

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the 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 Bonds is not a specific item of tax preference under §57 of the Internal Revenue Code of 1986, as amended (the “Code”). 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. For further information concerning federal and state tax matters relating to the Bonds, see “TAX EXEMPTION” herein.

\$16,165,000
East Allegheny School District
(Allegheny County, Pennsylvania)
General Obligation Bonds, Series of 2021

Bonds Dated: Date of Delivery**Denominations:** Integral multiples of \$5,000**Interest Due:** June 1 and December 1**Principal Due:** June 1, as shown on inside cover**First Interest Payment:** June 1, 2021**Form:** Book-Entry Only

The East Allegheny School District (the “School District” or “District”) is issuing its General Obligation Bonds, Series of 2021 in the aggregate principal amount of \$16,165,000 (the “Bonds”) will be issued as fully registered securities. The Bonds are general obligations of the East Allegheny School District, a public-school district located in Allegheny County, Pennsylvania (the “School District”), payable from its local taxes, state subsidy and other general revenues. The School District has covenanted in the Resolution adopted by the Board of Directors of the School District on November 9, 2020 (the “Resolution”) that authorized the Bonds, that it will budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its legally available revenues or funds, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and all available taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable real property within the School District, to the extent permitted by law, including The Taxpayer Relief Act of the Special Session of 2006, as amended. (See “**THE BONDS - Security**” and “**TAXING POWERS OF THE SCHOOL DISTRICT**” herein).

As additional security for the Bonds, a State Appropriation Intercept Agreement (the “Intercept Agreement”) will be executed and delivered by and between the School District, the Pennsylvania Department of Education (the “Department” or “PDE”), the Treasurer of the Commonwealth of Pennsylvania (the “State Treasurer”) and The Bank of New York Mellon Trust Company, N.A. (the “Paying Agent”), whereby the State Treasurer will withhold from the Commonwealth appropriations due to the School District on the last Thursday of the months of April and October of each fiscal year the amounts due on June 1 and December 1 of each year on the Bonds, commencing with the Commonwealth appropriation due to the School District on the last Thursday of April, 2021, and to make payments of such amounts directly to the Paying Agent, commencing with the Sinking Fund installment due May 15, 2021, to provide for the payment of debt service on the Bonds. (See “SECURITY FOR THE BONDS – Commonwealth Aid to School Districts**” herein).**

So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its designated corporate trust office, presently located in Pittsburgh, Pennsylvania (or any successor paying agent or other designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date (as defined herein) with respect to the particular interest payment date (See “**THE BONDS**,” herein).

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

Proceeds of the Bonds will be applied towards payment of the costs: (i) to refund, on a current basis, all of the District’s outstanding General Obligation Bonds, Series of 2014 (the “2014 Bonds”) in the principal amount of \$7,720,000 plus accrued interest on January 7, 2021; (ii) to refund, on a current basis, all of the District’s outstanding General Obligation Bonds, Series of 2015 (the “2015 Bonds”) in the principal amount of \$9,690,000 plus accrued interest on January 7, 2021; and (iii) issuing and insuring the Bonds.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



MATURITIES, AMOUNTS, RATES AND INITIAL OFFERING PRICES/YIELDS
See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of the Law Offices of Wayne D. Gerhold, Bond Counsel, of Pittsburgh, Pennsylvania, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Daniel P. Beisler, Esq., North Huntingdon, Pennsylvania, School District Solicitor. Certain other matters will be passed upon for the Underwriter by Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, Underwriter’s Counsel. It is expected that the Bonds will be available for delivery in New York, New York, on or about January 7, 2021.

BOENNING & SCATTERGOOD

\$16,165,000
East Allegheny School District
(Allegheny County, Pennsylvania)
General Obligation Bonds, Series of 2021

Bonds Dated: Date of Delivery
Interest Due: June 1 and December 1

Principal Due: June 1, as shown below
First Interest Payment: June 1, 2021

BOND MATURITY SCHEDULE

Maturity Date	Principal Amount	Coupon	Yield	Price	CUSIP* 270427
6/1/2021	\$ 20,000	2.000%	0.650%	100.538	QF7
6/1/2022	\$ 535,000	3.000%	0.700%	103.198	QG5
6/1/2023	\$ 555,000	1.500%	0.750%	101.780	QH3
6/1/2024	\$1,125,000	4.000%	0.850%	110.533	QJ9
6/1/2025	\$1,760,000	4.000%	1.000%	112.881	QK6
6/1/2026	\$1,835,000	4.000%	1.150%	114.879	QL4
6/1/2027	\$1,895,000	4.000%	1.250%	116.862	QM2
6/1/2028	\$1,975,000	4.000%	1.350%	118.601	QN0
6/1/2029	\$2,060,000	3.000%	1.500%	110.468**	QP5
Term Bond					
6/1/2032	\$4,405,000	2.00%	1.900%	100.686**	QQ3

** Priced to the optional call date of June 1, 2028

* These 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 have 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.

EAST ALLEGHENY SCHOOL DISTRICT
(Allegheny County, Pennsylvania)

BOARD OF SCHOOL DIRECTORS

Mr. John Savinda	President
Mr. Frank Pearsol	Vice President
Mr. Stephen Volpe	Treasurer
Mr. Alan Eichler	Member
Dr. Richard King	Member
Mr. Michael Paradine	Member
Mr. Merle Pusey	Member
Ms. Connie Rosenbayger	Member
Ms. Tisha Thomas	Member

SUPERINTENDENT

MR. ALAN JOHNSON

ASSISTANT SUPERINTENDENT

DR. BETSY D'EMIDIO

DIRECTOR OF FISCAL AFFAIRS and BOARD SECRETARY

MS. TONI VALICENTI

SOLICITOR

DANIEL P. BEISLER, ESQ.
North Huntingdon, Pennsylvania

BOND COUNSEL

LAW OFFICES OF WAYNE D. GERHOLD
Pittsburgh, Pennsylvania

UNDERWRITER

BOENNING & SCATTERGOOD, INC.
Pittsburgh, Pennsylvania

UNDERWRITER'S COUNSEL

BUCHANAN INGERSOLL & ROONEY PC
Pittsburgh, Pennsylvania

PAYING AGENT

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
Pittsburgh, Pennsylvania

SCHOOL DISTRICT ADDRESS

1150 Jacks Run Road
North Versailles, Pennsylvania 15137
Phone: (412) 824-8012
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No dealer, broker, salesperson or other person has been authorized by the School District or the Underwriter to give any information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Preliminary 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. The information set forth herein has been obtained from the School District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter or, as to information from other sources, by the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof or the earliest date as of which said information is given.

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

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

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS PRELIMINARY OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS PRELIMINARY OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. THIS PRELIMINARY OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES REFERRED TO HEREIN, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. NEITHER THE DELIVERY OF THIS PRELIMINARY OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES AT ANY TIME IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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

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

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

The School District deems this Preliminary Official Statement to be final for purposes of SEC Rule 15(c)2-12(b)(1).

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix C - Specimen Municipal Bond Insurance Policy".

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\$16,165,000
East Allegheny School District
(Allegheny County, Pennsylvania)
General Obligation Bonds, Series of 2021

INTRODUCTION

The East Allegheny School District's (the "School District" or "District") General Obligation Bonds, Series of 2021 in the aggregate principal amount of \$16,165,000 (the "Bonds"), dated as of the date the Bonds are issued and delivered ("Date of Delivery"), which is expected to be January 7, 2021.

The Bonds are being issued pursuant to, and are secured by, a Resolution of the Board of School Directors of the School District adopted on November 9, 2020 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa.C.S. Chs. 80-82, as amended (the "Debt Act").

In order to bolster the security for the Bonds otherwise available pursuant to Section 633 of the Pennsylvania Public School Code of 1949, as amended (the "School Code"), simultaneously with the issuance of the Bonds, a State Appropriation Intercept Agreement (the "Intercept Agreement") will be executed and delivered by and among the School District, the Pennsylvania Department of Education (the "Department of Education" or "PDE"), the Treasurer of the Commonwealth of Pennsylvania (the "State Treasurer") and the Paying Agent. The substantial form of the Intercept Agreement is attached hereto as "Appendix D". Under the Intercept Agreement, the School District requests and authorizes the Department to provide notice to the State Treasurer to withhold a portion of the Commonwealth appropriations due to the School District on the last Thursday of the months of April and October of each fiscal year of the School District (the "Appropriation Payment Dates") so long as the Bonds are outstanding, commencing with the Commonwealth appropriation due to the School District on the last Thursday of April, 2021, and to the Paying Agent for application to the debt service on the Bonds, commencing with the Sinking Fund installment due May 15, 2021.

