508,497	$(638,787)
Fund Balance, July 1	$871,646	$2,080,458	$2,749,291	$1,542,670	$156,254	
Increase (Decrease) in Reserves for Inventory/ Prepaid Expenses	(1)	(3)	0	0		
Fund Balance, June 30	$2,080,458	$2,749,291	$1,542,670	$156,254	$664,751	

[1]Budget, as adopted July18, 2016.
Source: School District's Financial Statements and Budget Report.

TAXING POWERS OF THE SCHOOL DISTRICT

Subject to certain limitations imposed by the Taxpayer Relief Act the School District, as a school district of the third class, is empowered by the Public School Code to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.

2. An ad valorem tax on the property taxable for school purposes to provide funds:

   a. for minimum salaries and increments of the teaching and supervisory staff;

   b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;

   c. to pay interest and principal on any indebtedness incurred pursuant to the Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and

   d. to pay for the amortization of a bond which financed the construction of a school building prior to the first Monday of July, 1959.

3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than $5.00.

The School District may also levy 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, wage and other earned income taxes, real estate transfer taxes, gross receipts taxes, and occupation taxes, may 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. A recent amendment to the Local Tax Enabling Act authorized all taxing authorities to increase at their individual discretion, the exemption level for per capita, occupational, earned income and similar taxes from $5,000 to $10,000.

The Local Tax Enabling Act was amended by Act 222 of 2004 to authorize all taxing authorities to exempt from per capita, occupation, emergency and municipal service or earned income taxes any person whose total income from all source is less than $12,000 per year.

The taxing powers of the School District described above may be modified by the provisions of the Taxpayer Relief Act or certain other legislation. See "**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS"** below.

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

Act 1 of Special Session 2006 ("Taxpayer Relief Act")

The Taxpayer Relief Act, which became effective June 27, 2006 provides, inter alia, that a school district may not 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) the increase was necessary to fund one of the exceptions provided therein. On June 30, 2011, the General Assembly adopted legislation (Act 25 of 2011) amending the Taxpayer Relief Act eliminating several exceptions previously permitted 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). The current exceptions allowing tax increases above the Index are summarized as follows:

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 (the School District did not so elect); to pay interest and principal on any indebtedness approved by the voters at referendum;

2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;

3. To make payments into the State Public School Employees' Retirement System when the increase in the actual dollar amount of estimated payments between the current year and the upcoming year is greater than the Index.

A school district intending to utilize the foregoing exceptions is entitled to apply to PDE for approval thereof, if and to the extent a tax increase greater than the Index is needed in any particular fiscal year. The Taxpayer Relief Act provides that PDE shall approve a school district's request if a review of the data demonstrates that the school district qualifies for the exception sought and the sum of the dollar amounts of all exceptions for which the school district qualifies is not more than what is necessary to balance the budget after giving effect to the revenue to be raised by the allowable increase under the Index. There can be no assurance; however, that approval will be given by PDE to utilize a referendum exception in any future fiscal year or years.

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 the court or PDE, as the case may be. 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 1st 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 Index applicable to the School District for the current and previous fiscal years is as follows:

Fiscal Year (ending June 30)	**Applicable Index %**
2017-18	3.8
2016-17	3.6
2015-16	2.9
2014-15	3.2
2013-14	2.6

In accordance with the Taxpayer Relief Act, the Board of School Directors of the School District placed a referendum on the ballot for the May 15, 2007 primary election seeking voter approval to levy (or increase the rate of) an earned income tax or personal income tax and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was <u>not</u> approved by a majority of the voters at the primary election.

THE FOREGOING SUMMARY OF THE TAXPAYER RELIEF ACT IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF THE TAXPAYER RELIEF ACT NOR A LEGAL INTERPRETATION OF ANY PROVISION OF THE TAXPAYER RELIEF ACT, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF THE TAXPAYER RELIEF ACT AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Status of the 2017A Bonds under the Taxpayer Relief Act

The 2017A Bonds are refunding the 2014C Notes which represents indebtedness incurred after the effective date of the Taxpayer Relief Act and therefore, are not entitled to an exception to the referendum requirement if a tax increase greater than the Index is needed to pay debt service on such 2017A Bonds.

Status of the 2017B Bonds under the Taxpayer Relief Act

The 2017B Bonds are refunding the 2013D Notes which in turn refunded a portion of the School District's 2007 Bonds, the proceeds of which, were used to prepay certain debt issued in 2003, and therefore the 2017B Bonds represent indebtedness incurred prior to the effective date of the Taxpayer Relief Act. Therefore the money required to pay debt service on the 2017B Bonds is not subject to the limitations of the Taxpayer Relief Act.

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 with an increased earned income tax or, if the school district has implemented a personal income tax in accordance with the Taxpayer Relief Act, an increased personal income tax, in a revenue neutral manner. To replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place binding referendum question on the ballot at a general or municipal election for approval by the voters.

The School District has not scheduled a public hearing or taken other action to conduct a referendum under Act 130 of 2008.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 130 OF 2008. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 130 OF 2008 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 130 OF 2008. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 130 OF 2008 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Act 48 of 2003 – Limitation on 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:

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

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

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 48. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 48 NOR A LEGAL INTERPRETATION OF ANY PROVISIONS OF ACT 48. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 48 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

TRENDS OF THE TEN LARGEST TAXPAYERS/ASSESSED VALUES, REAL PROPERTY TAX COLLECTION, TAX RATES, MARKET/ASSESSED VALUE TRENDS OF THE SCHOOL DISTRICT

Ten Largest Taxpayers

The assessed value for these largest taxpayers represents 5.3% of the School District's total assessed valuation.

Taxpayer	2017 Assessed Value
Brownsville Marine Products	$ 4,558,100
Simpson Manor Associates	3,076,330
Best Fayette Medical Center LP	1,418,670
Fay Penn Economic Dev. Council	1,294,090
Shumar Eli R.	1,222,920
Croftcheck Properties LLC	1,097,400
Shumar Eli & Barney Snyder LLC	1,055,770
Brownsville House Limited	1,010,930
Consol Coal & Docks	942,230
Canestral Matt Contracting Inc.	830,100
Total	$16,506,540

Source: School District Officials

Real Property Tax Collection

The School District mails tax notices to taxpayers on or about August 1 of each year. The tax collection process of the School District allows taxpayers remitting in full prior to September 30 of each year a 2% discount on their tax obligations. Remittances between October 1 and November 30 are paid at face value and taxpayers remitting after November 30 pay a 5% penalty. After December 31st, all unpaid real estate taxes are turned over to the County Tax Claim Bureau for collection and delinquent collections are remitted monthly to the School District.

Fiscal Year	Taxable Assessed Valuation Real Estate	Adjusted Levy	Current Year Collections[1]	Percent of Collected (Current)	Current and Prior Years' Collections	Percent Collected (Total)
2011-12	$307,651,223	$5,178,483	$4,497,597	86.85%	$5,085,566	98.21%
2012-13	308,605,320	5,186,462	4,400,074	84.84%	5,039,653	97.17%
2013-14	312,053,374	5,248,840	4,405,799	83.94%	5,158,524	98.28%
2014-15	311,379,885	5,163,465	4,430,032	85.80%	5,080,032	98.38%
2015-16	311,007,080	5,153,387	4,052,068	78.63%	4,811,268	93.36%
2016-17[2]	313,967,040	6,040,533	4,621,000	76.50%	[3]	[3]

[1]Does not reflect discounts taken or penalties added.
[2]Estimated, subject to change and final audit.
[3]Still in collection process.
Source: School District Officials

Real Property Millage Rates and Other (Act 511 & Section 679) Tax Rates of the School District

	Real Estate Mills		Real Estate	Per Capita	Local Services	Earned Income
Fiscal Year	Fayette County	Washington County	Transfer Tax (%)	Tax ($)[1]	Tax ($)	Tax (%)
2012-13	16.5700	86.470	0.5	10.00	5.00	0.5
2013-14	16.3200	91.230	0.5	10.00	5.00	0.5
2014-15	16.3200	98.270	0.5	10.00	5.00	0.5
2015-16	18.1880	108.050	0.5	10.00	5.00	0.5
2016-17	17.7543	111.681	0.5	10.00	5.00	0.5

[1]$5.00 under Act 511 and $5.00 under Section 679 of the Public School Code
Source: School District Officials

Other taxes under Act 511, the School District has budgeted $1,003,000 in other taxes for 2016-17. Among the taxes authorized by Act 511, the Per Capita, Local Services, Real Estate Transfer, Earned Income, Business Privilege and Mercantile Taxes are levied by the School District. The Act 511 limit, equal to 12 mills on the budgeted market value of real property was $4,353,578.

Real Estate Transfer Tax. The School District levies a tax at a rate 0.5% of the value of real estate transfers. In 2016-17 the School District's share of the collected portion of this is budgeted to yield approximately $60,000 or less than one percent of the School District's total revenue.

Per Capita Tax. A tax of $10.00 ($5.00 under Act 511 and $5.00 under the School Code) is levied on each resident over 18 years old and the School District has budgeted to yield approximately $ 21,500 in 2016-17 or less than one percent of the School District's total revenue.

Local Services Tax. A tax of $5.00 is levied on each person with an occupation. In 2016-17 the School District's share of the collected portion of this is budgeted to yield approximately $21,500 or less than one percent of the School District's total revenue.

Earned Income Tax. A tax of 0.5% is levied on the earned income of residents. In 2016-17 the School District's share of the collected portion of this is budgeted to yield approximately $900,000 or 3.4 percent of the School District's total revenue.

Source: PDE 2028 Budget report for FYE June 30, 2017.

Comparative Real Property Millage Rates of the School District, Component Municipalities and its Counties

	2012-13	2013-14	2014-15	2015-16	2016-17
School District	16.57000	16.32000	16.32000	18.18800	17.75430
Brownsville Borough	3.83000	4.06000	5.00000	5.00000	5.00000
Brownsville Township	1.50000	1.50000	1.50000	1.50000	1.50000
Luzerne Township	2.01200	2.01200	2.01200	2.01200	2.01200
Redstone Township	1.15300	1.15300	1.15300	1.15300	1.15300
Fayette County	4.51448	4.51448	4.51448	4.51448	5.51448
School District	86.47000	91.23000	98.27000	108.05000	111.68100
West Brownsville Borough	27.50000	27.50000	29.00000	31.00000	31.00000
Washington County	24.90000	24.90000	24.90000	24.90000	24.90000

Source: Department of Community and Economic Development (“DCED”) – Municipal Statistics.

Market Values and Assessed Values of the School District

Fiscal Year	Market Value	Assessed Value	Ratio
2012-13	$345,037,738	$308,017,871	89.27%
2013-14	350,110,535	310,902,618	88.80%
2014-15	359,016,443	311,365,839	86.73%
2015-16	362,164,541	314,446,206	86.82%
2016-17	362,798,139	314,996,322	86.82%

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

Comparative Market Values and Assessed Values of the School District, Component Municipalities and its Counties

	2015 Market Values	2015 Assessed Values	2016 Market Values	2016 Assessed Values
School District	$ 362,164,541	$ 314,446,206	$ 384,639,071	$ 317,525,272
Brownsville Borough	42,067,836	45,161,470	44,056,808	45,218,500
Brownsville Township	15,339,376	15,199,810	16,176,715	15,181,170
Luzerne Township	130,858,208	108,237,060	138,058,803	108,420,090
Redstone Township	166,958,845	144,835,950	178,362,582	147,676,230
West Brownsville Borough (1)	6,940,276	1,011,916	7,984,163	1,029,282
Fayette County	5,662,241,303	4,698,906,810	5,969,085,625	4,704,841,070
Washington County	12,275,890,899	1,627,914,558	13,291,343,252	1,663,168,010

(1)Located in Washington County

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

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COMMONWEALTH AID/APPROPRIATIONS

Commonwealth Aid to School Districts

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

The largest subsidy, basic instructional subsidy, is allocated to all school districts based on factors such as: (1) the per pupil market value of assessable real property in the school district; (2) the per pupil earned income in the school district; (3) the school district's tax effort, as compared with the tax effort of other school districts in the Commonwealth; and (4) student count. School districts also receive subsidies for special education, pupil transportation, health service and debt service.

Lack of Commonwealth Appropriations for Debt Service Subsidies

Commonwealth law presently provides that school districts will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the bonds by PDE and the school district's permanent Capital Account Reimbursement Fraction ("CARF") or the wealth based Market Value Aid Ratio ("MVAR"), whichever is higher. The School District's MVAR is currently higher at 79.35%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

The Commonwealth enacted into law on July 12, 2016, its 2016-17 fiscal year budget which did not contain appropriations for PlanCon reimbursements to any school districts in Pennsylvania through July 1, 2017. Additionally, no reimbursement was provided to any school district in the 2015-16 fiscal year. No budget has been approved for the 2017-18 fiscal year.

Rather than appropriate the amounts committed to be paid, the General Assembly determined to issue Commonwealth debt to fund its 2015-16 and 2016-17 obligations. On April 14, 2016 Pennsylvania House Bill 1589 included an authorization for the Commonwealth to issue debt to fund its PlanCon obligation for the 2015-16 and 2016-17 fiscal years and thus became law when the Governor refused to sign the legislation.

On October 31, 2016 the Commonwealth issued its Revenue Bonds, Series A of 2016 (Federally Taxable) in the total amount of $758,185,000 to provide for PlanCon reimbursement owed to school districts. Currently, it is anticipated that the CFA will issue additional revenue bonds in 2017 for the purpose of PlanCon reimbursement owed to school districts for future fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date of this Official Statement, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as currently is structured, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service or its debt obligations.