There can be no assurance that Commonwealth appropriation due the School District will be equal to or greater than the Scheduled Amounts or that payments of the same made pursuant to the Intercept Agreement will be made by the date on which payments are due to the Bondholders (June 1 and December 1). Pursuant to the Intercept Agreement, if in any such April and October the appropriations from the Commonwealth are insufficient to pay the Scheduled Amounts due on May 15 and November 15, as appropriate, the Department will voucher for such amount directly to the State Treasurer for payment to the Paying Agent so that any deficiency is cured in sufficient time to make the payment due on the May 15 or November 15 sinking fund deposit date, as appropriate. (see "**SECURITY FOR THE BONDS – Security for General Obligation Bonds under Section 633 of the Public School Code of 1949- Intercept Agreement**" herein.).

The Bonds 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 can be made in book-entry only form and purchasers will not receive certificates representing their interest 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 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--Description**" AND "**BOOK-ENTRY ONLY SYSTEM**" herein.

The information which follows contains summaries of the Resolution, the Bonds, relevant provisions of state and federal laws, and the School District's budget and financial statements. Such summaries do not purport to be complete and references are 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 Business Office of the School District. Reference is also made to the Bonds and to the full text of the cited laws and regulations.

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be applied towards payment of the costs: (i) to refund, on a current basis, all of the District's outstanding General Obligation Bonds, Series of 2014 on the principal amount of \$7,270,000 plus accrued interest on January 7, 2021; (ii) to refund, on a current basis, all of the District's outstanding General Obligation Bonds, Series of 2015 on the principal amount of \$9,690,000 plus accrued interest on January 7, 2021; and (iii) issuing and insuring the Bonds.

Sources and Uses of Bond Proceeds

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

Sources of Funds	Total
Bond Par Amount	\$ 16,165,000.00
Net Original Issue Premium	1,578,091.15
Total	\$ 17,743,091.15
Uses of Funds	
Payoff of Series of 2014 and 2015 Bonds	\$ 17,111,936.67
Costs of Issuance (1)	619,231.55
Contingency	11,922.94
Total	\$ 17,743,091.15

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

THE BONDS

General

The Bonds will be issued in book-entry only form, in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$16,165,000 and will be dated the Date of Delivery. The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of the Official Statement. Interest on the Bonds will be payable initially on June 1, 2021, and thereafter, semiannually on June 1 and December 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

When issued, the Bonds will be registered in the name of Cede & Co., as partnership 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 certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office (or to any successor paying agent or alternate designated office(s)).

The Bonds will bear interest payable initially on June 1, 2021, and thereafter, semiannually on June 1 and December 1 of each year (each an "Interest Payment Date"), as set forth on the inside cover page hereof. The Bonds mature on the dates and in the amounts shown on the inside cover page. Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bonds, unless (a) such Bonds are registered and authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from said Interest Payment Date, or (b) the Bonds are registered and authenticated after a Record Date (herein defined) and before the next succeeding Interest Payment Date, in which event such Bonds shall bear interest from such Interest Payment Date, or (c) the Bonds are registered and authenticated on or prior to the Record Date preceding June 1, 2021, in which event such Bonds shall bear interest from the dated date of the Bonds, or (d) as shown by the records of the Paying Agent, interest on such Bonds shall be in default, in which event such Bonds shall bear interest from the date to which interest was last paid on such Bond.

Interest 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 15th day (whether or not a business day) next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to

such Interest Payment Date, unless the School District shall be in default of interest due on such Interest Payment Date. If the School District shall be in default in payment of interest due on any Interest Payment Date, such defaulted interest shall be payable to the person in whose name the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of Bonds not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. The principal of and interest on the Bonds are payable in lawful money of the United States of America.

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

Transfer, Exchange and Registration of Bonds

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

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

Optional Redemption

The Bonds stated to mature on or after June 1, 2029, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on June 1, 2028, or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

In the case of any optional redemption of any term Bond in part, the School District shall be entitled to designate whether the principal amount of such term Bond to be redeemed shall be credited against the principal amount of such term Bond due at stated maturity or credited against the principal amount of such term Bond scheduled to be called for mandatory sinking fund redemption on any particular date or dates, in each case in an integral multiple of \$5,000 principal amount.

Mandatory Redemption

The Bonds maturing on June 1, 2032, are subject to mandatory redemption by the School District in part, by lot, at a redemption price of 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, on June 1 in the years and in amounts set forth below:

Bonds Maturing June 1, 2032

Redemption Date	Principal Amount to be Redeemed
2030	\$2,120,000
2031	2,165,000
2032*	120,000

* Stated Maturity

Such mandatory redemption shall be made upon payment of the principal amount of the Bonds being redeemed, plus accrued interest to the date fixed for redemption.

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

Notice of Redemption

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

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

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

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

Manner of Redemption

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

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

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

Event of Default Remedies

Upon occurrence of an event of default, Holders shall be entitled to the remedies contained in the Resolution and the Debt Act. See **"SECURITY FOR THE BONDS - Actions in the Event of Default"** and **"SECURITY FOR THE BONDS - Security for General Obligation Bonds under Section 633 of the Public School Code of 1949 – Intercept Agreement"** herein.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The School District (referred to as the "Issuer" in this section) 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 the securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

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

Disclaimer of Liability for Failures of DTC

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

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.

In the event of a default in the payment of principal or interest with respect to the Bonds when any such payment becomes due, any owner of the Bonds shall have a claim under the applicable Municipal Bond Insurance Policy (the "Policy") for such payment. However, in the event of any acceleration of the due date of such principal resulting from any default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, any payments to be made pursuant to the Policy will be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. In addition, the Policy does not insure the payment of any redemption premium.

Under most circumstances, any default in the payment of principal and interest does not accelerate the obligations of the Bond Insurer without its consent. The Bond Insurer may direct, and must consent to, any remedies that a trustee might exercise following such a default and the Bond Insurer's consent may be required in connection with amendments to the Resolution in those circumstances.

In the event that the Bond Insurer is unable to make any payments of principal and interest as such payments become due under the Policy, the Bonds will be payable solely from the moneys received by the Paying Agent pursuant to the Resolution. In the event that the Bond Insurer 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 the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors that

could change over time. No assurance is given that the long-term ratings of the Bond Insurer and, therefore, the ratings on the Bonds insured, 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. See **"BOND RATINGS"** herein.

The obligations of the Bond Insurer under the Policy are general obligations of the Bond Insurer and, upon an event of default by the Bond Insurer, the remedies available to a trustee may be limited by applicable bankruptcy law or other similar laws related to the insolvency of entities like the Bond Insurer.

NEITHER THE SCHOOL DISTRICT, NOR THE UNDERWRITER, HAS MADE AN INDEPENDENT INVESTIGATION INTO THE CLAIMS PAYING ABILITY OF THE BOND INSURER AND NO ASSURANCE OR REPRESENTATION REGARDING THE FINANCIAL STRENGTH OR PROJECTED FINANCIAL STRENGTH OF THE BOND INSURER IS GIVEN. THUS, WHEN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS SHOULD CAREFULLY CONSIDER THE ABILITY OF THE SCHOOL DISTRICT TO PAY PRINCIPAL AND INTEREST ON THE BONDS AND THE CLAIMS PAYING ABILITY OF THE BOND INSURER, PARTICULARLY OVER THE LIFE OF THE INVESTMENT. SEE "MUNICIPAL BOND INSURANCE" HEREIN FOR FURTHER INFORMATION PROVIDED BY THE BOND INSURER WITH RESPECT TO ITSELF AND THE POLICY, WHICH INCLUDES FURTHER INSTRUCTIONS FOR OBTAINING CURRENT FINANCIAL INFORMATION CONCERNING THE BOND INSURER.

SECURITY FOR THE BONDS

The Bonds are general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, within the limits provided by law. (See **"SCHOOL DISTRICT FINANCES"** herein and **"TAXING POWERS OF THE SCHOOL DISTRICT – The Taxpayer Relief Act, as Amended"** 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"** below), and the Pennsylvania Public School Code of 1949, as amended, presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see **"SECURITY FOR THE BONDS – Security for General Obligation Bonds under Section 633 of the Public School Code of 1949 – Intercept Agreement"** below).

Sinking Fund

In the Resolution, the School District has created a sinking fund for the Bonds (the "Sinking Fund"), to be maintained with the Paying Agent, as sinking fund depository, and segregated from all other funds of the School District. The School District will deposit in the Sinking Fund a sufficient sum not later than the fifteenth (15th) day next preceding the date when principal of or interest is due on the Bonds (each such date being referred to herein as a "Deposit Date") so that on each payment date the Sinking Fund will contain an amount which, together with any other available funds therein, is sufficient to pay, in full, interest and principal then due on the Bonds.

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

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

As noted herein, the School District, the Department, the State Treasurer and the Paying Agent will enter into the Intercept Agreement under which the School District requests and authorizes the Department to provide notice to the State Treasurer to withhold a portion of the Commonwealth appropriations due to the School District on the Appropriation Payment Dates so long as the Bonds are outstanding, commencing with the Commonwealth appropriation due to the School District on the last Thursday of April, 2021, and to Scheduled Amounts directly to the Paying Agent for application to the debt service on the Bonds, commencing with the Sinking Fund installment due May 15, 2021. (See **"INVESTMENT CONSIDERATIONS – Commonwealth Aid"** herein.)

Security for General Obligation Bonds under Section 633 of the Public School Code of 1949- Intercept Agreement

In order to bolster the security for the Bonds otherwise available pursuant to Section 633 of the Pennsylvania Public School Code of 1949, as amended (the "School Code"), simultaneously with the issuance of the Bonds, a State Appropriation Intercept Agreement (the "Intercept Agreement") will be executed and delivered by and among the School District, the Pennsylvania Department of Education (the "Department" or "PDE"), the Treasurer of the Commonwealth of Pennsylvania (the "State Treasurer") and the Paying Agent. The substantial form of the Intercept Agreement is attached hereto as "Appendix D". Under the Intercept Agreement, the School District requests and authorizes the Department to provide notice to the State Treasurer to withhold a portion of the Commonwealth appropriations due to the School District

on the last Thursday of the months of April and October of each fiscal year of the School District (the "Appropriation Payment Dates") so long as the Bonds are outstanding, commencing with the Commonwealth appropriation due to the School District on the last Thursday of April, 2021, and to pay such withheld amounts (the "Scheduled Amounts" as further detailed below) directly to the Paying Agent for application to the debt service on the Bonds, commencing with the Sinking Fund installment due May 15, 2021.

There can be no assurance that Commonwealth appropriations due the School District will be equal to or greater than the Scheduled Amounts or that payments of the same made pursuant to the Intercept Agreement will be made by the date on which payments are due to the Bondholders (June 1 and December 1). Pursuant to the Intercept Agreement, if in any such February and August the appropriations from the Commonwealth are insufficient to pay the Scheduled Amounts due on May 15 or November 15, as appropriate, the Department will voucher for such amount directly to the State Treasurer for payment to the Paying Agent so that any deficiency is cured in sufficient time to make the payments due on the May 15 or November 15 sinking fund deposit date, as appropriate*. (See "**INVESTMENT CONSIDERATIONS – Commonwealth Aid**" herein.).

Legislation has been introduced from time to time in the Pennsylvania General Assembly which would allow charter schools to be paid directly by the Commonwealth from appropriations that otherwise would be first paid to school districts and could adversely affect a school district's cash flow and reduce appropriations available for intercept under Section 633.

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 indebtedness that became due during the fiscal year together with the 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 to the applicable school district until such report is filed.

All public school subsidies made by the Commonwealth are subject to appropriation by the General Assembly. Although the Constitution of the Commonwealth provides that "the General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth," the General Assembly is not legally obligated to appropriate such subsidies and there can be no assurance that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various school districts throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth's ability to make such disbursements will be dependent upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in, among other things, the inability of the State Treasurer to make direct payments of school district subsidies pursuant to the intercept provisions described above and increased interim borrowing by school districts pending the appropriation and payment of state aid. Consequently, there can be no assurance that financial support from the Commonwealth for school districts, either for capital projects or education programs in general, will continue at present levels or that appropriations will be available for payments to bondholders if indebtedness of such school district is not paid when due. See "**INVESTMENT CONSIDERATIONS – Commonwealth Aid**" herein for certain information concerning payments made by the Commonwealth to the School District.

On July 13, 2016, the Governor of the Commonwealth signed into law Act 85 of 2016. Act 85 of 2016 adds to the Fiscal Code Article XVI-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by the Department from a school district subject to an intercept statute or an intercept agreement in the event of a budget impasse in any fiscal year. Act 85 of 2016 includes in the definition of "intercept statutes" Section 633 of the Public School Code, which applies to the Bonds. "Intercept agreements" are defined in Act 85 of 2016 as agreements entered into under the authority of an intercept statute. **The School District is a party to certain intercept agreements relating to certain of its outstanding general obligation bonds and notes. It is expected that the School District will enter into the Intercept Agreement with respect to the Bonds.** The School District's general obligation bonds and notes, 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 the Department to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to the Department from the General Fund of the Commonwealth after the Department 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 the Department is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring the Department to withhold payments which would otherwise be due to school districts; and (3) the Secretary of the Department, 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 the Department may withhold money as required by the applicable intercept statute or intercept agreement.

* The voucher procedure provides an advance on the next appropriation due to the School District.

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 School District has not been advised as to whether the Department will submit a justification covering all school districts at the beginning of a budget impasse on July 1 of a fiscal year or on a case by case basis. The School District will include in an amendment to the agreement with the Paying Agent provisions requiring notice to be given by the School District to the Paying Agent, and by the Paying Agent to the Department, that the justification required by Act 85 of 2016 must be submitted to the appropriation committee chairs immediately (if it has not already been submitted) so that the steps necessary for the intercept payment to be made by the applicable debt service payment date can be implemented in sufficient time.

Act 85 of 2016 provides that, "The total amount of all intercept payments under this article [i.e., Article XVII-E.4] may not exceed 50% of the total non-federal general fund subsidy payments made to the subject 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 the Department, in such format as the Department 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. Until the Department finally establishes an electronic format and method for filing the information required, which includes a schedule of principal and interest payments, the School District will file a hard copy of the Official Statement for the Bonds, including schedules of principal and interest payments for all series of obligations outstanding, including sinking fund deposit dates or intercept payment dates, as applicable, and scheduled debt service payment dates for each series. The same schedules will be submitted by the School District as part of any electronic filing.

Act 85 of 2016 provides that any obligation for which the Department 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

Subject to the exclusive representation of holders of the Bonds by a trustee appointed under the Debt Act as described in the following paragraph, if the School District fails or neglects to pay principal or interest on any of the Bonds as it becomes due and payable, and such failure continues for thirty (30) days, the holder of such Bond may bring suit in a court of appropriate jurisdiction and venue and any judgment recovered shall have an appropriate priority upon the money next coming into the treasury of the School District, all as provided in the Debt Act. The Debt Act also provides other remedies to holders of the Bonds to enforce the School District's covenants in respect of payment of the Bonds.

In the event the School District defaults in the payment of the principal of or the interest on any of the Bonds after same shall become due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty (30) days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Debt Act provides that the holders of 25% in aggregate principal amount of the Bonds then outstanding may, by appropriate action, appoint a trustee to represent the holders of such Bonds. The trustee may, and upon request of the holders of 25% in principal amount of the Bonds then outstanding, and upon being provided with indemnity satisfactory to it, shall take such action on behalf of the holders of such Bonds as is more specifically set forth in the Debt Act. Such representation by the trustee shall be exclusive.

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") 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 exhibit 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.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$505.3 million, \$158.1 million and \$347.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE RISK FACTORS

In the event of a default in the payment of principal or interest with respect to the Bonds when any such payment becomes due, any owner of the Notes shall have a claim under the applicable Municipal Bond Insurance Policy (the "Policy") for such payment. However, in the event of any acceleration of the due date of such principal resulting from any default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, any payments to be made pursuant to the Policy will be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. In addition, the Policy does not insure the payment of any redemption premium.

Under most circumstances, any default in the payment of principal and interest does not accelerate the obligations of the Bond Insurer without its consent. The Bond Insurer may direct, and must consent to, any remedies that a trustee might exercise following such a default and the Bond Insurer's consent may be required in connection with amendments to the Resolution in those circumstances.

In the event that the Bond Insurer is unable to make any payments of principal and interest as such payments become due under the Policy, the Bonds will be payable solely from the moneys received by the Paying Agent pursuant to the Resolution. In the event that the Bond Insurer 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 the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors that could change over time. No assurance is given that the long-term ratings of the Bond Insurer and, therefore, the ratings on the Bonds insured, 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. See "**BOND RATINGS**" herein.

The obligations of the Bond Insurer under the Policy are general obligations of the Bond Insurer and, upon an event of default by the Bond Insurer, the remedies available to a trustee may be limited by applicable bankruptcy law or other similar laws related to the insolvency of entities like the Bond Insurer.

NEITHER THE SCHOOL DISTRICT, NOR THE UNDERWRITER, HAS MADE AN INDEPENDENT INVESTIGATION INTO THE CLAIMS PAYING ABILITY OF THE BOND INSURER AND NO ASSURANCE OR REPRESENTATION REGARDING THE FINANCIAL STRENGTH OR PROJECTED FINANCIAL STRENGTH OF THE BOND INSURER IS GIVEN. THUS, WHEN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS SHOULD CAREFULLY CONSIDER THE ABILITY OF THE SCHOOL DISTRICT TO PAY PRINCIPAL AND INTEREST ON THE BONDS AND THE CLAIMS PAYING ABILITY OF THE BOND INSURER, PARTICULARLY OVER THE LIFE OF THE INVESTMENT. SEE "MUNICIPAL BOND INSURANCE" HEREIN FOR FURTHER INFORMATION PROVIDED BY THE BOND INSURER WITH RESPECT TO ITSELF AND THE POLICY, WHICH INCLUDES FURTHER INSTRUCTIONS FOR OBTAINING CURRENT FINANCIAL INFORMATION CONCERNING THE BOND INSURER.