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STATEMENT OF LONG-TERM INDEBTEDNESS DIRECT DEBT (NON ELECTORAL & LEASE RENTAL), OVERLAPPING DEBT, DEBT RATIOS AND DEBT LIMITS

Debt Statement

DIRECT DEBT

NONELECTORAL DEBT(1)

As of July 20, 2017 **Issue Type**	**Gross** **Outstanding**	**Project Re-imbursable** **%**	**Net Effective** **Reimbursement(2)**	**State** **Share(3)**	**Local** **Share**
General Obligation Bonds, Series B of 2017 (Federally Taxable)	$ 1,910,000	43.76%	34.72%	$663,220	$1,246,780
General Obligation Bonds, Series A of 2017	8,495,000	0.00%	0.00%	0	8,495,000
General Obligation Bonds, Series of 2016	9,660,000	32.34%	25.66%	2,478,929	7,181,071
General Obligation Bonds, Series A of 2015	1,060,000	0.00%	0.00%	0	1,060,000
General Obligation Bonds, Series of 2015	5,985,000	42.78%	33.95%	2,031,664	3,953,336
General Obligation Bonds, Series C of 2014 (unrefunded portion)	1,020,000	0.000%	0.00%	0	1,020,000
General Obligation Notes, Series B of 2014	895,000	0.00%	0.00%	0	895,000
General Obligation Notes, Series A of 2014	9,095,000	42.78%	33.95%	3,087,382	6,007,618
General Obligation Bonds, Series E of 2013	485,000	24.55%	19.48%	94,480	390,520
General Obligation Notes, Series B of 2013	1,155,000	38.17%	30.29%	349,825	805,175
General Obligation Notes, Series A of 2009	1,515,000	0.00%	0.00%	0	1,515,000
TOTAL PRINCIPAL NONELECTORAL DEBT	$41,275,000			$8,705,500	$32,569,500

LEASE RENTAL DEBT(4)	
Fayette County Vo-Tech SA	
Revenue Bonds, Series of 2012	$ 412,340
TOTAL PRINCIPAL OF LEASE RENTAL DEBT	$ 412,340
TOTAL DIRECT DEBT	$41,687,340
OVERLAPPING DEBT	
Component Municipalities Debt	$17,799,743
Fayette County(5)	1,610,741
Washington County(6)	26,704
TOTAL PRINCIPAL OF OVERLAPPING DEBT	$19,437,188
TOTAL PRINCIPAL OF DIRECT AND OVERLAPPING DEBT	$61,124,528

(1)Excludes the 2013D Notes and the Refunded 2014C Notes.
(2)Product of the project reimbursable percentage multiplied by the School District's MVAR for 2016-17.
(3)Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See "**Commonwealth Aid to School Districts**" above.
(4)Pro rata share of the School District's portion of its principal amount outstanding.
(5)Pro rata share of 6.69% percent of $24,070,000 principal amount outstanding.
(6)Pro rata share of 0.06% percent of $42,960,386 principal amount outstanding.

Source: New PA - Department of Community and Economic Development ("DCED") – Local Government Unit Debt Act ("LGUDA") reports.

DEBT RATIOS OF DIRECT AND OVERLAPPING DEBT	
Direct Debt to Market Value:	
Market Valuation of Real Estate	11.49%
Per Capita (2010 Population)	$2,683.10
Direct and Overlapping Debt to Market Value:	
Market Valuation of Real Estate	16.85%
Per Capita (2010 Population)	$3,934.138

FINANCIAL FACTORS OF THE SCHOOL DISTRICT	
Market Value (2016-17 est.)	$362,798,139
Assessed Value (2016-17 Budgeted)	$314,996,322
Population (2010)	15,537

History of Tax Anticipation Note Financings

The School District issued a Tax Anticipation Note in the amount of $1.5 million in July 2017, which is due and payable on June 30, 2018.

Debt Limit and Remaining Borrowing Capacity

The borrowing capacity of the School District is calculated in accordance with provisions of the Act, which describes the applicable debt limits for local government units, including school districts and municipalities. Under the Debt Act, the School District may incur electoral debt, which is debt that is approved by a majority of the School District's voters at either a general or special election, in an unlimited amount. Net non-electoral debt, or debt not approved by the School District's electorate, net of state aid, may not exceed 225% of the School District's "Borrowing Base". The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. Combined net non-electoral debt and net lease rental debt (debt represented by capital leases and other forms of agreement net of state aid), incurred on behalf of the School District may not exceed 225% of the School District's Borrowing Base. The Borrowing Base and borrowing capacity of the School District are as follows:

	2014	2015	2016
Total General Fund Revenues	$ 24,556,161	$ 25,290,093	$ 26,800,726
Less: Required Deductions			
(a) Rental and Sinking Fund Reimbursement	395,625	0	364,206
(b) Revenues for Self-Liquidating Debt	0	0	0
(c) Interest Earned on Sinking Funds	0	0	0
(d) Grant and Gifts for Capital Projects	0	0	0
(e) Sale of Equipment and Non-Recurring Items	263,494	0	57,2620
Total Exclusions	$ 659,119	$ 0	$ 421,468
Total Revenues	$ 23,897,042	$ 25,290,093	$ 26,379,258
Total Net Revenues for Three Years		$75,566,393	
Borrowing Base – Average Net Revenues for Three-Year Period		$25,188,798	

Net Nonelectoral Debt and Lease Rental Debt Limit:	Legal Limit	Net Debt Outstanding[(1)]	Remaining Borrowing Capacity
225% of Borrowing Base	$170,024,385	$41,687,340	$128,337,045

[(1)]Excludes the 2013D Notes and the Refunded 2014C Notes.

Source: School District officials.

Future Financing

The School District does not anticipate issuing additional long-term debt to fund capital improvements within the next 2-3 years.

LABOR RELATIONS

School District Employees

There are presently approximately 185 full-time employees of the School District, including 125 teachers and administrators, and 60 full-time support personnel including secretaries, athletic staff, maintenance/custodial staff, transportation staff, cafeteria staff and teachers' aides.

The School District's teachers, librarians and guidance counselors are represented by the Brownsville Education Association, under a contract which expires June 30, 2020. The cafeteria, clerical and custodial employees are represented by SEIU Local 32BJ, under a contract which expires on June 30, 2018.

Source: School District officials

PENSION PROGRAM

Pension

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

Previously, the amount of salary contributions was fixed for the employee at 5.25% if hired prior to July 22, 1983 and 6.25%, if hired on or after July 22, 1983. With the passage of Act 9 of 2001, these contribution rates were raised to 6.5% and 7.5%, respectively, unless an employee chose not to change his/her benefit class. For the fiscal year ended June 30, 2017, the School District contributed 30.03% of the wages and salaries of all employees to the Public School Employees' Retirement System; the Commonwealth, in tum, reimbursed the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, l 994. With respect to employees hired after July 1, 1994, mid who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value Aid Ratio of the School District. The School District is reimbursed on a quarterly basis by the Commonwealth.

The School District's gross contributions to PSERS, prior to Commonwealth Reimbursement, are as follows:

Fiscal Year	Annual Gross Pension Contribution
2012-13	$1,221,034
2013-14	1,782,979
2014-15	2,328,375
2015-16	2,405,880
2016-17	3,116,459

At June 30, 2016, the School District reported a liability of $36,298,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2014 to June 30, 2015. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2015, the School District's proportion was 0.0838%, which was an increase of 0.004% from its proportion measured as of June 30, 2014.

As of June 30, 2016, the PSERS plan was 57.3% funded, with an unfunded actuarial accrued liability of approximately $42.7 billion. For more information, visit the PSERS website at http://www.psers.state.pa.us, which is not incorporated by specific reference into this Official Statement.

Source: School District Administrative Officials and PSERS - Budget Report Fiscal Year 2017-2018.

Pension Reform Legislation Update

On June 12, 2017, Senate Bill 1 ("SB1") was signed into law by the Governor, effective immediately. SB1 amends the Public School Employees' Retirement Code and the State Employees' Retirement Code to require that all school employees hired after July 1, 2019 (PSERS) and most state employees hired after January 1, 2019 (SERS) select one of three new plan design options for retirement benefits. The new plan design options include two hybrid options, which have both a defined benefit ("DB") component and a defined contribution ("DC") component, as well as a standalone DC plan option. A brief summary of the three pension design plan options follows. The descriptions identify the three main parameters of the plans: (I) the employee contribution rate, (2) the employer contribution rate and (3) the benefit accrual rate, or multiplier. A full detailed copy of the SB I legislation can be found at www.legis.state.pa.us.*

Option 1: Default Side-by-Side Hybrid Plan

If no election is made from the three options, new school employees become members of "Class T-G," and most new state employees become members of "Class A-5." Members of these classes participate in both a DB and DC plan. Under this option:

-Employees contribute a total of 8.25% of compensation, which would be divided between the DB and DC components as follows: PSERS members 5.5% (DB) and 2.75% (DC); SERS members 5.0% (DB) and 3.25% (DC).

-For the DB component, the employer contribution rate would be actuarially determined. For the DC component, the employer contribution rate is 2.25% of compensation.

-A multiplier of 1.25% applies to the DB component of the plans.

Option 2: Alternative Side-by-Side Hybrid Plan

New members may elect an alternative side-by-side hybrid benefit plan. Under this new plan, new school employees become members of "Class T-H," and most new state employees become members of "Class A-6." The DB component contains lower employee contribution and benefit accrual rates, and the DC component contains a lower employer contribution rate. Under this option:

-Employees contribute a total of 7.5% of compensation, which would be divided between the DB and DC components as follows: PSERS members 4.5% (DB) and 3.0% (DC); SERS members 4.0% (DB) and 3.5% (DC).

-For the DB component, the employer contribution rate would be actuarially determined. For the DC component, the employer contribution rate is 2.0% of compensation.

-A multiplier of 1.0% applies to the DB component of the plans.

Option 3: Stand-alone Defined Contribution Plan

In lieu of the hybrid plans, the bill provides for a stand-alone DC benefit plan. This plan would not include a DB component, and is similar to the federal government's Thrift Savings Plan or 401(k) plans. New school employees and most new state employees would contribute 7.5% of compensation with an employer contribution of 2.0% (PSERS) or 3.5% (SERS).

Pension Funding Pressure

The School District’s annual pension contribution obligation is expected to continue to climb over the next several years. As PSERS’ pension obligations rise, it should be expected that the annual amount payable by the School District to PSERS will also rise, absorbing a greater share of available funds the School District has to pay its obligations on the Bonds and on other indebtedness.

*These changes do not address the unfunded pension liability of the Commonwealth, estimated to be $71 billion in 2016, nor do they provide immediate relief to school districts, whose contribution to PSERS as a percentage of payroll is expected to increase to 36.40% in 2021.

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

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and a few qualified future retired employees, and to provide retirement severance pay for qualified existing employees. The School District which became subject to the requirements of GASB Statements No. 43 and 45, which required the present value of future other post-employment benefits to be reflected as a liability on the School District's financial statements which commenced with the School District's annual financial statements for the fiscal year ending June 30, 2009. For a full description of the plan, please refer to Appendix F – Audited Financial Statements.

APPENDIX B

DEMOGRAPHIC AND ECONOMIC INFORMATION RELATING TO THE SCHOOL DISTRICT

DEMOGRAPHIC CHARACTERISTICS

The following tables provide population trends, age, and wealth and housing indices for the School District, Fayette County, Washington County and the Commonwealth of Pennsylvania (the Commonwealth").

Population Trends

Political Subdivision	2000	2010	% of Change 2000-2010
School District			
Brownsville Borough	2,804	2,331	-1.83%
Brownsville Township	769	683	-1.18%
Luzerne Township	4,683	5,965	2.45%
Redstone Township	6,397	5,566	-1.38%
West Brownsville Borough	1,075	992	-0.80%
Total	15,728	15,537	-0.12%
Fayette County	148,644	136,606	-0.84%
Washington County	202,897	207,820	0.24%
Commonwealth	12,281,054	12,702,379	0.34%

Source: Census

Age Composition (2010)

Political Subdivision	Under 18	65 or Over
School District	1.0	81.4
Fayette County	2.0	18.0
Washington County	3.0	17.5
Commonwealth	22.0	15.4

Source: Census

Family Income (2010)

Political Subdivision	Median Family Income	% of Families below Poverty Level
School District	$41,774	14.5%
Fayette County	44,114	15.6
Washington County	63,690	7.5
Commonwealth	61,890	9.3

Source: Census

Housing (2010)

Political Subdivision	Total Housing Units	Occupied Housing Units	(%)	Owner-Occupied Housing Units	(%)
School District	6,848	5,903	86.20%	4,215	61.55%
Fayette County	62,773	55,997	89.21%	40,247	64.12%
Washington County	92,977	85,089	91.52%	64,541	69.42%
Commonwealth	5,567,315	5,018,904	90.15%	3,491,722	62.72%

Source: Census

Transportation

Local air travel is provided by The Joseph A. Hardy Connellsville Airport and serves Fayette County individuals and businesses with hangars, private flying and charter service, and two runways up to 4,200 feet. The rail system consists of Conrail, CSX, and Wheeling & Lake Erie railways. Three major highways in the area are U.S. Route 40, U.S. Route 119 and Pennsylvania Turnpike Route 43.

In Washington County, commuting is eased by Interstate 79 which leads north into the City of Pittsburgh and south into the City of Washington. Pittsburgh International Airport, providing national and international commercial airline service is within easy commuting distance of the School District. Washington County Municipal Airport serves private aircraft and the majority of executive aircraft operated by corporations in the Pittsburgh area. Three railway companies run through Washington County: CSX, Conrail and Norfolk Southern.