THE SCHOOL DISTRICT

Introduction

East Allegheny School District (the "School District") is located in Allegheny County, Pennsylvania, approximately ten minutes east of the downtown area of the City of Pittsburgh. The School District covers 5.3 square miles and consists of the Boroughs of East McKeesport, Wall and Wilmerding and North Versailles Township (collectively, the "Component Municipalities"). The Municipality of Monroeville and the Borough of Turtle Creek form the northern border of the School District, Westmoreland County forms the eastern border, White Oak Borough forms the southern border and the Monongahela River forms the western border. The School District serves an estimated 2017 U.S. Census population of 14,970.

Administration

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

School Facilities

The School District is currently operates one elementary school, and one Jr/Sr high school. The following table depicts the component elements of the existing physical plant of the School District.

**TABLE 1
EAST ALLEGHENY SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction	Most Recent Renovations	Grades	Pupil Capacity	2020-2021 Enrollment
Elementary:					
Logan Elementary	2008		K-6	900	744
Secondary:					
East Allegheny Junior/Senior HS	1970	1996	7-12	1,600	714
				Total	1,458

Source: School District Officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next three years, as prepared by the School District's administrative officials.

**TABLE 2
EAST ALLEGHENY SCHOOL DISTRICT
ENROLLMENT TRENDS**

<u>Actual Enrollment</u>				<u>Projected Enrollment</u>			
School Year (June 30 Year End)	Elementary	Secondary	Total	School Year (June 30 Year End)	Elementary	Secondary	Total
2019	754	794	1,544	2022	757	631	1,388
2020	730	784	1,514	2023	749	610	1,359
2021	744	714	1,458				

Source: School District Officials.

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds of the School District. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Its financial statements are audited annually by a firm of independent certified public accountants, as required by state law. Hosack, Specht, Muetzel & Wood LLP serves as the School District's auditor.

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

Budgeting Process as modified by Act 1 of the Special Session of 2006 (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 PDE and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

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

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

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

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

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

Status of 2020-21 Budget under Act 1. The Index applicable to the School District in the 2020-21 fiscal year is 3.8%. The School District did not raise taxes.

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 which follow. Table 4 shows audited revenue and expenditures for fiscal years 2015-19, 2019-20 estimates along with budgeted revenues and expenditures for 2020-21.

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TABLE 3
EAST ALLEGHENY SCHOOL DISTRICT
BALANCE SHEET-GENERAL FUND
YEARS ENDING JUNE 30,

ASSETS	2015	2016	2017	2018	2019
Cash and cash equivalents	\$ 1,316,013	\$ 831,852	\$ 313,949	\$ 676,244	\$ 786,796
Taxes Receivable, Net	8,395,109	8,673,908	9,242,769	9,293,420	9,601,916
Due from Other Funds	209,275	-	73,614	-	-
Due From Other Governments	782,783	1,809,385	1,641,029	1,472,846	1,477,382
Other Receivables	215,720	192,684	34,870	99,691	95,962
TOTAL ASSETS	\$10,918,900	\$11,507,829	\$11,306,231	\$11,542,201	\$11,962,056
LIABILITIES, DEFERRED INFLOWS OF RESOURCES					
AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ -	\$ 3,674	\$ -	\$ 448,941	\$ 451,125
Accounts Payable	3,998,393	3,777,501	2,903,046	2,728,840	2,303,605
Accrued Salaries & Benefits	2,873,730	3,684,077	3,507,596	3,703,532	3,846,882
Payroll Deductions and Withholdings	-	-	96,742	99,014	68,996
Unearned Revenues	-	-	17,675	245,083	11,975
Other Current Liabilities	6,895	442,277	381	345	304
TOTAL LIABILITIES	\$ 6,879,018	\$ 7,907,529	\$ 6,525,440	\$ 7,225,755	\$ 6,682,887
Deferred Inflows of Resources					
Unavailable Revenues - Property Taxes	\$ 8,176,365	\$ 8,465,512	\$ 9,037,023	\$ 9,083,050	\$ 9,373,320
Fund Balances					
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	406,281
Unassigned	(4,136,483)	(4,865,212)	(4,256,232)	(4,766,604)	(4,094,151)
TOTAL FUND BALANCES	\$ (4,136,483)	\$ (4,865,212)	\$ (4,256,232)	\$ (4,766,604)	\$ (3,687,870)
TOTAL LIABILITIES, DEFERRED INFLOWS OF					
RESOURCES AND FUND BALANCES	\$10,918,900	\$11,507,829	\$11,306,231	\$11,542,201	\$12,368,337

Source: East Allegheny School District Annual Audit Reports for fiscal school years ended June 30, 2015 - 2019

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TABLE 4
EAST ALLEGHENY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-GENERAL FUND
YEARS ENDING JUNE 30,

	<u>2015</u>	<u>2016</u>	<u>Actual</u> <u>2017</u>	<u>2018</u>	<u>2019</u>	<u>Daft</u> <u>2020</u>	<u>Budget</u> <u>2021</u>
REVENUES							
Local Sources	\$16,052,150	\$16,327,113	\$18,709,978	\$16,704,919	\$17,703,041	\$16,274,910	\$17,543,352
State Sources	12,724,437	13,805,488	13,600,264	14,708,163	16,431,033	17,653,003	16,387,606
Federal Sources	645,730	926,479	928,242	807,985	787,813	1,292,436	1,356,837
Total Revenues	\$29,422,317	\$31,059,080	\$33,238,484	\$32,221,067	\$34,921,887	\$35,220,349	\$35,287,795
EXPENDITURES							
Instruction	\$18,471,600	\$19,708,658	\$19,800,679	\$20,303,431	\$20,460,623	\$20,060,089	\$21,122,962
Support Services	9,401,726	8,880,252	9,444,098	9,873,488	10,724,384	10,511,181	10,829,804
Noninstructional Services	439,157	401,194	439,874	447,888	445,860	463,293	514,516
Capital outlay	28,849	0	0	0	159,138	208,167	50,000
Debt Service	30,000	29,917	0	0	0	0	0
Refund of Prior Year Receipts	219,196	153,364	552,110	135,420	240,267	319,123	0
Total Expenditures	\$28,590,528	\$29,173,385	\$30,236,761	\$30,760,227	\$32,030,272	\$31,561,853	\$32,517,282
Excess (deficiency) of Revenue Over Expenses	\$831,789	\$1,885,695	\$3,001,723	\$1,460,840	\$2,891,615	\$3,658,496	\$2,770,513
Other Financing Sources (Uses)							
Issuance of Leases Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of Refunding Bonds	-	-	-	-	-	-	-
Issuance of Notes Payable	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-
Premium (Discount) on Debt Issued, Net	-	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-	100,448
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-
Transfers Out	(2,561,140)	(2,614,424)	(2,392,743)	(1,971,212)	(2,219,162)	(2,578,106)	(2,871,461)
Total Other Financing Sources (Uses)	\$ (2,561,140)	\$ (2,614,424)	\$ (2,392,743)	\$ (1,971,212)	\$ (2,219,162)	\$ (2,578,106)	\$ (2,771,013)
Net Changes in Fund Balances	\$ (1,729,351)	\$ (728,729)	\$ 608,980	\$ (510,372)	\$ 672,453	\$ 1,080,390	\$ (500)
Fund Balances - July 1,	\$ (2,407,132)	\$ (4,136,483)	\$ (4,865,212)	\$ (4,256,232)	\$ (4,766,604)	\$ (4,094,151)	
Fund Balances - June 30,	\$ (4,136,483)	\$ (4,865,212)	\$ (4,256,232)	\$ (4,766,604)	\$ (4,094,151)	\$ (3,013,761)	

Source: East Allegheny School District Annual Audit Reports for fiscal school years ended June 30, 2015-2019, 2020 Estimates and 2021 Budget

TAXING POWERS OF THE SCHOOL DISTRICT

In General

Subject to certain limitations imposed by the Taxpayer Relief Act (see "Local Tax Limitations under Act 1 of 2006" below), the School District is empowered by the Public School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.

3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – "STEB") multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act, as Amended

The Taxpayer Relief Act, which became effective June 27, 2006 provides, inter alia, that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index, unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the referendum exceptions provided by the Taxpayer Relief Act applies. On June 30, 2011, the General Assembly adopted legislation (Act 25 of 2011) amending The Taxpayer Relief Act eliminating several exceptions previously permitted under The Taxpayer Relief Act 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 Taxpayer Relief Act together with Act 25 of 2011 will hereinafter be referred to as the "Taxpayer Relief Act". The exceptions available under the Taxpayer Relief Act are summarized as follows:

1. to pay interest on and principal of indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest on and principal of 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; and
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.

The School District did not elect to become subject to Act 72 of 2004 and has no outstanding indebtedness that was approved by voter referendum.

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 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 Pennsylvania 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 Taxpayer Relief Act, as amended, does not affect the School District's covenant under the Debt Act to budget, appropriate and pay debt service on all outstanding debt of the School District.

The Taxpayer Relief Act Index applicable to the School District in the current and previous fiscal years (not including exemptions) are as follows:

TABLE 5

Fiscal Year	Applicable
(ending June 30)	Index
2020-21	3.80%
2019-20	3.40%
2018-19	3.50%
2017-18	3.60%
2016-17	3.50%
2015-16	2.80%

In accordance with Taxpayer Relief Act, the School District put a referendum question on the ballot at the May, 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax ("EIT") or a personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was **NOT** approved by the voters.

The summary above of the Taxpayer Relief Act, as amended, is not intended to be an exhaustive discussion or a legal representation thereof, and a prospective purchaser of any bonds should review the full text of the Taxpayer Relief Act, as amended, as part of any decision to purchase any of the Bonds.

Status of the Bonds under The Taxpayer Relief Act

The Bonds constitute indebtedness incurred after the effective date of the Taxpayer Relief Act and, therefore, no exception to the referendum requirement is currently available for new taxes to pay the debt service on the Bonds if a tax increase greater than the Index is required.

Payments of debt service on the Bonds described in this Official Statement, other than the portion of the Bonds allocable to the refunding of the Series 2014 and Series of 2015 Bonds, are **NOT** eligible for exception from the provisions of The Taxpayer Relief Act pursuant to the exceptions described above. Therefore, the debt service on such Bonds **IS** subject to the tax rate limitations of The Taxpayer Relief Act. The Series 2014 and Series of 2015 Bonds which are being refunded by a portion of the Bonds were issued to refund the School District's General Obligation Bonds, Series of 2006 which constituted debt that was originally approved ("incurred") by the Board of School Directors prior to the effective date of The Taxpayer Relief Act. Consequently, the School District is entitled by The Taxpayer Relief Act to apply to PDE for approval to utilize an referendum exception under the Taxpayer Relief Act, if and to the extent a tax increase greater than the Index is needed to pay the principal and interest on such portion of the Bonds in any particular fiscal year (see "**The Taxpayer Relief Act, as Amended**" above). 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 tax 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.

Act 130 of 2008

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district implemented a personal income tax in accordance with the Taxpayer Relief Act, an increased personal income tax which is revenue neutral. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place a binding referendum question on the ballot at a general or municipal election for approval by the voters. The School District has taken no action to replace its occupation tax.

Act 48 of 2003

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 Unreserved Undesignated 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.

This summary of portions of Act 48 is not intended to be an exhaustive discussion of the provisions of Act 48 nor a legal interpretation of any provisions of Act 48, and a prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.

*Applicable to the School District.

Tax Levy Trends

Table 6 which follows shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District and municipalities served by the School District and Allegheny County.

**TABLE 6
EAST ALLEGHENY SCHOOL DISTRICT TAX RATES**

Fiscal Year	Real Estate (mills)	Real Estate Transfer Tax (%)	Earned Income Tax (%)	Local Services Tax (\$)
2016-17	26.972	0.5%	0.5%	\$5.00
2017-18	26.972	0.5%	0.5%	\$5.00
2018-19	26.972	0.5%	0.5%	\$5.00
2019-20	26.972	0.5%	0.5%	\$5.00
2020-21	26.972	0.5%	0.5%	\$5.00

Source: School District Officials.

**TABLE 7
EAST ALLEGHENY SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)**

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
<i>School District</i>	25.972	26.972	26.972	26.972	26.972
<u>County & Municipalities within the School District</u>					
<u>District</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<i>Allegheny County</i>	4.73	4.73	4.73	4.73	4.73
East McKeesport Borough	7.4	7.4	7.4	7.4	7.4
Wall Borough	7.22	7.22	7.22	7.22	7.22
Wilmerding Borough	10.0	10.0	10.0	10.0	10.0
North Versailles Township	7.75	7.75	7.75	7.75	7.75

Source: School District Officials

Real Property Tax

The real property tax (excluding delinquent collections) produced an estimated \$50,651,581 in 2018-19, approximately 60.8% of overall revenue. The tax is levied on July 1 of each year. Taxpayers who remit within two months receive a 2% discount, and those who remit subsequent to four months after July 1 are assessed a 10% penalty.

TABLE 8
EAST ALLEGHENY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2015-16	\$494,152,249	\$566,883,922	114.72%
2016-17	\$494,276,700	\$566,451,122	114.60%
2017-18	\$485,253,736	\$556,089,812	114.60%
2018-19	\$487,456,395	\$556,758,275	114.22%
2019-20	\$489,250,650	\$559,078,015	114.27%

Source: State Tax Equalization Board

TABLE 9
EAST ALLEGHENY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

School District	2018-19 Market Value	2018-19 Assessed Value	2019-20 Market Value	2019-20 Assessed Value
	\$487,456,395	\$556,758,275	\$489,250,650	\$559,078,015
Municipalities	2018 Market Value	2018 Assessed Value	2019 Market Value	2019 Assessed Value
East McKeesport Borough	\$57,117,411	\$65,829,597	\$56,915,903	\$65,594,597
Wall Borough	\$10,733,147	\$12,918,400	\$10,737,736	\$12,927,500
Wilmerding Borough	\$34,655,851	\$38,385,370	\$35,729,704	\$39,837,610
North Versailles Township	\$384,949,986	\$439,624,908	\$385,867,307	\$440,718,308

Source: State Tax Equalization Board

TABLE 10
EAST ALLEGHENY SCHOOL DISTRICT
ASSESSMENT BY LAND USE

Land Type	2016-17	2017-18	2018-19	2019-20
Residential	\$359,193,050	\$356,165,890	\$354,629,747	\$354,312,847
Lots	\$14,086,406	\$13,991,006	\$13,258,406	\$13,251,006
Industrial	\$21,388,300	\$15,323,600	\$15,287,700	\$15,396,100
Commercial	\$169,737,066	\$168,577,916	\$171,641,322	\$174,176,962
Agriculture	\$379,100	\$378,800	\$378,800	\$378,800
Land	\$346,700	\$332,100	\$332,100	\$332,100
Mineral	\$900	\$900	\$900	\$900
Trailers	\$1,319,600	\$1,319,600	\$1,229,300	\$1,229,300
TOTAL	\$566,451,122	\$556,089,812	\$556,758,275	\$559,078,015

Source: State Tax Equalization Board

TABLE 11
EAST ALLEGHENY SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

	<u>Market</u> <u>Valuation</u>	<u>Current</u> <u>Year</u> <u>Collections</u> <u>June-July</u>	<u>Current</u> <u>Year</u> <u>Collections</u> <u>as Percent</u> <u>of Total</u> <u>Flat Billing</u>	<u>Total</u> <u>Collections</u>	<u>Total</u> <u>Collections</u> <u>as a % of</u> <u>Levy</u>
2014-15.....	\$577,757,372	\$11,847,472	74%	\$13,038,549	82%
2015-16.....	\$573,968,572	\$12,096,946	82%	\$13,092,244	88%
2016-17.....	\$499,838,222	\$13,481,737	91%	\$13,368,446	99%
2017-18.....	\$492,805,772	\$12,247,080	90%	\$13,292,055	84%
2018-19.....	\$492,709,315	\$12,246,937	90%	\$13,289,454	92%
2019-20.....	\$491,928,405	\$12,061,715	90%	\$13,266,391	98%

⁽¹⁾Flat billing plus penalties, less discounts and exonerations. Excludes homestead/farmstead exemptions.

⁽²⁾Includes delinquent real estate only.

Source: School District Officials.

TABLE 12
EAST ALLEGHENY SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2019-20

<u>Owner</u>	<u>2019-20</u> <u>Assessed Value</u>
Brandywine	\$30,025,545
Walmart	13,800,000
CPF Living Communities	7,613,400
PNC Bank (Giant Eagle)	5,260,700
Home Depot	4,800,000
Amerco Real Estate Co (U HAUL)	4,760,000
Great Valley Mart Associates	3,501,000
PNC Bank (Movie Theater)	2,927,900
Exchangeright Net (Tractor)	2,023,200
35 th Strouss Associates	1,835,400
Total Assessed Value	\$76,547,145

Source: School District Officials.

Other Taxes

Under Act 511, the School District expects to collect, based on the FY2020-21 Budget, approximately \$1,831,000 in other taxes. Among the taxes authorized by Act 511 are the Real Estate Transfer Tax, Wage and Other Earned Income Tax (including net profits) and the Per Capita Tax which are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property of \$487,456,395 is \$5,849,477.

Real Estate Transfer. The School District collects a tax of 0.5% of the value of real estate transfers. It expects to collect, based on the FY2020-21 Budget, approximately \$150,000 or less than 1% of the District's revenues*.