Higher Education

The Pennsylvania State University maintains a campus in Fayette County. Penn State Fayette, The Eberly Campus, was established in 1965 in Uniontown. California University of Pennsylvania, located in California, Pennsylvania, is a state related university within the Commonwealth's State System of Higher Education. Washington and Jefferson College, located in Washington, Pennsylvania, is a private co-educational, liberal arts college.

Utilities

Fayette County is supplied by, among others, the following utility companies: West Penn Power, Columbia Gas of PA and Pennsylvania American Water Co. Washington County's utility supplies come from, but are not limited to, the following entities: Verizon, Columbia Gas of PA, West Penn Power, and the Pennsylvania American Water Co.

Health Care

Uniontown Hospital is a 224-bed facility providing a full range of medical care to the residents of Fayette County and surrounding areas for more than 100 years. Also the Highlands Hospital, with 71 beds and located in Connellsville, serves the members of the community. Additional healthcare is available through hospitals in Pittsburgh.

There are three hospitals located in Washington County. Washington Hospital has 239 licensed beds and more than 350 primary care and specialty physicians on staff. Monongahela Valley Hospital is a 226-bed, full-service health care facility with a 220-member medical staff representing more than 40 medical specialties. Canonsburg General Hospital, part of the West Penn Allegheny Health System, is also located in Washington County. There are approximately 235 physicians and more than 500 employees at that location.

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ECONOMIC AND EMPLOYEMENT

Labor Force, Employment and Unemployment Trends

Fayette County*				
Time Period	**Labor Force**	**Employed**	**Unemployed**	**Unemployment Rate**
2012	60,200	54,300	6,000	9.9%
2013	59,700	54,000	5,700	9.6%
2014	58,400	53,800	4,600	7.9%
2015	58,500	54,200	4,200	7.2%
2016	58,800	54,000	4,800	8.2%
May 2017	58,100	54,000	4,000	6.9%

Washington County*				
Time Period	**Labor Force**	**Employed**	**Unemployed**	**Unemployment Rate**
2012	107,500	99,700	7,700	7.2%
2013	107,000	99,500	7,400	7.0%
2014	106,100	100,000	6,100	5.8%
2015	106,500	100,800	5,800	5.4%
2016	107,400	100,700	6,600	6.2%
April 2017	106,600	100,700	5,900	5.6%

Pennsylvania*				
Time Period	**Labor Force**	**Employed**	**Unemployed**	**Unemployment Rate**
2012	6,466,000	5,954,000	513,000	7.9%
2013	6,460,000	5,982,000	478,000	7.4%
2014	6,378,000	6,009,000	370,000	5.8%
2015	6,424,000	6,094,000	330,000	5.1%
2016	6,472,000	6,120,000	352,000	5.4%
June 2017	6,511,000	6,181,000	330,000	5.1%

*Not seasonally adjusted.
Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Largest Employers of Fayette County

Name
State Government
The Uniontown Hospital
Nemacolin Woodlands Inc.
Wal-Mart Associates
Teletech Services Corporation
Connellsville Area School District
Fayette County
Fayette Resources Incorporated
Albert Gallatin Area School District
Laurel Highlands School District

Source: Pennsylvania Center for Workforce Information & Analysis 4th Quarter 2016.

Distribution of Employment by Industry
Pittsburgh Metropolitan Statistical Area
(Allegheny, Armstrong, Beaver, Fayette, Washington, and Westmoreland Counties)
Non-Farm Jobs – Not Seasonally Adjusted – May 2017

	Industry Employment				Net Change From:	
STABLISHMENT DATA	May 2017	April 2017	March 2017	May 2016	April 2017	May 2016
TOTAL NONFARM	1,178,700	1,173,800	1,159,200	1,171,400	4,900	7,300
TOTAL PRIVATE	1,061,700	1,056,100	1,041,000	1,052,400	5,600	9,300
GOODS-PRODUCING	144,700	143,300	138,700	150,900	1,400	-6,200
Mining and Logging	7,900	7,800	7,800	8,700	100	-800
Construction	53,800	52,300	47,400	56,700	1,500	-2,900
Specialty Trade Contractors	31,800	31,000	28,900	33,300	800	-1,500
Manufacturing	83,000	83,200	83,500	85,500	-200	-2,500
Durable Goods	60,200	60,300	60,600	62,200	-100	-2,000
Primary Metal Mfg.	10,100	10,100	10,200	10,600	0	-500
Iron and Steel Mills and Ferroalloy Mfg.	5,300	5,300	5,400	5,600	0	-300
Non-Durable Goods	22,800	22,900	22,900	23,300	-100	-500
SERVICE-PROVIDING	1,034,000	1,030,500	1,020,500	1,020,500	3,500	13,500
PRIVATE SERVICE-PROVIDING	917,000	912,800	902,300	901,500	4,200	15,500
Trade, Transportation, and Utilities	217,000	214,200	212,700	214,700	2,800	2,300
Wholesale Trade	43,900	43,600	43,900	43,900	300	0
Retail Trade	126,200	124,400	122,800	126,100	1,800	100
Building Material and Supplies Dealers	9,100	8,600	8,200	8,600	500	500
Food and Beverage Stores	22,800	22,600	22,700	23,300	200	-500
Clothing and clothing accessories stores	8,300	8,300	8,400	8,900	0	-600
General merchandise stores	25,500	25,500	25,400	24,800	0	700
Department stores	11,500	11,600	11,500	11,500	-100	0
Transportation, warehousing and utilities	46,100	49,600	47,700	45,000	-3,500	1,100
Utilities	46,900	46,200	46,000	44,700	700	2,200
Truck transportation	10,800	10,600	10,400	10,600	200	200
Information	18,700	18,400	18,400	17,000	300	1,700
Financial Activities	71,100	71,400	71,700	70,800	-300	300
Finance and insurance	57,200	57,500	57,800	56,700	-300	500
Credit intermediation and related activities	28,300	28,200	28,200	28,000	100	300
Depository credit intermediation	25,100	25,000	25,000	24,700	100	400
Insurance carriers and related activities	22,100	22,100	22,100	22,000	0	100
Professional and business services	186,900	185,900	181,800	182,900	1,000	4,000
Professional and technical services	86,700	87,600	86,100	84,400	-900	2,300
Architectural and engineering services	18,200	18,100	18,000	18,300	100	-100
Scientific research and development services	8,600	8,700	8,600	8,000	-100	600
Management of companies and enterprises	40,300	39,800	39,900	39,600	500	700
Administrative and waste services	59,900	58,500	55,800	58,900	1,400	1,000
Administrative and support services	54,900	53,200	51,000	55,300	1,700	-400
Employment services	19,100	18,600	18,400	19,200	500	-100
Education and Health Services	244,500	249,300	248,600	242,300	-4,800	2,200
Educational services	52,500	57,200	56,600	50,400	-4,700	2,100
Colleges and universities	39,200	44,000	43,300	36,700	-4,800	2,500
Health care and social assistance	192,000	192,100	192,000	191,900	-100	100
Ambulatory health care services	67,900	67,700	67,700	67,800	200	100
Offices of physicians	24,800	24,800	24,800	24,800	0	0
Hospitals	54,300	54,400	54,500	54,100	-100	200
General medical and surgical hospitals	48,800	48,900	48,900	48,600	-100	200
Nursing and residential care facilities	36,600	36,600	36,700	36,800	0	-200
Social assistance	33,200	33,400	33,100	33,200	-200	0
Leisure and Hospitality	127,200	121,700	118,000	122,300	5,500	4,900
Accommodation and food services	102,700	100,000	98,500	99,200	2,700	3,500
Food services and drinking places	92,100	90,700	90,000	89,800	1,400	2,300
Full-service restaurants	44,300	43,800	44,000	45,700	500	-1,400
Limited-service eating places	35,400	33,900	33,600	33,100	1,500	2,300
Other Services	51,600	51,900	51,100	51,500	-300	100
Government	117,000	117,700	118,200	119,000	-700	-2,000
Federal Government	17,900	17,800	17,900	17,900	100	0
State Government	15,000	15,700	15,800	15,000	-700	0
Local Government	84,100	84,200	84,500	86,100	-100	-2,000
Local government educational services	50,100	50,400	50,700	51,300	-300	-1,200
Local government excluding educational services	34,000	33,800	33,800	34,800	200	-800

Source: Center for Workforce Information & Analysis, Pennsylvania Department of Labor & Industry – May 2017 Newsletter.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

BROWNSVILLE AREA SCHOOL DISTRICT
(Fayette and Washington Counties, Pennsylvania)
Dated: September 7, 2017 - Final Maturity: November 15, 2039
$8,495,000 GENERAL OBLIGATION BONDS, SERIES A OF 2017
$1,910,000 GENERAL OBLIGATION BONDS, SERIES B OF 2017 (Federally Taxable)

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") is executed and delivered the 7th day of September, 2017 by the Brownsville Area School District (the "Issuer") in connection with the issuance of the above described obligations (together, the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the Issuer on July 26, 2017 (the "Authorizing Legislation"). The Issuer hereby certifies, covenants and agrees as follows:

SECTION 1. Purpose of the Certificate.

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Bonds on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule").

SECTION 2. Definitions; Scope of this Certificate.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Authorizing Legislation and the Bonds. Notwithstanding the foregoing, the term "Disclosure Agent" shall mean the Issuer, or any disclosure agent appointed or engaged by the Issuer; any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared for the Issuer which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using a modified accrual basis of accounting, provided, however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and providing a method by which to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be incorporated by reference from other documents, including Offering Documents of debt issues of the Issuer or related public entities, which have been submitted to the MSRB through EMMA, the SID, if any, or filed with the SEC. If the document incorporated by reference is a final Offering Document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

"Beneficial Owner" shall mean any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Bondholders" shall mean any holder of the Bonds and any Beneficial Owner thereof.

"EMMA" shall mean the Electronic Municipal Market Access System created by the MSRB and located at www.emma.msrb.org and as described in Securities and Exchange Commission Release No. 34-59061 and Release No. 34-59062.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall mean any of the events listed in items (i) through (xiv) below the occurrence of which the Issuer obtains knowledge. The following events with respect to the Bonds shall constitute Material Events:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls (if material) and tender offers;

(ix) Defeasances;

(x) Release, substitution or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events of the Issuer;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, 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

(xiv) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material.

The SEC requires the listing of (i) through (xiv) although some of such events may not be applicable to the Bonds.

"Official Statement" shall mean the Offering Document, dated August 3, 2017.

"Operating Data" shall mean the current budget of the Issuer along with certain annual information and operating data, generally consistent with the information contained in the Official Statement in Appendix A "THE SCHOOL DISTRICT AND FINANCIAL REVIEW", under the heading "TRENDS OF THE TEN LARGEST TAXPAYERS/ASSESSED VALUES, REAL PROPERTY TAX COLLECTION, TAX RATES, MARKET/ASSESSED VALUE TRENDS OF THE SCHOOL DISTRICT", within the following captions:

- Ten Largest Taxpayers and their Aggregate Assessed Values;
- Real Property Tax Collection;
- Real Property Millage Rates and Other (Act 511 & Section 679) Tax Rates of the School District; and
- Market Values and Assessed Values of the School District.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"SEC" shall mean the Securities and Exchange Commission.

"SID" shall mean the state information depository ("SID"), as such term is used in the Securities and Exchange Commission Release No. 34-34961.

"State" shall mean Commonwealth of Pennsylvania.

SECTION 3. Disclosure of Information.

(A) Information Provided to be Disclosed. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make, or shall cause the Disclosure Agent to make, a filing with the MSRB through EMMA of the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than March 31, beginning March 31, 2018 for the fiscal year ending the previous June 30, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information to the Disclosure Agent not later than fifteen (15) Business Days prior to the disclosure date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information.

(2) Material Events Notices. Notice of the occurrence of a Material Event, which notice shall be filed not more than ten (10) business days after the occurrence thereof.

(3) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of Issuer to provide the Annual Financial Information or Operating Data by the date required herein.

(B) Means of Submitting Information.

The Issuer or the Disclosure Agent under this Certificate shall submit the information required to be disclosed under this Certificate:

(a) to the MSRB using EMMA. Such information shall be transmitted in portable document format (pdf) at www.emma.msrb.org. and accompanied by indentifying information as prescribed by the MSRB (in word-searchable format); and/or

(b) to the SID (if a SID is established for the State), by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Agent is authorized to transmit information to a SID by whatever means are mutually acceptable to the Disclosure Agent or the Issuer, as applicable, and the SID;

SECTION 4. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

SECTION 5. Miscellaneous.

(A) Termination. The Issuer's obligations under this Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Statement, Operating Data, or notice of occurrence of a Material Event, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Financial Statement, Operating Data, or notice of occurrence of a Material Event in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Statement, Operating Data or notice of occurrence of a Material Event.

(C) Defaults; Remedies. In the event of a failure of the Issuer or the Disclosure Agent to comply with any provision of this Certificate any Bondholder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer or the Disclosure Agent to comply with its obligations under this Certificate. A default under this Certificate shall not constitute a default on the Bonds and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.

(D) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Agent, the Participating Underwriters and Bondholders, or beneficial owners thereof, and shall create no rights in any other person or entity.

SECTION 6. Additional Disclosure Obligations.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Issuer, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Continuing Disclosure Certificate as of the day and year first above written.

BROWNSVILLE AREA SCHOOL DISTRICT

By: ______________________________________
President

APPENDIX D

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

The form of the approving legal opinion of Clark Hill PLC, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of this Official Statement shall create no implication that Clark Hill PLC has reviewed any of the matters set forth in such opinion subsequent to the date thereof.