Earned Income Tax. The School District collects a tax of 0.5% on the earned income of residents. It expects to collect, based on the FY2019-20 Budget, approximately \$1,350,000 or 3.8% of the District's revenues*.

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DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the outstanding debt of the School District as of closing, including the issuance of the Bonds.

TABLE 13
EAST ALLEGHENY SCHOOL DISTRICT
LOCAL GOVERNMENT UNIT DEBT ACT – DEBT STATEMENT
(As of November 15, 2020)

Gross Debt	Nonelectoral Debt	Lease Rental Debt
Outstanding Principal Amount of Bonds:		
General Obligation Note, Series of 2000 (CAB)	\$ 614,923	
General Obligation Note, Series of 2005 (CAB)	2,397,863	
General Obligation Note, Series of 2007 (CAB)	2,506,945	
General Obligation Bonds, Series of 2014*	7,270,000	
General Obligation Bonds, Series of 2015*	9,690,000	
General Obligation Bonds, Series of 2018	5,215,000	
Capital Leases	0	
Total Gross Debt	\$27,694,731	\$0
Exclusions from Gross Debt		
Total Exclusions		
Total Net Nonelectoral and Lease Rental Debt	\$27,694,731	\$0

* Being refunded by the Bonds

Source: School District Administrative Officials

SUMMARY OF OUTSTANDING DEBT FOLLOWING 2021 BOND ISSUANCE

General Obligation Note, Series of 2000 (CAB)	\$ 614,923
General Obligation Note, Series of 2005 (CAB)	2,397,863
General Obligation Note, Series of 2007 (CAB)	2,506,945
General Obligation Bonds, Series of 2018	5,215,000
General Obligation Bonds, Series of 2021	\$16,165,000
Total General Obligation Bonds	\$ 26,899,731

Source: School District Administrative Officials

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Debt Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as

defined by the Debt Act), for the three full fiscal years (June 30 FYE) ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

TABLE 14

Total Revenues for 2017-18.....	\$32,221,067
Total Revenues for 2018-19.....	34,921,887
Total Revenues for 2019-20 (unaudited)	34,424,652
Total	<u>\$101,567,606</u>
Annual Arithmetic Average (Borrowing Base)	<u>\$33,855,868</u>

Under the Debt Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base.

TABLE 15

**BORROWING CAPACITY UNDER LOCAL GOVERNMENT UNIT DEBT ACT
Following Issuance of 2021 Bonds**

Net Nonelectoral Debt and Lease Rental Debt Limit (225% of Borrowing Base)	Net Debt Outstanding	Remaining Borrowing Capacity
\$76,175,705	\$26,899,731	\$49,275,974

*Includes the estimated principal amount of the Bonds but excludes debt refunded (2014, 2015) by the Bonds. Does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth aid.

Source: School District Administrative Officials

Debt Service Requirements

Table 16 presents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

Table 17 presents data on the extent to which Commonwealth aid provides coverage for debt service and lease rental requirements.

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

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TABLE 16
EAST ALLEGHENY SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

30-Jun Year	Oustanding Debt	Series of 2021			Total Requiriments
		Principal	Interest	Subtotal	
2021 \$	193,484 \$	20,000 \$	207,310 \$	227,310 \$	420,794 \$
2022	1,493,288	535,000	517,875	1,052,875	2,546,163
2023	1,485,828	555,000	501,825	1,056,825	2,542,653
2024	964,241	1,125,000	493,500	1,618,500	2,582,741
2025	419,591	1,760,000	448,500	2,208,500	2,628,091
2026	416,006	1,835,000	378,100	2,213,100	2,629,106
2027	422,422	1,895,000	304,700	2,199,700	2,622,122
2028	418,644	1,975,000	228,900	2,203,900	2,622,544
2029	390,253	2,060,000	149,900	2,209,900	2,600,153
2030	416,766	2,120,000	88,100	2,208,100	2,624,866
2031	417,600	2,165,000	45,700	2,210,700	2,628,300
2032	2,325,556	120,000	2,400	122,400	2,447,956
2033	2,699,613	-	-	-	2,699,613
2034	2,702,447	-	-	-	2,702,447
2035	2,700,178	-	-	-	2,700,178
2036	2,697,909	-	-	-	2,697,909
2037	2,754,403	-	-	-	2,754,403
2038	2,754,556	-	-	-	2,754,556
2039	2,754,503	-	-	-	2,754,503
2040	2,573,463	-	-	-	2,573,463
Total \$	31,000,750 \$	16,165,000 \$	3,366,810 \$	19,531,810 \$	50,532,560 \$

*Totals may not add due to rounding.

TABLE 17
EAST ALLEGHENY SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY COMMONWEALTH AID*

2019-20 (estimated) State Aid Received	\$17,144,389
2019-20 (estimated) Debt Service Requirements	\$2,585,307
Maximum Future Debt Service Requirements after Issuance of Bonds.....	2,754,556
Coverage of 2019-20 (estimated) Debt Service Requirements.....	6.63 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	6.23 times

*Assumes current Commonwealth Aid Ratio. See "INVESTMENT CONSIDERATIONS – Commonwealth Aid".

TABLE 18
EAST ALLEGHENY SCHOOL DISTRICT
DEBT RATIOS AND FINANCIAL FACTORS

School District (Est.) Population	15,125*
2020 Taxable Assessed Value	\$492,709,315
School District General Obligation Debt**	\$26,899,731
Allocable Portions of Overlapping Debt*	
County of Allegheny	\$4,519,733
East McKeesport	172,868
Wall Borough	75,000
Wilmerding Borough	200,000
North Versailles Township	16,549,912
Total Overlapping Debt	\$21,517,513
 Total Direct and Overlapping Debt	 \$48,417,244
Per Capita Direct Debt	\$1,778
Per Capita Direct and Overlapping Debt	\$3,201
Direct Debt to Taxable Assessed Value	5.45%
Direct and Overlapping Debt to Taxable Assessed Value	9.82%

* Per 2010 U.S. Census

** As of January 7, 2021

Source: School District Administration, U.S. Census Bureau, Allegheny County Department of Real Estate, Pennsylvania Department of Community & Economic Development

Interest Rate Management Agreements

On September 24, 2003, the Governor of the Commonwealth signed into law legislation that empowers local government units, including school districts, to enter into “qualified interest rate management agreements” such as swaps and swaptions as a tool to manage interest rate risk. A summary of the School District’s qualified interest rate management agreements is provided in the following table, and additional information can be found in Appendix B – Audited Financial Statements – June 30, 2019

Associated Bond Issue	Transaction Date	Effective Date	Maturity Date	Current Notional Amount*	Terms	Market Valuation *
General Obligation Bonds, Refunding Series of 2005	12/18/2009	1/4/2016	4/1/2032	\$18,310,000	School District pays SIFMA: Receives 64.8% of 5-year LIBOR	\$196,280.41
General Obligation Bonds, Series of 2006	12/18/2009	1/15/2016	5/15/2036	5,468,833	School District pays SIFMA: Receives 64.8% of 5-year LIBOR	\$(26,487.06)
General Obligation Notes, Tax-Exempt Series of 2000	12/18/2009	1/15/2016	11/15/2023	3,261,439	School District pays SIFMA: Receives 64.8% of 5-year LIBOR	\$9,877.16

Source: School District Audited Financial Statements, June 30, 2019

* As of November 9, 2020

Future Financing

The School District does not anticipate issuing additional long-term (non-refunding) debt in the next 1-3 years.

LABOR RELATIONS

School District Employees

The School District currently employs 176 employees, as shown in the following table.

Professional/Instructional	122
Support Personnel	46
Administrative	8
TOTAL	176

The 122 professional/instructional employees of the School District, consisting of teachers, guidance counselors, nurses and librarians, are represented for purposes of collective bargaining by the East Allegheny Education Association ("EAEA"), an affiliate of the Pennsylvania State Education Association. The current collective bargaining agreement between the School District and the EAEA expires on June 30, 2021.

Pension Program

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

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 34.51% for the fiscal year 2020-21. Current financial projections indicate the possibility of increases in the contribution rate in the next five years.

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

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

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

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

Annual School District contributions have been as follows:

Fiscal Year	Contributions
2014-15	\$2,322,089
2015-16	2,857,724
2016-17	3,266,100
2017-18	3,465,619
2018-19	3,655,038
2019-20	3,727,889
2020-21 (Budgeted)	3,740,937

Source: School District officials.

At June 30, 2019, the School District reported a liability of \$92,986,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. 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, 2018, the School District's proportion was 0.1937% which was an increase of 0.0012% from its proportion measured as of June 30, 2017.

As of June 30, 2019, the PSERS plan was 58.1% funded, with an unfunded actuarial accrued liability of approximately \$44.1 billion. PSERS' rate of return for fiscal year ended June 30, 2019 was 6.68%. The Fund had plan net assets of \$59.1 billion at June 30, 2019. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009.

The School District annually appropriates funds to meet its obligation to pay such benefits on a "pay-as-you-go" basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years. In the fiscal year ended June 30, 2020, the School District's OPEB cost was \$247,339, and its fiscal year 2020-21 OPEB cost is estimated at \$197,139.

INVESTMENT CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This does not purport to describe all of the risks of an investment in the Bonds; both the School District and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual, circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Official Statement.

Investment in the Bonds involves substantial risks. The following information should be considered by prospective investors in evaluation of the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks. Other factors which could result in a reduction of revenues available to the School District or an increase in the School District's expenses, and a corresponding reduction in the School District's ability to fulfill the terms of its debt service obligations, are discussed elsewhere in this Official Statement, including the Appendices hereto.

Prospective investors should consider this Official Statement, including the Appendices hereto, in its entirety prior to making any investment decision with respect to the Bonds.

State Intercept Procedures and Timing

The successful operation of the Intercept Agreement depends on the performance of certain administrative actions and the availability of adequate appropriations which can be withheld for payment or the successful operation of the provisions of the Fiscal Code added by Act 85 applicable in the case of a Commonwealth budget impasse.

Pursuant to the Resolution, the School District will deposit in the Sinking Fund a sufficient sum on or before each May 15 and November 15 of each year with respect to payments due on June 1 and December 1, respectively, on the Bonds. To enhance security for the repayment of the Bonds, the School District, the Department, the State Treasurer and the Paying Agent will be entering into the Intercept Agreement under which the School District requests and authorizes the Department to provide notice to the State Treasurer to withhold a portion of the Commonwealth appropriations due to the School District on the last Thursday of the months of February and August of each fiscal year of the School District so long as the Bonds are outstanding and to pay such withheld amounts directly to the Paying Agent for application to the debt service on the Bonds.

In addition to the Intercept Agreement, the School District is a party to intercept agreements with the Commonwealth relating to certain other of its general obligation bonds and notes. It is expected that such intercept agreements will be administered consistent with the rights of the related paying agents under such intercept agreements and any other intercept agreement which may apply to the School District's debt obligations in the future. There can be no assurance that Commonwealth appropriations due the School District will be equal to or greater than the amounts due under the Intercept Agreement or the other intercept agreement, or that payments of the same made will be made by the date on which payments are due to the Bondholders.

Reliance on Commonwealth Funding and Delays in Commonwealth Budget Process

Commonwealth subsidy payments to the School District have consistently been a major revenue source for the School District and fundamentally important to the School District's budgeting process. The delayed enactment of the Commonwealth's budget for its fiscal year ended June 30, 2016, adversely affected the School District's cash flow, finances and operations in 2015. The timing of the enactment of the Commonwealth's budgets for each of its fiscal years ended June 30, 2017, June 30, 2018 and June 30, 2019, in and of itself, has not adversely affected the School District's cash flow.

Delays in the Commonwealth budget process in any fiscal year of the School District may impact the School District's cash flow with potentially related materially adverse effects upon the School District's Finances and operations in the School District's applicable fiscal year or fiscal years. Moreover, there is no assurance that once enacted, the Commonwealth budget, in any fiscal year, will appropriate amounts equal to those estimated in the School District's budget for the related time period.

Commonwealth Aid

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly. The largest subsidy, the 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 a 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 student count. School districts also receive subsidies for special education, pupil transportation, health service and debt service.

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of debt service on certain financings upon final approval of the Department. Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio. The School District officials have estimated that the "Reimbursable Percentage" of the Bonds will be a maximum 27.69 percent. The School District's Aid Ratio for the 2019-20 school year is currently 61.05 percent. The product of these two factors for the Bonds is 16.90 percent which is the percentage of debt service which will be reimbursed by the Commonwealth. In future years, this percentage may change as the School District's Aid Ratio changes, or as a result of future legislation. The Aid Ratio is a function of the market value per weighted average daily membership of the School District relative to that of other school districts of the Commonwealth.

Current Lack of State Appropriations for Debt Service Subsidies

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contained authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This new moratorium went into effect on May 15, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017, and

November 6, 2017 and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law.

To date, the CFA, has issued \$1,559,680,000, to provide for Plan Con reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the principal amount of \$412,520,000 issued on January 18, 2018 and its Revenue Bonds, Series A of 2019 (Federally Taxable) in the principal amount of \$388,975,000 issued on May 22, 2019. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be provided 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.

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

Recently enacted Act 70 of 2019 (approved July 2, 2019) reforms the PlanCon program by, among other things, reducing the number of individual parts to the program, adjusting the reimbursement formulae, providing reimbursement for certain repair and maintenance projects and limiting state reimbursement payments to fixed amount over a twenty-year period. However, the General Assembly did not include PlanCon funding in the 2019-20 fiscal year budget, and so the moratorium on new projects first imposed by Act 25 of 2016 continues. To the extent that Act 70, or any future legislation, contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

Notwithstanding the foregoing, the projects originally financed (or refinanced) by the Refunded Bonds have been previously approved for PlanCon reimbursement, and the School District has been receiving such funds (including catch-up payments from the proceeds of the above-described CFA bond issues). The School District expects that PlanCon reimbursement will continue to be paid in respect of the Bonds.

Pennsylvania Budget Adoption and Experience

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

For the 2016-17 fiscal year, the Commonwealth budget became law, known as Act I 6A 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 Commonwealth budget.

For the 2017-2018 fiscal year, the state budget became law, known as Act 1 A of 2017, on July 11, 2017 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on June 30, 2017. Act 1 A of 2017 did not have any accompanying legislation regarding the potential revenue that would be needed to fund the balance of the 2017-18 budget at the time of enactment. On October 25, 2017, the General Assembly adopted House Bill 542 which contained the necessary revenue to fund the balance of the previously adopted Act 1A of 2017. On October 30, 2017, the Governor approved and signed House Bill 542 and it became known as Act 43 of 2017.

For the 2018-19 fiscal year, the state budget (House Bill 1211) was signed by the Governor on June 22, 2018.

For the 2019-20 fiscal year, the state budget (House Bill 790) was timely signed by the Governor on June 28, 2019.

The budget for the 2018-19 and the 2019-20 fiscal years were adopted timely. Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor signed a five-month stopgap budget for the 2020-21 fiscal year. This budget provided five months of funding for most state programs and a full twelve months of funding for public education, at levels unchanged from the previous year. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21 and includes mostly flat funding for public education similar to stopgap budget adopted for the first five months of the 2020-21 fiscal year. On November 23, 2020, the Governor signed Senate Bill 1350 and House Bill 2536.

During a budget impasse, school districts in Pennsylvania cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. These include many major state subsidies, and overall

revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon Reimbursements and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code, however, recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. For further information on Act 85 of 2016, see “SECURITY FOR THE BONDS – Security for General Obligation Bonds under Section 633 of the Public School Code of 1949- Intercept Agreement” herein.

Outstanding and Future Debt

In the event of a default, holders of the Bonds would share in the assets of the School District with all other holders of outstanding bonds and notes, subject to the application of intercept agreement provisions for certain general obligation bonds and notes other than the Bonds, and other unsecured creditors having equal priority. The Bondholders are, therefore, reliant in great measure, on the willingness and capability of the Commonwealth to make timely and adequate Commonwealth Aid payments to the School District to assure that none of its outstanding debt goes into default.

Negative Fund Balances

Although it has avoided operating deficits in two of the past three fiscal years, the School District has been unable to materially reduce its negative fund balances in recent fiscal years. In addition, since 2013, the School District has experienced financial pressures from increases in charter school, now approximately \$3.5 million per year, and special education expenses as well as required pension contributions. With respect to pensions, the amount of payroll that the School District must pay as their contribution to the system has increased from \$2.3 million in fiscal year 2015 to \$3.7 million in fiscal year 2020 (see “**LABOR RELATIONS – Pension Program**” herein).

Real estate tax collection continues to be difficult due to lack of tax base, vacant unused land, few new developments, high delinquent tax accounts, mid to low collection rate and tax refunds due back to homeowners and commercial accounts. The slight decline in enrollment, large negative fund balance, rising special education costs and lack of tax base, which includes lack of commercial business, all impact the economic climate of the School District. For a discussion of certain historical financial information relating to the School District, see “**SCHOOL DISTRICT FINANCES**” herein.

Unfavorable Result of Allegheny Intermediate Unit Lawsuit

The Allegheny County Court of Common Pleas has entered a judgment in favor of the Allegheny Intermediate Unit (the “IU”) against the School District in the amount of \$3,023,067.00 plus interest awarded at the rate of 12% per year resulting from litigation arising from the incorrect billing by the IU for services that were provided by the IU to the School District for the years 2010 through 2015. The School District has been in discussions with the IU Board and their new executive director as well as contacting the Pennsylvania Department of Education concerning some type of a payment plan which East Allegheny hopes to negotiate to resolve this matter.