To and for the attention
of the Purchaser of the
Described Bonds:

September 7, 2017

We have served as Bond Counsel to the Brownsville Area School District (Fayette County, Pennsylvania) (the "Local Government Unit") and do hereby undertake to advise you in connection with the issuance, sale and delivery of its $8,495,000 aggregate principal amount General Obligation Bonds, Series A of 2017 (the “2017A Bonds”) and $1,910,000 aggregate principal amount General Obligation Bonds, Series B of 2017 (Federally Taxable) (the “2017B Bonds” and, together with the 2017A Bonds, the "Bonds") issued in fully registered form, dated and bearing interest from September 7, 2017, maturing on various annual dates ending on November 15, 2039 and subject to redemption, at the option of the Local Government Unit, on or after November 15, 2022, in the case of the 2017A Bonds, and November 15, 2027, in the case of the 2017B Bonds.

In that capacity, we have examined the Constitution of the Commonwealth of Pennsylvania; the Public School Code of 1949, Act of March 10, 1949, P.L. 30, No. 14, as amended (the "School Code"); the Local Government Unit Debt Act, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177), as amended (the "Debt Act"); the formal action of the Governing Body of the Local Government Unit authorizing the incurrence of nonelectoral debt evidenced by the Bonds (the "Debt Ordinance"); the corresponding Certificate of Approval of the Department of Community and Economic Development; the Internal Revenue Code of 1986, as amended (the "Tax Code"); the Federal Income Tax Certificate of an authorized officer; and such other certificates, proceedings and law as we deemed necessary in order to render this opinion. Unless separately noted, we have not independently verified factual certifications made to us by the Local Government Unit, its officers and agents during the course of our engagement.

Both principal of and interest on the Bonds are payable at the designated corporate trust office of U. S. Bank National Association, Pittsburgh, Pennsylvania, as Paying Agent for the Local Government Unit; the bank has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

Based on the foregoing, we are of the opinion on this date as follows:

1. The Bonds are valid and binding general obligations of the Local Government Unit.

(a) The Bonds are issued for a valid purpose under the School Code.

(b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.

(c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.

(d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.

2. The Bonds are secured by a pledge of the full faith, credit and all available taxing power of the Local Government Unit. The Local Government Unit has effectively covenanted in the Debt Ordinance to include the amount of debt service on this issue, in each fiscal year for which such sums are due, in its budget for that year; to appropriate such amount to the payment of such debt service; and to pay or cause to be paid, from time to time as and when due, the principal of the Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds.

3. Presently included among the general revenues of the Local Government Unit available for the payment of a portion of the Bonds are ad valorem real estate taxes, whose levy is subject to the limitations of Pennsylvania Act No. 1 of Special Session of 2006, as amended ("Act 1"), which became effective June 27, 2006.

With respect to the 2017A Bonds, which are being used to refinance indebtedness incurred under the Debt Act after the effective date of Act 1, the ad valorem taxes that may be levied upon all taxable real property situate within the corporate limits of the Local Government Unit to the payment of debt service on such 2017A Bonds is not unlimited, and may be constrained, generally, to rates established at the time of adoption of the fiscal 2017-2018 budget, as adjusted by an annual index.

With respect to the 2017B Bonds, which are being used to refinance indebtedness incurred under the Debt Act before the effective date of Act 1, the pledge of ad valorem taxes to the payment of debt service on such 2017B Bonds may be levied upon all taxable real property situate within the corporate limits of the Local Government Unit without limitation as to rate or amount, but subject to administrative review by the Pennsylvania Department of Education.

4. The Bonds are payable and enforceable according to their own terms, those of the Debt Ordinance and all provisions of the Debt Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors' rights, as then applicable.

5. The Bonds, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are negotiable instruments.

6. The Bonds are an authorized investment, under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.

7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the 2017A Bonds (including, in the case of 2017A Bonds sold at an original issue discount, the difference between the original offering price and par) is excludible from gross income for Federal income tax purposes. Furthermore, interest on the 2017A Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax for individuals and corporations. Due to the designation of the 2017A Bonds as qualified tax-exempt obligations pursuant to Tax Code Section 265(b)(3), certain financial institutions may be able to deduct 80% of the interest expense incurred to purchase or carry the 2017A Bonds. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the 2017A Bonds.

8. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income, corporate net income and personal property taxes within the Commonwealth of Pennsylvania.

Very truly yours,

CLARK HILL PLC

APPENDIX E

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY MUNICIPAL

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

Form 500NY (5/90)

APPENDIX F

FINANCIAL STATEMENTS

BROWNSVILLE AREA SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

BROWNSVILLE AREA SCHOOL DISTRICT
FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

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Zelenkofske Axelrod LLC

Independent Auditor's Report

Members of the Board
Brownsville Area School District
Brownsville, Pennsylvania

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 the BROWNSVILLE AREA SCHOOL DISTRICT as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the BROWNSVILLE AREA 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 principals 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 of 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.

Harrisburg	Philadelphia	Pittsburgh	Greensburg
830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202	2370 York Road, Suite A-5 Jamison, Pa 18929 215.918.2277 Fax 215.918.2302	3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103	210 Tollgate Hill Road Greensburg, PA 15601 724-834-2151 Fax 724-834-5969

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 for the BROWNSVILLE AREA SCHOOL DISTRICT as of June 30, 2016, and the respective changes in the financial position and cash flows, where applicable, thereof for the year ended in conformity with the accounting principals generally accepted in the United States of America.

Adoption of GASB Statements

As described in Note 2 to the financial statements, in 2016 the District adopted the provisions of Governmental Accounting Standards Board's Statement No. 72, "*Fair Value Measurement and Application*", Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principals for State and Local Governments*", Statement No. 77, "*Tax Abatement Disclosures"*, Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans",* and Statement No. 79, "*Certain External Investment Pools and Pool Participants".* Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principals generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, budgetary comparison, schedule of the District's proportionate share of the net pension liability – last 10 years and the schedule of the District's contributions – last 10 years information on pages 4 through 10 and 52 through 55 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BROWNSVILLE AREA SCHOOL DISTRICT's financial statements as a whole. The nonmajor fund financial statements on pages 57 through 58 are presented for purposes of additional analysis and are not a required part of the financial statements.

The nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 April 18, 2017 on our consideration of the BROWNSVILLE AREA SCHOOL DISTRICT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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* and should be considered in assessing the results of our audit.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

April 18, 2017
Pittsburgh, Pennsylvania

The discussion and analysis of the Brownsville Area School District's (the 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 discussion and analysis is to review the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements to help their understanding of the School District's financial position.

FINANCIAL HIGHLIGHTS

The trends of prior year's financial results have been addressed locally; however, state and federal subsidies remaining flat must be addressed at a higher level. Affordable labor agreements must prevail to provide stability for the future and mandates from other governmental components regarding operational and educational functions relaxed to ensure providing a quality education at a reasonable cost.

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements report information about the School District generally using accounting methods similar to those used by private sector companies. The statement of net position includes all of the government'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.

The two government-wide financial statements report the School District's net position and how they have changed. Net position, the School District's assets less the School District's liabilities, are one way to measure the School District's financial position.

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

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's population, change in the tax base, and performance of students.

The government-wide financial statements of the School District are divided into two categories.

1. Governmental activities – All of the School District's basic services are included here, such as instruction, support services, and community services. Property taxes and state and federal subsidies and grants finance most of these activities.

2. Business-type activities – The School District operates a food service and charges fees to staff, students, and visitors to help cover costs of the food services operation.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by state law and by bond requirements.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and/or change in financial position, not on income determination. They are reported on a modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reviewer determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund – This fund is used to account for the School District's activities that are similar to private business operations or where the reporting is on determining net income, financial position, change in financial position, and the significant portion of funding through user charges. When the School District charges customers for services it provides, whether to outside customers or other units in the School District, these services are generally reported as proprietary funds. The food-service fund is the School District's proprietary fund and is the same as the business-type activities that is reported in the government-wide statements but provides more detail and additional information such as cash flow.

Fiduciary Fund – The School District is trustee, or fiduciary, for certain student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position. These activities are excluded from the School District's other financial statements because the School District cannot use these assets to finance the School District's operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

The School District's total net position was a deficit of **$ (33,400,191)** at June 30, 2016. Due to the implementation of GASB 68 & 71 the District recognized a deferred outflow of resources in the amount of $3,638,992 and a deferred inflow of resources in the amount of $ (223,000). See note 4F for more details on pension.

Condensed Statement of Net Position Fiscal Years Ended June 30,

	Governmental Activities	Business-Type Activities	2016 Total	2015 Total
Current and other assets	$ 11,628,023	$ 79,885	$ 11,707,908	$ 19,872,306
Capital assets	35,020,404	29,979	35,050,383	16,176,768
Total Assets	$ 46,648,427	$ 109,864	$ 46,758,291	$ 36,049,074
Deferred Outflows of Resources	$ 3,638,992	$ -	$ 3,638,992	$ 3,887,549
Current and other liabilities	$ 6,806,431	$ 118,975	$ 6,925,406	$ 3,813,048
Long-term liabilities	76,649,068	-	76,649,068	74,473,142
Total liabilities	83,455,499	118,975	83,574,474	78,286,190
Deferred Inflows of Resources	$ 223,000	$ -	$ 223,000	$ 2,382,708
Net Position:				
Net Investment in Capital Assets	(3,568,066)	29,979	(3,538,087)	(22,963,993)
Restricted for Program purposes	3,593,734	-	3,593,734	15,414,991
Unrestricted	(33,416,748)	(39,090)	(33,455,838)	(33,183,273)
Total Net Position (as restated as of 7/1/16-see Note 5)	$ (33,391,080)	$ (9,111)	$ (33,400,191)	$ (40,732,275)

Brownsville Area School District
Management's Discussion and Analysis (Continued)
June 30, 2016

Most of the School District's net position are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position are a combination of designated and undesignated amounts. The designated balances are amounts set aside to fund future purchases or capital projects as planned by the School District.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania and the local taxes assessed to community taxpayers.

Due to the implementation of GASB 68 and 71 there is a $1,376,531 increase to expense. See Note 4F for more details on pension.

The next table takes the information from that Statement, rearranges it slightly, so you can see our total revenues for the year.

Changes in Net Position
Fiscal Years Ended June 30, 2016

	Governmental Activities	Business-Type Activities	2016 Total	2015 Total
Revenues:				
Charges for Services	$ 8,350	$ 228,539	$ 236,889	$ 423,329
Operating grants and contributions	7,905,869	872,890	8,778,759	8,180,883
General revenues:				
Taxes	6,530,720	-	6,530,720	5,930,880
Unrestricted grants, subsidies, and contributions	12,331,050	-	12,331,050	11,771,283
Investment earnings	76,697	-	76,697	47,681
Miscellaneous	122,234	-	122,234	57,147
Total Revenues	26,974,920	1,101,429	28,076,349	26,411,203
Expenses:				
Instruction	16,129,052	-	16,129,052	16,798,514
Support	1,345,441	-	1,345,441	8,227,561
Noninstructional services	1,265,017	-	1,265,017	2,744,015
Interest on long-term debt	1,500,127	-	1,500,127	1,524,589
Food services	-	1,113,762	1,113,762	1,115,237
Total expenses	20,239,637	1,113,762	21,353,399	30,409,916
Change in Net Position	$ 6,735,283	$ (12,333)	$ 6,722,950	$ (3,998,713)

GENERAL FUND BUDGET

For the 2015-2016 fiscal year, the administration did not authorize revisions to the original budget. A schedule showing the School District's budget amounts compared with amounts actually paid and received is provided on Page 52 in the required supplemental information.

CAPTIAL ASSET AND DEBT ACTIVITY

At June 30, 2016, the School District's governmental activities were invested in a broad range of capital assets, including land, site improvement, building, and furniture/equipment.

Capital Assets (Net of Depreciation)	Land	Building and Improvements	Vehicles/ Equipment	June 30, 2016 Total	June 30, 2015 Total
Governmental Activities	$ 11,320	$ 32,505,528	$ 2,503,556	$ 35,020,404	$ 16,896,341
Business-Type Activities	-	-	$ 29,979	$ 29,979	$ 29,561

See financial statement Note 3E.

DEBT ACTIVITY

As of July 1, 2016, the District had total outstanding principal of $41,781,330. During the 2015-2016 school year the District retired $1,091,730. Debt service payments are approximately $2,607,000 for 2016-2017.

Outstanding Debt
June 30, 2016

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Series 2008	$ 85,000	$ -	$ (85,000)	$ -	$ -
Series A of 2009	2,415,000	-	(440,000)	1,975,000	460,000
Series A of 2013	945,000	-	-	945,000	-
Series B of 2013	1,155,000	-	-	1,155,000	-
Series C of 2013	7,520,000	-	-	7,520,000	-
Series D of 2013	2,555,000	-	(425,000)	2,130,000	365,000
Series E of 2013	710,000	-	(30,000)	680,000	195,000
Series A of 2014	9,105,000	-	(5,000)	9,100,000	5,000
Series B of 2014	895,000	-	-	895,000	-
Series C of 2014	8,755,000	-	(15,000)	8,740,000	15,000
Series 2015	6,065,000	-	(40,000)	6,025,000	40,000
Series A of 2015	1,120,000	-	(30,000)	1,090,000	30,000
Fayette County Vocational School Revenue Bonds, Series 2012	456,330	-	(21,730)	434,600	22,260
Total	$ 41,781,330	$ -	$ (1,091,730)	$ 40,689,600	$ 1,132,260

Other obligations include accrued vacation pay and sick leave for specific employees of the School District. See financial statement note 2F.

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at June 30, 2016 and 2015 were as follows:

		2016	2015
Revenues:			
	Local sources	$ 7,034,714	$ 6,541,092
	State revenue sources	18,729,480	17,219,163
	Federal revenue sources	1,105,912	1,578,278
	Issuance of new debt	-	1,120,000
	Total revenues	$26,870,106	$26,458,533

There was no new debt issued in 2016, which decreased revenue, and federal subsidies decreased. However, there was an increase in state subsidies and an increase in special education funding that lead to an increase in revenues overall.

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at June 30, 2016 and 2015 were as follows:

		2016	2015
Expenditures:			
	Instruction	$15,427,256	$16,211,756
	Support services	7,862,476	7,633,502
	Noninstructional services	12,276,806	2,239,615
	Debt Service		
	Principal	1,091,730	963,200
	Interest	1,524,598	1,504,850
	Discounts on Bonds	-	28,892
	Total expenditures	$38,182,866	$28,581,815

There was a large increase in expenditures from 2015 to 2016 which was due to the construction of the new elementary school. These expenditures were funded by bond proceeds.

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending balances for governmental funds and net position for proprietary funds at June 30, 2016 and 2015 were as follows:

Fund	2016 Governmental Funds	2015 Governmental Funds	2016 Proprietary Funds	2015 Proprietary Funds
General Fund	$ 664,751	$ 156,254	$ -	$ -
Construction Fund	3,527,699	15,351,448	-	-
Other Governmental Funds	66,035	63,543	-	-
Cafeteria Fund	-	-	(9,111)	3,222
Total	$ 4,258,485	$ 15,571,245	$ (9,111)	$ 3,222

General Fund increased due to increased state subsidies and one time revenues. The construction fund decreased due to the bond proceeds being spent on the new school. The cafeteria fund decreased from a decrease in paid lunches.

ECONOMIC FACTORS AND NEW YEAR'S BUDGET

The School District expects enrollment to remain level in the near future.

The continuing increases in retirement contributions, special and alternative education expenditures and transportation of those students have made it difficult to control expenditures. The state and federal subsidies are not increasing and have resulted in utilizing all existing financial reserves to meet the shortfall. The District has reduced staffing and eliminated non-educational programs in order to continue to provide mandatory educational programs at effective levels.

The 2016-2017 budget was crafted to minimize expenditure increases and deficits were offset using fund reserves. The balancing of revenues and expenditures was done internally by increasing real estate tax rates, budgeting for freezing teacher salaries and offering an early retirement incentive to provide attrition and replacement of top-step teachers. All other expenditures were scrutinized to reverse the negative financial trends as well. The District is currently in negotiations with the Brownsville Education Association and administration support staff and the outcome remains to be an unknown in this difficult time.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the School District's finances, comply with finance related laws and regulations, and demonstrate the School District's commitment to public accountability. If you have any questions about this report or would like additional information, contact the School District's Business Office at the Brownsville Area School District, 5 Falcon Drive, Brownsville, Pennsylvania, 15417.

BROWNSVILLE AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and Cash Equivalents	$ 3,664,535	$ 53,294	$ 3,717,829
Investments	4,762,945	-	4,762,945
Accounts Receivable	237,692	6,805	244,497
Taxes Receivable	1,314,731	-	1,314,731
Due From Other Governments	1,076,191	9,540	1,085,731
Prepaid Assets	6,497	-	6,497
Bond Discount	565,432	-	565,432
Inventory	-	10,246	10,246
Capital Assets: (Net)			
Depreciable	35,009,084	29,979	35,039,063
Non-depreciable	11,320	-	11,320
Total Assets	$ 46,648,427	$ 109,864	$ 46,758,291
Deferred Outflows of Resources			
Pensions	3,638,992	-	3,638,992
Total Deferred Outflows of Resources	3,638,992	-	3,638,992
Liabilities			
Current Liabilities:			
Accounts Payable	$ 3,879,627	$ 52,272	$ 3,931,899
Accured Expenses	1,652,598	-	1,652,598
Internal Balances	(42,850)	42,850	-
Accrued Interest Payable on Debt	184,796	-	184,796
Unearned Revenues	-	23,853	23,853
Current Portions of Long-Term Liabilities:			
Loans and Notes Payable	1,132,260	-	1,132,260
Non-Current Portions of Long-Term Liabilities:			
Loans and Notes Payable	39,557,340	-	39,557,340
Unfunded Other Postemployment Benefits	539,222	-	539,222
Compensated Absences	254,506	-	254,506
Pension Liability	36,298,000	-	36,298,000
Total Liabilities	83,455,499	118,975	83,574,474
Deferred Inflows of Resources			
Pensions	223,000	-	223,000
Total Deferred Inflows of Resources	223,000	-	223,000
Net Position			
Net Investment in Capital Assets	(3,568,066)	29,979	(3,538,087)
Restricted Net Position			
Program Purposes	3,593,734	-	3,593,734
Unrestricted	(33,416,748)	(39,090)	(33,455,838)
Total Net Position (Deficit)	$ (33,391,080)	$ (9,111)	$ (33,400,191)

The accompanying notes are an integral part of these financial statements.

BROWNSVILLE AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

		Program Revenues		Net (Expense) Revenue and Changes in Net Position — Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instruction	$ 16,129,052	$ -	$ 6,000,679	$ (10,128,373)	$ -	$ (10,128,373)
Support Services	1,345,441	-	1,540,984	195,543	-	195,543
Noninstructional Services	1,265,017	8,350	-	(1,256,667)	-	(1,256,667)
Interest on Long-Term Debt	1,500,127	-	364,206	(1,135,921)	-	(1,135,921)
Total Governmental Activities	20,239,637	8,350	7,905,869	(12,325,418)	-	(12,325,418)
Business-Type Activities:						
Food Service	1,113,762	228,539	872,890	-	(12,333)	(12,333)
Total Business-Type Activities	1,113,762	228,539	872,890	-	(12,333)	(12,333)
Total Primary Government	$ 21,353,399	$ 236,889	$ 8,778,759	$ (12,325,418)	$ (12,333)	$ (12,337,751)
General Revenues:						
Taxes				6,530,720	-	6,530,720
Grants, subsidies, and contributions not restricted				12,331,050	-	12,331,050
Investment Earnings				76,697	-	76,697
Miscellaneous				122,234	-	122,234
Total General Revenues				19,060,701	-	19,060,701
Change in Net Position				6,735,283	(12,333)	6,722,950
Net Position (Deficit) - Beginning as restated in Note 5				(40,126,363)	3,222	(40,123,141)
Net Position (Deficit) - Ending				$ (33,391,080)	$ (9,111)	$ (33,400,191)

BROWNSVILLE AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Construction	Total Nonmajor Governmental Funds	Governmental Funds
Assets				
Cash and cash equivalents	$ 3,598,500	$ -	$ 66,035	$ 3,664,535
Investments	-	4,762,945	-	4,762,945
Receivables:				
Taxes	1,314,731	-	-	1,314,731
Other governmental grants	1,076,191	-	-	1,076,191
Other	237,692	-	-	237,692
Due from other funds	42,850	-	-	42,850
Prepaid assets	6,497	-	-	6,497
Total assets	6,276,461	4,762,945	66,035	11,105,441
Liabilities				
Accounts payable	2,644,381	1,235,246	-	3,879,627
Accrued liabilities	1,652,598	-	-	1,652,598
Total liabilities	4,296,979	1,235,246	-	5,532,225
Deferred Inflows of Resources				
Unavailable revenue - property taxes	1,314,731	-	-	1,314,731
Total Deferred Inflows of Resources	1,314,731	-	-	1,314,731
Fund Balances				
Nonspendable	6,497	-	-	6,497
Restricted	-	3,527,699	66,035	3,593,734
Unassigned	658,254	-	-	658,254
Total fund balances	664,751	3,527,699	66,035	4,258,485
Total liabilities and fund balances	$ 6,276,461	$ 4,762,945	$ 66,035	$ 11,105,441

The accompanying notes are an integral part of these financial statements.

BROWNSVILLE AREA SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Amounts reported for governmental activities in the Statement of Net Position are different because:			
Total fund balances of governmental funds			$ 4,258,485
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is $50,938,436 and the accumulated depreciation is $15,918,032.			35,020,404
Property taxes receivable will be collected, but are not available soon anough to pay for current year's expenditures, and therefore are deferred in the Governmental Funds.			1,314,731
Bond Discount are deferred and amortized in the Statement of Activities. These costs were reported in full in the Funds when the debt was first issued, whereas these amounts are deferred and amortized in the Statement of Activities.			565,432
Unfunded other postemployment benefits are not reported in the Governmental Funds.			(539,222)
Long-term liabilities such as Debt, Accrued Interest, and Compensated Absences are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position.			
	Long-term debt	$ (40,689,600)	
	Accrued interest	(184,796)	
	Pensions	3,638,992	
	Pensions	(223,000)	
	Net pension liability	(36,298,000)	
	Compensated absences	(254,506)	(74,010,910)
Total net position (deficit) of governmental activities			$ (33,391,080)

BROWNSVILLE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Construction	Total Nonmajor Governmental Funds	Governmental Funds
Revenues				
Local Revenue Sources	$ 6,965,334	$ 66,816	$ 2,564	$ 7,034,714
State Revenue Sources	18,729,480	-	-	18,729,480
Federal Revenue Sources	1,105,912	-	-	1,105,912
Total Revenues	26,800,726	66,816	2,564	26,870,106
Expenditures				
Current operating:				
Instruction	15,427,256	-	-	15,427,256
Support Services	7,857,525	4,951	-	7,862,476
Noninstructional Services	391,120	11,885,614	72	12,276,806
Debt service				
Principal	1,091,730	-	-	1,091,730
Interest	1,524,598	-	-	1,524,598
Total Expenditures	26,292,229	11,890,565	72	38,182,866
Net change in fund balance	508,497	(11,823,749)	2,492	(11,312,760)
Fund balance, beginning of year	156,254	15,351,448	63,543	15,571,245
Fund balance, end of year	$ 664,751	$ 3,527,699	$ 66,035	$ 4,258,485

BROWNSVILLE AREA SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net Change in fund balances - total governmental funds		$ (11,312,760)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays	19,399,184	
Depreciation expense	(1,275,121)	18,124,063
Payments of long-term debt and certain expenditures of debt issuance are expensed when paid in the Governmental Funds, but are amortized or recorded as a reduction of long term liabilities in the Statement of Net Position.		
Debt principal repayments	1,091,730	
Change in accrued interest	15,524	
Amortization of previous bond discount	8,947	1,116,201
Governmental funds do not report the changes in compensated absences:		16,090
Governmental Funds do not report the change in Other postemployment benefit		63,406
Governmental funds do not report the changes in the pension expense:		
Increase in pension benefits		(1,376,531)
Real estate taxes reported in the funds include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences.		
Current year	1,314,731	
Prior year	(1,209,917)	104,814
Changes in net position of governmental activities		$ 6,735,283

BROWNSVILLE AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2016

		Business-Type Activities - Enterprise Fund
		Cafeteria Fund
Assets		
Current Assets:		
Cash and cash equivalents	$	53,294
Due from other governments		9,540
Accounts receivable		6,805
Inventorie		10,246
Total current assets		79,885
Noncurrent assets:		
Capital Assets (net of accumulated depreciation of $133,477)		29,979
Total noncurrent assets		29,979
Total assets	$	109,864
Liabilities		
Current liabilities:		
Accounts payable	$	52,272
Unearned revenues		23,853
Due to other funds		42,850
Total current liabilities		118,975
Total liabilities		118,975
Net Position		
Net Investment in Capital Assets		29,979
Unrestricted		(39,090)
Total net position (deficit)		(9,111)
Total liabilities and net position (deficit)	$	109,864

The accompanying notes are an integral part of these financial statements.

BROWNSVILLE AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Fund
	Cafeteria Fund
Operating Revenues	
Receipts from Providing Services	$ 228,539
Total Operating Revenues	228,539
Operating Expenses	
Food Service	1,109,296
Depreciation and amortization	4,466
Total Operating Expenses	1,113,762
Operating Loss	(885,223)
Nonoperating Revenues (Expenses)	
Grants	872,890
Total Nonoperating Revenues (Expenses)	872,890
Change in Net Position	(12,333)
Net Position - Beginning of Year	3,222
Net Position (Deficit) - End of Year	$ (9,111)

BROWNSVILLE AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2016

	Business-Type Activities - Enterprise Fund
	Cafeteria Fund
Cash flows from operating activities	
Cash received from customers	$ 222,416
Cash paid to employees	(531,483)
Cash paid to suppliers	(460,486)
Net cash used in operating activities	(769,553)
Cash flows from non-capital financing activities	
Grant payments received	801,300
Due to general fund	19,042
Net cash provided by non-capital financing activities	820,342
Cash flows from capital and related financing activities	
Purchase of capital assets	(4,884)
Net cash used in capital and related financing activities	(4,884)
Net increase in cash and cash equivalents	45,905
Beginning cash and cash equivalents	7,389
Ending cash and cash equivalents	$ 53,294

RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES

Operating loss	$ (885,223)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	4,466
Donated goods	82,312
(Increase) decrease in assets	
Account receivable	(6,805)
Inventories	237
Other current assets	682
Increase (decrease) in liabilities	
Accounts payable	34,778
Net cash used in operating activities	$ (769,553)

BROWNSVILLE AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Other Agency Funds
Assets	
Cash and Cash Equivalents	$ 25,098
Total Assets	$ 25,098
Liabilities	
Liabilities:	
Funds Held in Fiduciary Capacity	$ 25,098
Total Liabilities	$ 25,098

The accompanying notes are an integral part of these financial statements.

NOTE 1: ORGANIZATION

The Brownsville Area School District (the School District) is a Third Class school district located mostly in Fayette County, Pennsylvania. It encompasses an area of approximately 56 square miles and includes Brownsville Borough, Brownsville Township, Luzerne Township, Redstone Township, and West Brownsville Borough. West Brownsville Borough is in Washington County. Additionally, a portion of West Brownsville Borough is in the California Area School District.

The School District provides basic educational services to approximately 2,000 students in two elementary buildings and one middle school/senior high school building. All buildings are publicly owned.

A. REPORTING ENTITY:

The Board of School Directors has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the School District. The School District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the School District is not included in any governmental “reporting entity” since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

The School District has investigated the existence of agencies that should be evaluated for possible inclusion in the financial statements of the School District in accordance with GASB Statement No. 61, *“The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34.”* The School District has determined through this investigation that there are no agencies to be evaluated. Thus, the School District’s financial statements do not include any other agency as part of the reporting entity.

B. JOINTLY GOVERNED ORGANIZATIONS:

Intermediate Unit I:

The School District is a participating member of the Intermediate Unit I (IU I). The IU I is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The Board of Directors of each participating district must approve the IU I’s annual operating budget. The IU I is a self-sustaining organization that provides services for fees to participating districts. As such, the School District has no on-going financial interest or financial responsibility in the IU I. The IU I contracts with participating districts to supply special education services and acts as a conduit for certain federal programs.

NOTE 1: ORGANIZATION (CONTINUED)

B. JOINTLY GOVERNED ORGANIZATIONS (CONTINUED):

Fayette County Area Vocational Technical School:

The School District is one of four member school districts of the Fayette County Area Vocational Technical School (FCAVTS). The FCAVTS's Joint Operating Committee is made up of three school board members from each of the four member districts. These board members are appointed to this position by their Board of Directors. This committee makes business-related decisions pertaining to the FCAVTS. No member of this committee exercises specific control over the fiscal policies or operations of FCAVTS. The FCAVTS provides vocational-technical training and education to participating students of the member districts. The School District's share of annual operating costs for FCAVTS fluctuates based on the number of participating students from the School District each year.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the School District have been prepared in conformity with U.S. generally accepted accounting principals (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. The School District follows accounting practices prescribed by the *Manual of Accounting and Financial Reporting for Pennsylvania Public Schools*, issued by the Pennsylvania Department of Education, which are in conformity with the above –mentioned GAAP. Following are the more significant of the School District's accounting policies.

A. BASIS OF PRESENTATION:

The School District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities and display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The statements distinguish governmental activities that are supported by taxes and other intergovernmental revenues from business-type activities that are financed in whole or in part with fees charged for services.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

A. BASIS OF PRESENTATION (CONTINUED):

1. Government-Wide Financial Statements (Continued):

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year end. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Intergovernmental payments and other items not properly included among program revenues are reported as general revenues.

2. Fund Financial Statements:

Fund financial statements, which include governmental, proprietary, and fiduciary funds, are designed to present financial information of the School District at a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. FUND ACCOUNTING:

1. Governmental Fund Types:

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances/net position, and revenues and expenditures or expenses, as appropriate. There are three categories of funds: governmental, proprietary, and fiduciary. The School District maintains the following funds:

a. General Fund:

The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. FUND ACCOUNTING (CONTINUED):

1. Governmental Fund Types (Continued):

b. Special Revenue Funds:

Special revenue funds are used to account for financial resources that are legally restricted to expenditures for specified purposes.

c. Capital Project Funds:

Capital project funds are used to account for financial resources related to general fixed asset acquisitions, construction, and improvements. The School District accounts for its Capital Projects and Construction Funds as Capital Projects Funds.

The Construction Fund is funded by bond proceeds and will be used for capital projects for the School District that are allowed under the bond indenture.

The Capital Projects Fund is used to account for financial resources designated for major improvements and repairs to existing structures.

d. Permanent Funds:

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs. The School District accounts for its scholarship funds as a permanent fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. FUND ACCOUNTING (CONTINUED):

2. Proprietary Fund Types:

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the School District's proprietary type fund:

a. Enterprise Fund:

The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the Board of School Directors has decided that the revenues earned, costs incurred, and net income are necessary to management accountability. The School District accounts for food service as an enterprise fund.

3. Fiduciary Fund Types:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District maintains one agency fund, the activity fund, which is used to account for the assets which belong to various student groups.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. MEASUREMENT FOCUS:

Measurement focus is commonly used to describe the types of transactions and events that are reported in the operating statements.

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. As a general rule, the effect of inter-fund activity has been eliminated from government-wide financial statements.

2. Fund Financial Statements:

The governmental funds are accounted for using a flow of current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the governmental fund balance sheets, and the fund balances reflect spendable or appropriable resources. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

The proprietary funds are accounted for using a flow of economic resources measurement focus, as in the government-wide financial statements. All assets and liabilities (current and noncurrent) associated with the operation of the funds are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its proprietary funds. Depreciation of proprietary fund equipment is charged as expense against current operations using the straight-line method. Accumulated depreciation is reported on the proprietary fund statement on net position.

The fiduciary fund is also accounted for using a flow of economic resources measurement focus, as in the government-wide 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 required to be accounted for in another fund.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. MEASUREMENT FOCUS (CONTINUED)

2. Fund Financial Statements (Continued):

The Construction Fund is used by the School District for major capital projects and is funded by general obligation bonds.

D. BASIS OF ACCOUNTING:

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

1. Government-Wide Financial Statements:

Government-wide financial statements are reported using the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the cash flows.

2. Fund Financial Statements:

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

Major revenue sources susceptible to accrual include: property taxes, income taxes, intergovernmental revenues, investment income, rent, and certain miscellaneous revenues. In general, other revenues are recognized when cash is received. In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be earned by the School District; therefore, revenues are recognized based upon the expenditures incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. BUDGETS AND BUDGETARY ACCOUNTING:

An operating budget is adopted each year for the general fund on a modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

The School District is required to prepare an operating budget for the succeeding fiscal year.

The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. The budget data reflected in the combined financial statements include the original budgeted amounts filed with the Pennsylvania Department of Education and the final appropriation amounts passed by the Board of School Directors during the fiscal year.

Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorizes the School District to make expenditures. Appropriations lapse at the end of the fiscal period.

Included with the general fund budget are program budgets as prescribed by the state and federal agencies funding the program. These budgets are approved on a program-by-program basis by the state or federal funding agency.

Budgets for enterprise and agency funds are not adopted.

F. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE:

1. Cash and Equivalents:

For purposes of the statement of cash flows, the School District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are carried at cost plus accrued interest, if any, which approximates fair value.

2. Investments:

Investments are stated at fair value based on quoted market prices.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE (CONTINUED):

3. Real Estate Taxes:

Real estate taxes are collected from property owners within the five municipalities comprising the School District. The tax on real estate for public school purposes for fiscal year 2016 was 16.32 mills ($16.32 per $1,000.00 of assessed valuation) as levied by the Board of School Directors. The real estate tax rate for West Brownsville Borough in Washington County was 98.27 mills ($98.27 per $1,000.00 of assessed valuation). Assessed valuations of property are determined by Fayette County and Washington County, respectively; and the elected tax collectors are responsible for collection.

August 1	-	Levy date
August-September	-	2% discount period
October – November	-	Face payment period
After November 30	-	5% penalty period
December 31	-	Returned to County

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance is reported as deferred inflows of resources in the fund financial statements.

4. Inventory:

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased. Inventories in the general fund are equally offset by a fund balance reserve which indicates they do not constitute “available spendable resources” even though they are a component of net current assets. Currently, the general fund does not have an inventory balance.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE (CONTINUED):

4. Inventory (Continued):

Food service inventory includes government donated commodities which are valued at estimated fair market value. An annual physical inventory of food and supplies is taken by food service and reported in the enterprise fund.

5. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the proprietary funds are reported in both the business-type activities column on the government-wide statement of net position and in the proprietary fund column of the fund financial statements.

All capital assets should be capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets should be recorded at their fair market value on the date donated. The School District maintains a capitalization threshold of $1,500.

All capital assets, except land and construction in progress, are depreciated. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the Board of School Directors, no salvage value is taken into consideration for depreciation purposes. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and building improvements	15 – 50 years
Vehicles	7 – 10 years
Equipment	5 – 10 years

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE (CONTINUED):

6. Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements. Contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

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 in the applicable governmental activities or proprietary fund type statement of net position.

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

7. Unearned Revenues:

The Enterprise fund reports unearned revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period (i.e., receivables for delinquent taxes which were levied in the current and prior years but will not be available to pay liabilities of the current period. They will be recognized as revenues in the year collected.) The Enterprise fund will also recognize unearned revenues in connection with resources that have been received but not yet earned (i.e., advance payments received by the School District under grants for specific programs. These advance payments will be recognized as revenues when the related expenditures are incurred).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE (CONTINUED):

8. Compensated Absences:

It is the School District's policy to permit employees to accumulate unused sick leave and, upon termination, pay employees based upon an amount per unused sick day. Liabilities for accumulated leaves and termination compensation are recognized in the year that the rights to such benefits are earned. The liability to present employees is based upon current contract arrangements. The entire compensated absence liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as expenditures to the extent payments come due each period as a result of employee resignations and retirements. Following is a summary of the School District's compensated absence policies:

a. Vacation:

School District employees who are required to work on a twelve-month schedule are credited with vacation rates which vary with length of service or job classification. Unused vacation days for administrators and secretaries are added to sick days. Vacation days of other twelve-month employees are noncumulative.

b. Sick Leave:

Teachers and twelve-month employees are credited with ten to twelve days of sick leave annually, as set forth in their contracts, to an unlimited maximum. Upon retirement, administrators (Act 93 employees) are paid $150 per day up to a maximum of 200 days for unused sick days. Upon retirement, teachers are paid $80 for each accumulated, unused sick day up to a maximum of 200 days. School District administrative office secretaries are paid $30 for each accumulated, unused sick day up to a maximum of 200 days. Service Employees International Union (SEIU) employees are paid $20 for each accumulated, unused sick day up to a maximum of 200 days.

c. Personal Days:

In addition to vacation and sick leave, School District employees are entitled to three to five personal days, varying according to job classification, which may be added to sick days if not used. Teachers also have the option to receive payment for unused personal days at the rate of $42 per unused day.

Compensated absences had a balance of $254,506 as of June 30, 2016.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE (CONTINUED):

9. Interfund Transactions:

Interfund balances between governmental and business-type activities on the government-wide statements are reported as "internal balances." On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables/Payables." Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the enterprise fund. Interfund transfers within governmental activities and within business-type activities are eliminated on the government-wide statement of activities.

10. Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

11. Fund Balance Reserves:

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable*: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School District had $6,497 in prepaid assets that were nonspendable resources in the General Fund as of June 30, 2016.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE (CONTINUED):

11. Fund Balance Reserves (Continued):

- *Restricted*: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School District had restricted resources of $3,593,734 as of June 30, 2016.

- *Committed*: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School District did not have any committed resources as of June 30, 2016.

- *Assigned*: This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the School District's management. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The School District did not have any assigned resources as of June 30, 2016.

- *Unassigned*: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The School District had $658,204 of unassigned resources in the General Fund as of June 30, 2016.

The School District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE (CONTINUED):

12. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

13. Deferred Outflows/Inflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The District has two items that qualify for reporting in these categories: deferred outflows and inflows related to pensions, and unavailable tax revenue.

Deferred outflows and inflows of resources related to pensions are described further in Note 4F. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension expense over a 5.15 year closed period, which reflects the weighted average remaining service life of all PSERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on PSERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year). Unavailable tax revenue, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

14. Adoption of Governmental Accounting Standards Board Statements

The School District adopted the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*". The adoption of this statement had no effect on previously reported amounts.

The School District adopted the provisions of GASB Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principals for State and Local Governments*". The adoption of this statement had no effect on previously reported amounts.

The School District adopted the provisions of GASB Statement No. 77, "*Tax Abatement Disclosures*". The adoption of this statement had no effect on previously reported amounts.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE (CONTINUED):

14. Adoption of Governmental Accounting Standards Board Statements (Continued)

The School District adopted the provisions of GASB Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". The adoption of this statement had no effect on previously reported amounts.

The School District adopted the provisions of GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*". The adoption of this statement had no effect on previously reported amounts.

15. Pending Changes in Accounting Principals

In June 2015, the GASB issued Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*. The School District is required to adopt statement No. 73 for its fiscal year 2017 financial statements.

In June 2015, the GASB issued Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"*. The School District is required to adopt statement No. 74 for its fiscal year 2017 financial statements.

In June 2015, the GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. The School District is required to adopt statement No. 75 for its fiscal year 2018 financial statements.

In January 2016, the GASB issued Statement No. 80, "*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*". The School District is required to adopt statement No. 80 for its fiscal year 2017 financial statements.

In March 2016, the GASB issued Statement No. 81, "*Irrevocable Split-Interest Agreements*". The School District is required to adopt statement No. 81 for its fiscal year 2017 financial statements.

In March 2016, the GASB issued Statement No. 82, "*Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*". The School District is required to adopt statement No. 82 for its fiscal year 2017 financial statements.

In November 2016 the GASB issued Statement No. 83, *"Certain Asset Retirement Obligations".* The School District is required to adopt Statement No. 83 for its fiscal year 2019 financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. ASSETS, LIABILITIES, AND NET POSITION OR FUND BALANCE (CONTINUED):

15. Pending Changes in Accounting Principals (Continued)

In January 2017, the GASB issued Statement No. 84, "*Fiduciary Activities"*. The School District is required to adopt statement No. 84 for its fiscal year 2020 financial statements.

In March 2017 the GASB issued Statement No. 85, *"Omnibus 2017".* The School District is required to adopt Statement No. 85 for its fiscal year 2018 financial statements.

The School District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

G. USE OF ESTIMATES:

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

NOTE 3: DETAILED NOTES ON ALL FUNDS:

A. CASH AND INVESTMENTS:

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

1. U.S. treasury bills; short-term securities (have a maturity of less than 13 months) of the U.S. Government, its agencies, or its instrumentalities; and 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 of and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

2. Shares of investment companies, provided they meet certain stringent requirements and that the underlying investments held by the companies are limited to the categories of securities listed above.

3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation 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.

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED):

A. CASH AND INVESTMENTS (CONTINUED):

The deposit and investment policy of the School District adheres to state statutes. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

1. Deposits:

a. 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 deposit policy for custodial credit risk. As of June 30, 2016, $8,038,829 of the School District's bank balance of $8,538,829 was exposed to custodial credit risk as uninsured and collateral was held by the pledging bank's trust department and not in the School District's name.

2. Investments:

a. Interest Rate Risk:

The School District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

b. Credit Risk/Concentration of Credit Risk:

The School District's policy does not limit its investment choices to certain credit rating, nor does it place a limit on the amount that may be invested in any one issuer.

Investment Type	**Market Value**
PLGIT ARM	$ 4,762,945
Total	$ 4,762,945

B. TAXES RECEIVABLE AND UNAVAILABLE REVENUES:

The balances at June 30, 2016, were as follows:

	Gross Taxes Receivable	Tax Revenues Recognized	Unavailable Revenue Property Taxes
Real Estate Taxes	$1,314,731	$ -	$1,314,731

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED):

C. DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments represent receivables for revenues earned by the School District or collections made by other governmental units on behalf of the School District. At June 30, 2016, the following amounts were due from other governmental units:

Due From	General Fund	Enterprise Fund
Federal	$ 68,715	$ 9,540
State	1,007,476	-
Total	$ 1,076,191	$ 9,540

D. INTERFUND TRANSACTIONS:

The following is a summary of Interfund Receivables and Payables at June 30, 2016:

	Due to	Due From
General Fund	$ -	$ 42,850
Enterprise Fund	42,850	-
Total	$ 42,850	$ 42,850

E. CAPITAL ASSETS:

Capital asset activity of the School District’s governmental activities for the fiscal year ended June 30, 2016, is listed below.

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	$11,320	$ -	$ -	$11,320
Total Capital Assets, Not Being Depreciated	11,320	-	-	11,320
Capital Assets, Being Depreciated:				
Buildings and Improvements	28,535,337	17,350,883	-	45,886,220
Equipment and Vehicles	2,992,595	2,048,301	-	5,040,896
Total Capital Assets, Being Depreciated	31,527,932	19,399,184	-	50,927,116
Less Accumulated Depreciation For:				
Buildings and Improvements	(12,551,491)	(829,201)		(13,380,692)
Equipment and Vehicles	(2,091,420)	(445,920)		(2,537,340)
Total Accumulated Depreciation	(14,642,911)	(1,275,121)	-	(15,918,032)
Total Capital Assets Being Depreciated, Net	16,885,021	18,124,063	-	35,009,084
Governmental Activities Capital Assets, Net	$16,896,341	$18,124,063	$ -	$35,020,404

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED):

E. CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 79,261
Non Instructional Services	322,038
Support Services	873,822
Total	$ 1,275,121

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Equipment	$158,572	$ 4,884	$ -	$163,456
Total Capital Assets, Being Depreciated	158,572	4,884	-	163,456
Less Accumulated Depreciation	(129,011)	(4,466)	-	(133,477)
Total Capital Assets, Being Depreciated, Net	29,561	(4,466)	-	29,979
Business Type Activities Capital Assets, Net	$29,561	$(4,466)	$ -	$29,979

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED):

F. GENERAL LONG-TERM DEBT:

Changes in the School District's long-term debt during fiscal year 2016 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Series 2008	$ 85,000	$ -	$ (85,000)	$ -	$ -
Series A of 2009	2,415,000	-	(440,000)	1,975,000	460,000
Series A of 2013	945,000	-	-	945,000	-
Series B of 2013	1,155,000	-	-	1,155,000	-
Series C of 2013	7,520,000	-	-	7,520,000	-
Series D of 2013	2,555,000	-	(425,000)	2,130,000	365,000
Series E of 2013	710,000	-	(30,000)	680,000	195,000
Series A of 2014	9,105,000	-	(5,000)	9,100,000	5,000
Series B of 2014	895,000	-	-	895,000	-
Series C of 2014	8,755,000	-	(15,000)	8,740,000	15,000
Series 2015	6,065,000	-	(40,000)	6,025,000	40,000
Series A of 2015	1,120,000	-	(30,000)	1,090,000	30,000
Fayette County Vocational School Revenue Bonds, Series 2012	456,330	-	(21,730)	434,600	22,260
Total	$ 41,781,330	$ -	$ (1,091,730)	$ 40,689,600	$ 1,132,260
Other Liabilities:					
Compensated Absences	270,596	-	(16,090)	254,506	-
Total Other Liabilities	270,596	-	(16,090)	254,506	-
Total Long-Term Liabilities	$ 42,051,926	$ -	$ (1,107,820)	$ 40,944,106	$ 1,132,260

Governmental Activities

Year Ended June 30	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2017	$ 1,132,260	$ 1,475,632	$ 2,607,892
2018	1,187,790	1,442,640	2,630,430
2019	1,228,320	1,403,482	2,631,802
2020	1,278,850	1,358,859	2,637,709
2021	1,534,380	1,316,653	2,851,033
2022-2026	8,311,970	5,966,065	14,278,035
2027-2031	9,192,640	4,513,622	13,706,262
2028-2036	8,903,390	2,654,153	11,557,543
2037-2040	7,920,000	685,744	8,605,744
	$ 40,689,600	$ 20,816,850	$ 61,506,450

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED):

G. GENERAL OBLIGATION NOTES, SERIES OF 2008

The General Obligation Notes, Series of 2008, in the aggregate principal amount of $825,600, are dated November 1, 2008. Interest at 4.10% is payable May 1 and November 1 with principal payments on November 1 and the first interest payable on May 1, 2009.

The Series of 2008 Notes were issued to (a) repay the outstanding portion ($815,000) of the Series of 1997 Bonds and (b) to pay the cost of issuing these bonds.

H. GENERAL OBLIGATION NOTES, SERIES OF 2009

In December of 2009 the School District issued General Obligation Notes, Series of A of 2009, with a tax exempt portion of $980,000 and a federally taxable portion of $4,000,000. The notes are dated December 1, 2009 and mature on November 15, 2009, with interest only payments on May 15th and interest and principal payments on November 15th of each year. The notes have interest rates varying from 1.81% to 5%. The proceeds are to be used to refund a portion of the Series of 2003 and Series of 2005 Bonds, to pay the various costs of issuance of the bonds, and to fund unfunded debt incurred as a result of a shortfall of budgeted revenues and insufficient cash reserves.

I. GENERAL OBLIGATION NOTES, SERIES OF 2013

In December 2012 the School District issued General Obligation Notes Series of 2013, with interest rates ranging from .40% to 4.5%. The purpose of the issue was to refund 2003, 2005, and to advance refund part of the 2007 Series and all of 2009 Series general obligation debt of the School District as well as issue new debt. The School District recognized a bond discount of $224,100 as a result of the advance refunding and the issuance of new debt. The bond issuance cost was amortized in the prior fiscal year. The refunding resulted in a difference between cash flow required to service the old debt and that required to service the new debt of $200,000. As a result of the advance refunding the present value of the debt service savings to the School District was $484,315.

J. GENERAL OBLIGATION NOTES, SERIES OF 2014

In February 2014, the School District issued General Obligation Notes Series of 2015, with interest rates ranging from .50% to 4.375%. The purpose of the issue was to current refund 2006 Series General Obligation Debt of the School District as well as issue new debt. The School recognized a bond discount of $318,345 as a result of the refunding and the issuance of new debt. The bond issuance cost was expensed in the prior fiscal year.

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

K. GENERAL OBLIGATION NOTES, SERIES OF 2015

In March 2015, the School District issued General Obligation Notes Series of 2016, with interest rates ranging from .50% to 3.50%. The proceeds of the bond will be used for refunding the Series 2008 Bonds, constructing and equipping a new elementary school and other capital improvements within the School District and to pay for the costs and expenses incurred by the School District in connection with the issuance and sale of the bonds. The School District recognized a bond discount of $28,892 as a result of the issuance of the new debt. The bond issuance cost was expensed in the current fiscal year.

L. Fayette County Vocational Technical School Lease Revenue Bonds, Series 2012

The School District entered into a lease rental indebtness agreement with the Fayette County Vocational Technical School Authority in aggregate principal amount of $519,400 to provide a portion of the funds required to finance (a) roof replacements, electrical infrastructure and lighting, heating and cooling and other similar utility and energy controls, retrofits and equipment installations at the Fayette County Career and Technical Institute school building; and (b) the cost and expenses of issuing and insuring the 2012 bonds. Interest, at rates ranging from 0.60% to 3.40%, is payable March 1 and September 1 with the first interest payable on September 1, 2012.

NOTE 4: OTHER INFORMATION:

A. CONTINGENT LIABILITIES:

1. Grant Programs:

The School District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items on noncompliance which would result in the disallowance of program expenditures.

2. Litigation:

In the normal course of operations, the School District may be involved in various civil disputes. Management is unaware of any such litigation that could result in a material adverse effect on the School District’s financial position as of June 30, 2016.

NOTE 4: OTHER INFORMATION:

B. POST RETIREMENT HEALTHCARE BENEFITS:

Upon retirement, most employees may continue to belong to the Blue Cross/ Blue Shield Health Care Insurance until age 65. Effective September 1, 1997, Bargaining Unit employees who retired and have not yet reached the age of 65 may retain Blue Cross/ Blue Shield benefits until age 65 by continuing to pay the group rate to the School District. For prior retirees, the School District pays varying amounts toward their Blue Cross/ Blue Shield coverage depending on the contract in effect when they retired. For the year ended June 30, 2016 the cost to the School District was $315,007.

Annual OPEB Cost and Net OPEB Obligation

The School District's annual other postemployment 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 No. 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 (or 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 to the plan:

	Governmental Activities
Annual Required Contribution	$ 262,979
Interest on Net OPEB Obligation	24,105
ARC Adjustment	(35,483)
Annual OPEB Cost	251,601
Contributions made	315,007
Net Decrease in Net OPEB Obligation	(63,406)
Net OPEB Obligation, beginning of year	602,628
Net OPEB Obligation, end of year	$ 539,222

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	$ 311,239	91%	$ 658,123
6/30/2015	251,245	122%	602,628
6/30/2016	251,601	125%	539,222

NOTE 4: OTHER INFORMATION (CONTINUED):

B. POST RETIREMENT HEALTHCARE BENEFITS (CONTINUED):

Funded Status and Funding Progress

As of June 30, 2014 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was $3,130,621 and there were no assets, resulting in an unfunded actuarial accrued liability (UAAL) of $3,130,621, which is 35.68% of the covered payroll of $8,774,078 as of June 30, 2014.

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.

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, 2015 actuarial valuation, the Entry Age Normal cost method expressed as a level dollar was used. The actuarial assumptions included a 4% investment rate of return, which is the expected long-term investment yield on investments that are expected to be used to finance the payments of benefits. The UAAL is being amortized using the level dollar method over a period of 30 years on a closed basis.

C. ON-BEHALF OF PAYMENTS FOR FRINGE BENEFITS:

In accordance with GASB Statement No. 24, the School District recognizes as revenues and expenditures funds received from the Commonwealth of Pennsylvania for the payment of fringe benefits.

During the year ended June 30, 2016, the School District recognized as revenues and expenditures $505,173 of Social Security/Medicare and expense of $2,168,685 of pension contributions received from the Commonwealth of Pennsylvania.

NOTE 4: OTHER INFORMATION (CONTINUED):

D. HEALTH INSURANCE CONSORTIUM:

In an effort to reduce the cost of providing health insurance benefits for its employees, the School District joined in the Intermediate Unit I Health Consortium Trust (the Trust) (a public entity risk pool). The Trust's general objectives are (1) to formulate, develop, and administer on behalf of its subscribers, a program of insurance; (2) to obtain lower costs for the coverage; (3) to reward subscribers for lower usage of the coverage; (4) to establish a continuing voice with the Blue Cross/ Blue Shield; and (5) to manage the Trust's healthcare dollar most effectively. The School District is effectively purchasing a policy through the Trust. The School District has no exposure beyond the amount paid for the policy.

There has been no significant reduction in coverage from the previous three years.

During the year ended June 30, 2016, the School District paid $2,903,837 into the health consortium for health insurance benefits for its employees, which included administration fees.

E. RISK MANAGEMENT:

The School District is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School District carries commercial insurance. Settled claims have not exceeded coverage in any of the last three years, and there has been no significant reduction in coverage from the prior fiscal year.

F. EMPLOYEE RETIREMENT PLAN

Pensions. 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 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.

<u>General Information about the Pension Plan:</u>

Plan Description. The District contributes to the Commonwealth of Pennsylvania School Employees Retirement System ("PSERS"), a governmental cost-sharing multi-employer defined benefit plan. Benefit provisions of the plan are established under the provisions of the PSERS Code (Act No. 96 of October 2, 1975, as amended) (24 PA C. S. 8101-8535) and may be amended by an act of the Pennsylvania legislature. The plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contributions upon termination of a member's employment in the public school sector. PSERS issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to, PSERS, P.O. Box 125, Harrisburg, PA 17108-0125.

NOTE 4: OTHER INFORMATION (CONTINUED):

F. EMPLOYEE RETIREMENT PLAN (CONTINUED):

General Information about the Pension Plan (Continued):

This publication is also available on the PSERS website at www.psers.state.pa.us/publications/cafr/index.htm.

Benefits provided. PSERS provides retirement, disability, and death benefits. Retirement benefits are determined as 2.5 percent of the employee's final 3-year average compensation times the employee's years of service. Employees with ten years of continuous service are eligible to retirement at age 60. Employees are eligible for service-related disability benefits regardless of length of service. Five years of services is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal two times the employee's final full-year salary.

Contributions. The contribution policy is established in the Public School Employee's Retirement Code and requires contributions by active members, employers and the Commonwealth. 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 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 7.5% (base rate) of the member' qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (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-F contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions. The school districts' contractually required contribution rate for fiscal year ended June 30, 2016 was 20.50% of covered payroll, actuarially determined as an amount that, when combines with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $2,172,201 for the year ended June 30, 2016.

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

NOTE 4: OTHER INFORMATION (CONTINUED):

F. EMPLOYEE RETIREMENT PLAN (CONTINUED):

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

At June 30, 2016, the District reported a liability of $36,298,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2014 to June 30, 2015. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2015, the District's proportion was 0.0838 percent, which was an increase of 0.004 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of $1,376,531. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Net difference between projected and actual investment earnings	$ -	$ 73,000
Changes in proportion	1,438,000	
Differences between expected and actual experience	-	150,000
Contributions subsequent to the measurement date	2,200,992	-
Total	$ 3,638,992	$ 223,000

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

Year Ended June 30	
2017	$ 243,000
2018	243,000
2019	243,000
2020	486,000
Total	$ 1,215,000

NOTE 4: OTHER INFORMATION (CONTINUED):

F. EMPLOYEE RETIREMENT PLAN (CONTINUED):

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal – level % of pay
Inflation	3.00 percent
Salary increases	5.50 percent, average, including inflation of 3.00 percent, real wage growth of 1 percent, and merit or seniority increases of 1.50%
Investment rate of return expense,	7.50 percent, net of pension plan investment Including inflation

Mortality rates were based on the RP-2000 Combined Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – June 30, 2015. The recommended assumption assumptions changes based on this experience study were adopted by the 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 rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public markets global equit	19%	5.0%
Private markets (equity)	21%	6.5%
Private real estate	13%	4.7%
Global fixed income	8%	2.0%
U.S. long term treasuries	3%	1.4%
TIPS	12%	1.2%
High yield bonds	6%	1.7%
Cash	3%	0.9%
Absolute return	10%	4.8%
Risk parity	5%	3.9%
MLPs/Infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	-9%	1.1%
Total	100%	

NOTE 4: OTHER INFORMATION (CONTINUED):

F. EMPLOYEE RETIREMENT PLAN (CONTINUED):

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts 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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-perecentage point higher (8.50 percent) than the current rate:

	Amounts X $1,000		
	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
District's proportionate share of the net pension liability	$ 44,741	$ 36,298	$ 29,202

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

NOTE 5: RESTATEMENT OF NET POSITION:

The following restatement of governmental type activities net position was necessary to properly reflect the adoption of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*."

	Governmental Activities
Beginning net position, as previously reported	$ (40,735,497)
To correct errors in previously issued financial statements	(140,000)
Effect of change in accounting estimate	749,134
Beginning net position, as restated	$ (40,126,363)

REQUIRED

SUPPLEMENTAL

INFORMATION

BROWNSVILLE AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Local Revenue Sources	$ 6,856,355	$ 6,856,355	$ 6,965,334	$ 108,979
State Revenue Sources	17,645,302	17,645,302	18,729,480	1,084,178
Federal Revenue Sources	1,178,074	1,178,074	1,105,912	(72,162)
Total Revenues	25,679,731	25,679,731	26,800,726	1,120,995
Expenditures				
Current operating:				
Instruction	15,161,716	15,161,716	15,427,256	(265,540)
Support Services	8,062,260	8,062,260	7,857,525	204,735
Noninstructional Services	446,079	446,079	391,120	54,959
Debt service				
Principal	1,091,730	1,091,730	1,091,730	-
Interest	1,536,946	1,536,946	1,524,598	12,348
Total Expenditures	26,298,731	26,298,731	26,292,229	6,502
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (619,000)	$ (619,000)	$ 508,497	$ 1,127,497

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

Schedule of Funding Progress for Post Employment Benefits other than Pensions

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2010	$ -	$ 5,468,325	$ 5,468,325	0.00%	$ 12,355,332	44.26%
7/1/2012	$ -	$ 3,627,362	$ 3,627,362	0.00%	$ 9,627,530	37.68%
7/1/2014	$ -	$ 3,130,621	$ 3,130,621	0.00%	$ 8,774,078	35.68%

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2016
NET PENSION LIABILITY
Teachers Pension Plan
Last 10 Fiscal Years*
(Dollar amounts in thousands)

	2014	2015
Districts proportion of the net pension liability	0.0834%	0.0838%
District's proportionate share of the net pension liaiblity	$ 33,011	$ 36,298
District's covered-employee payroll	$ 10,646	$ 10,780
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.08%	336.72%
Plan fiduciary net position as a percentage of the total pension liability	57.24%	54.36%

* The amounts presented for each fiscal year were determined as of 06/30

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2016
Teachers Pension Plan
Last 10 Fiscal Years*

	2015	2016
Contractually required contribution	$ 2,172,201	$ 2,200,992
Contributions in relation to the contractually required contribution	2,172,201	2,200,992
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 10,771,577	$ 10,780,544
Contributions as a pecentage of covered-employee payroll	20.17%	20.42%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available

OTHER

SUPPLEMENTAL

INFORMATION

BROWNSVILLE AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 42,665	$ 23,370	$ 66,035
Total assets	$ 42,665	$ 23,370	$ 66,035
Fund Balance			
Restricted	42,665	23,370	66,035
Total fund balance	42,665	23,370	66,035
Total liabilities and fund balance	$ 42,665	$ 23,370	$ 66,035

BROWNSVILLE AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Revenues			
Local Sources	$ 65	$ 2,499	$ 2,564
Total Revenues	65	2,499	2,564
Expenditures			
Current operating:			
Noninstructional services	-	72	72
Total Expenditures	-	72	72
Net change in fund balance	65	2,427	2,492
Fund balance, beginning of year	42,600	20,943	63,543
Fund balance, end of year	$ 42,665	$ 23,370	$ 66,035

APPENDIX G

AMORTIZATION SCHEDULE

$8,495,000
BROWNSVILLE AREA SCHOOL DISTRICT
General Obligation Bonds, Series A of 2017
Fayette and Washington County, Pennsylvania

Dated: Date of Delivery
Due: November 15, as shown on inside cover
Denomination: Integral multiples of $5,000

Interest Payable: May 15 and November 15
First Interest Payment: November 15, 2017
Form: Book-Entry Only

Payment Date	Principal	Coupon	Interest	Debt Service	Fiscal Year Ended June 30	Fiscal Debt Service
November 15, 2017			$54,327.28	$54,327.28		
May 15, 2018			143,807.50	143,807.50	2018	$198,134.78
November 15, 2018			143,807.50	143,807.50		
May 15, 2019			143,807.50	143,807.50	2019	287,615.00
November 15, 2019	$75,000	1.300%	143,807.50	218,807.50		
May 15, 2020			143,320.00	143,320.00	2020	362,127.50
November 15, 2020			143,320.00	143,320.00		
May 15, 2021			143,320.00	143,320.00	2021	286,640.00
November 15, 2021			143,320.00	143,320.00		
May 15, 2022			143,320.00	143,320.00	2022	286,640.00
November 15, 2022			143,320.00	143,320.00		
May 15, 2023			143,320.00	143,320.00	2023	286,640.00
November 15, 2023			143,320.00	143,320.00		
May 15, 2024			143,320.00	143,320.00	2024	286,640.00
November 15, 2024			143,320.00	143,320.00		
May 15, 2025			143,320.00	143,320.00	2025	286,640.00
November 15, 2025			143,320.00	143,320.00		
May 15, 2026			143,320.00	143,320.00	2026	286,640.00
November 15, 2026			143,320.00	143,320.00		
May 15, 2027			143,320.00	143,320.00	2027	286,640.00
November 15, 2027			143,320.00	143,320.00		
May 15, 2028			143,320.00	143,320.00	2028	286,640.00
November 15, 2028			143,320.00	143,320.00		
May 15, 2029			143,320.00	143,320.00	2029	286,640.00
November 15, 2029	5,000	3.375	143,320.00	148,320.00		
May 15, 2030			143,235.63	143,235.63	2030	291,555.63
November 15, 2030	5,000	3.375	143,235.63	148,235.63		
May 15, 2031			143,151.25	143,151.25	2031	291,386.88
November 15, 2031	5,000	3.375	143,151.25	148,151.25		
May 15, 2032			143,066.88	143,066.88	2032	291,218.13
November 15, 2032	535,000	3.375	143,066.88	678,066.88		
May 15, 2033			134,038.75	134,038.75	2033	812,105.63
November 15, 2033	935,000	3.250	134,038.75	1,069,038.75		
May 15, 2034			118,845.00	118,845.00	2034	1,187,883.75
November 15, 2034	965,000	3.250	118,845.00	1,083,845.00		
May 15, 2035			103,163.75	103,163.75	2035	1,187,008.75
November 15, 2035	1,005,000	3.350	103,163.75	1,108,163.75		
May 15, 2036			86,330.00	86,330.00	2036	1,194,493.75
November 15, 2036	1,115,000	3.400	86,330.00	1,201,330.00		
May 15, 2037			67,375.00	67,375.00	2037	1,268,705.00
November 15, 2037	1,160,000	3.500	67,375.00	1,227,375.00		
May 15, 2038			47,075.00	47,075.00	2038	1,274,450.00
November 15, 2038	1,330,000	3.500	47,075.00	1,377,075.00		
May 15, 2039			23,800.00	23,800.00	2039	1,400,875.00
November 15, 2039	1,360,000	3.500	23,800.00	1,383,800.00		
May 15, 2040						1,383,800.00
TOTAL	$8,495,000		$5,516,119.80	$14,011,119.80		$14,011,119.80

$1,910,000
BROWNSVILLE AREA SCHOOL DISTRICT
General Obligation Bonds, Series B of 2017 (Federally Taxable)
Fayette and Washington County, Pennsylvania

Dated: Date of Delivery
Due: November 15, as shown on inside cover
Denomination: Integral multiples of $5,000

Interest Payable: May 15 and November 15
First Interest Payment: November 15, 2017
Form: Book-Entry Only

Payment Date	Principal	Coupon	Interest	Debt Service	Fiscal Year Ended June 30	Fiscal Debt Service
November 15, 2017	$140,000	2.000%	$12,949.37	$152,949.37		
May 15, 2018			32,877.75	32,877.75	2018	$185,827.12
November 15, 2018	80,000	2.100	32,877.75	112,877.75		
May 15, 2019			32,037.75	32,037.75	2019	144,915.50
November 15, 2019	250,000	2.280	32,037.75	282,037.75		
May 15, 2020			29,187.75	29,187.75	2020	311,225.50
November 15, 2020	115,000	2.550	29,187.75	144,187.75		
May 15, 2021			27,721.50	27,721.50	2021	171,909.25
November 15, 2021	5,000	2.850	27,721.50	32,721.50		
May 15, 2022			27,650.25	27,650.25	2022	60,371.75
November 15, 2022	70,000	3.050	27,650.25	97,650.25		
May 15, 2023			26,582.75	26,582.75	2023	124,233.00
November 15, 2023	50,000	3.320	26,582.75	76,582.75		
May 15, 2024			25,752.75	25,752.75	2024	102,335.50
November 15, 2024	90,000	3.570	25,752.75	115,752.75		
May 15, 2025			24,146.25	24,146.25	2025	139,899.00
November 15, 2025	25,000	3.700	24,146.25	49,146.25		
May 15, 2026			23,683.75	23,683.75	2026	72,830.00
November 15, 2026	85,000	3.850	23,683.75	108,683.75		
May 15, 2027			22,047.50	22,047.50	2027	130,731.25
November 15, 2027	90,000	4.000	22,047.50	112,047.50		
May 15, 2028			20,247.50	20,247.50	2028	132,295.00
November 15, 2028	90,000	4.450	20,247.50	110,247.50		
May 15, 2029			18,245.00	18,245.00	2029	128,492.50
November 15, 2029	95,000	4.450	18,245.00	113,245.00		
May 15, 2030			16,131.25	16,131.25	2030	129,376.25
November 15, 2030	100,000	4.450	16,131.25	116,131.25		
May 15, 2031			13,906.25	13,906.25	2031	130,037.50
November 15, 2031	100,000	4.450	13,906.25	113,906.25		
May 15, 2032			11,681.25	11,681.25	2032	125,587.50
November 15, 2032	125,000	4.450	11,681.25	136,681.25		
May 15, 2033			8,900.00	8,900.00	2033	145,581.25
November 15, 2033	130,000	4.450	8,900.00	138,900.00		
May 15, 2034			6,007.50	6,007.50	2034	144,907.50
November 15, 2034	135,000	4.450	6,007.50	141,007.50		
May 15, 2035			3,003.75	3,003.75	2035	144,011.25
November 15, 2035	135,000	4.450	3,003.75	138,003.75		
May 15, 2036				0.00	2036	138,003.75
TOTAL	$1,910,000		$752,570.37	$2,662,570.37		$2,662,570.37