School District’s Ability to Generate Revenue

The School District has pledged its full faith, credit and taxing power to pay debt service on the Bonds. Any use of the Commonwealth subsidy amounts to pay debt service on the School District’s indebtedness reduces the amount of revenues otherwise available to the School District for its operating expenses. The School District cannot assure Bondholders that it will be able to decrease expenses or increase taxes which will be sufficient to balance the budget in the School District’s fiscal year ended June 30, 2020 or subsequent years.

Ability to Raise Taxes

The School District’s ability to raise taxes may be limited, as described in the discussion of “**TAXING POWERS OF THE SCHOOL DISTRICT – The Taxpayer Relief Act, as Amended**” herein.

The School District has not raised taxes in each of its last three fiscal years through the 2019-2020 fiscal year. See also “**TAXING POWERS OF THE SCHOOL DISTRICT – Tax Levy Trends**” herein. Additionally, the School District filed for allowable exceptions under The Taxpayer Relief Act in 2015 to increase tax rates by more than the index permitted thereunder (the “Index”) without seeking voter approval. No assurances can be provided that the School Board will approve an increase in tax rates in any future year. In addition, there have been proposals in the Pennsylvania General Assembly that would further limit the ability of a school district to raise taxes without seeking voter approval at a referendum. No assurances can be provided regarding how voters within the School District would evaluate and vote upon any proposal submitted to them to raise taxes.

Adverse Legislative Changes

The School District has been adversely impacted by changes in Pennsylvania law and the inability of the Commonwealth to deal with the adequacy and equity of school funding in general. Changes in the way the

Commonwealth reimburses school districts for the cost of special education have shifted a substantial burden from the Commonwealth to the School District. Moreover, legislative changes have adversely impacted the School District pertaining to the manner in which “charter schools” are financed within the Commonwealth. The charter school law provides for the creation of schools outside the management and control of a school district, which provide education to students according to the schools’ respective charters. The school district in which the charter school student lives is required to pay a per student amount to the charter school to provide for the education of the student. The school district pays the prescribed amount to the charter school, but cannot immediately recover the amount by an equivalent reduction in school district costs. Legislative action providing for charter school subsidy in 2013 did not include authorization for appropriations to school districts in any future year. Accordingly, the School District will be required to continue to monitor the impact of local charter schools carefully and make appropriate adjustments to its budget. In addition, budgetary and other legislative changes may impact the level of reimbursement that the Commonwealth provides to the School District for capital projects or other purposes.

Reliance on Financing Transactions; Market Access; Debt Capacity

The School District’s ability to manage its cash flow, timely pay operating expenses and other obligations, and improve its budgetary results during the current and upcoming fiscal years is dependent, in part, on its ability to accomplish certain financing activities, such as the plan of finance to be accomplished through the issuance of the Bonds. The School District’s budgetary and capital plans are dependent in part on its ability to maintain access to the capital markets or other financing sources. No assurances can be provided that the School District will be able to maintain such access or that such financings can be accomplished on terms that do not create longer term financial pressure on the School District. Beyond the short-term, the School District’s ability to utilize financing transactions to address structural budget issues is also constrained by the debt limits of the Debt Act. See also “**DEBT AND DEBT LIMITS – Debt Statement and – Debt Limit and Remaining Borrowing Capacity**” above.

Investment Risk; Limitations on Marketability of the Bonds

There can be no assurance that there will be a secondary market for the purchase and sale of the Bonds. From time to time, there may be no market, or a limited market, for the Bonds depending upon prevailing market conditions and the financial condition and results of operations of the School District. The Bonds should therefore be considered investments in which funds are committed to maturity or until earlier redemption.

Challenges Facing the School District and Other Risk Factors Related to Finances and Operations

In the future, the following factors, among others, may adversely affect the Finances and operations of the School District to an extent that cannot be determined at this time.

1. Expenditures required to comply with special education or other instructional requirements including the settlement of claims related to special education litigation;
2. Expenditures to comply with any future Federal and/or Commonwealth mandates;
3. Unknown litigation, regulatory actions or other similar claims regarding the School District;
4. Changes in Commonwealth pension funding requirements with may affect the level of annual employer contributions required by the School District;
5. Increased competition from charter schools (including cyber charter schools) which may increase required payments from the School District for tuition or reduce levels of Commonwealth aid to the School District;
6. Adverse economic conditions which may impact real estate property values, non-property tax revenues and levels of tax delinquencies;
7. Changes in collective bargaining agreements which may affect the timing and extent to which the School District may be able to implement cost containment measures;
8. Adverse demographic, economic or financial developments affecting the Penn Hills School District or the County of Allegheny (i.e., overlapping tax jurisdictions), which may constrain the ability of the School District to raise tax revenues;
9. The recurrence of a Commonwealth budget impasse which could exacerbate or contribute to cash flow strains during the related budget year of the School District;
10. Pressure on the School District’s state law debt ceiling under the Debt Act which may limit its ability over time to undertake budgetary debt service savings transactions and/or fund capital improvements; and
11. Changes in public support for public education funding, in general, and funding for the School District, in particular, which may impact the level of Commonwealth education aid received by the School District and/or constrain the ability of the School District to raise taxes.

Infectious Disease Outbreak - COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the Commonwealth of Pennsylvania. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Center for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Pennsylvania Governor Tom Wolf ordered all non-life-sustaining businesses in Pennsylvania to close their physical locations as of 8:00 p.m. March 19, 2020 to slow the spread of COVID-19. On March 23, 2020, the Pennsylvania Department of Education (PDE) announced that all schools in the Commonwealth will remain closed through at least April 6 as a result of the COVID-19 response efforts; the closure order was extended thereafter for the remainder of the school year. Additionally, the Governor issued a Stay at Home order effective throughout the Commonwealth. During the month of May and early June 2020, that order was gradually lifted.

On March 27, 2020, Act 13 of 2020 was signed into law by Governor Wolf to amend the School Code concerning the Pandemic. Act 13 permitted the Pennsylvania Department of Education (PDE) to further order the closure of all school entities until the threat to health and safety caused by the Pandemic had ended, which the Secretary of Education did. Act 13 also waived the requirement that school entities be open for at least 180 days of instruction during school year 2019-2020, and provided for, inter alia, continued compensation of school entity employees, school subsidies and reimbursements from the Commonwealth, as a result of actions to be taken by PDE (which were taken.) Act 13 also continued payments to charter schools, intermediate units, career and technical centers, and approved private schools and residential rehabilitative institutions where public schools had placed students.

Act 13 also required each school entity to make a good faith effort to devise a plan to offer continuity of education using alternative means during the closure period. To assist schools during the extended closure, the Commonwealth's 29 intermediate units provided technical assistance to help develop continuity of education plans for all students. In June of 2020, PDE published preliminary guidance related to the phased re-opening of pre-k through 12 schools. The guidance required each school district to develop health and safety plans, to be approved by their boards of school directors and submitted to PDE, prior to re-opening for in person learning, and to post their plans on the school district's publicly available website before reopening. In accordance with its plan, the School District is currently operating on a remote basis, wherein the distinct students participate in synchronous learning on Monday, Tuesday, Thursday and Friday, and participate in asynchronous learning on Wednesday. Teachers will be teaching remotely with camera devices to all students.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. To secure the payment of the principal of and interest on the Bonds, the School District has pledged its full faith, credit and all available taxing power, which taxing power presently included the power to levy *ad valorem* taxes and all taxable real property within the School District, within the limits provided by law as to rate or amount for such purpose. A reduction in property values may require an increase in the *ad valorem* taxes. (See "**TAXING POWERS AND LIMITS**" and "**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS—The Taxpayer Relief Act, as Amended (Act 1)**" herein) for a discussion of the limitations on the School District's ability to increase the *ad valorem* tax rate.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the School District cannot predict how the outbreak will impact the financial condition or operations of the School District or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to the School Districts. The School District cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in Commonwealth funding or an increase in operational costs incurred to implement distance learning strategies or clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on Commonwealth websites, including but not limited to the Governor's office (<http://www.pa.gov/>), the Pennsylvania Department of Health (<http://www.health.pa.gov/>). *The School District has not incorporated by reference the information on such websites and the School District does not assume any responsibility for the accuracy of the information on such websites.*

The foregoing is NOT an exhaustive list of all possible factors that could adversely impact the ability of the School District to make payments on the 2021 Bonds.

LITIGATION

At the time of settlement, the President of the School Board will certify and the Solicitor will opine that there is no litigation pending challenging the Bonds, the Resolution or the power or process of the School District to issue the Bonds.

DEFAULTS AND REMEDIES

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, 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 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 percent of the Bonds may appoint a trustee to represent them. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX EXEMPTION

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 Bonds is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (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 Bonds. The School District has covenanted to comply with certain restrictions designed to ensure that interest on the 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 Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the 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 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel express no opinion regarding the Bonds or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel have rendered opinions that interest on the 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 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 express 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 Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the 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 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 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 Bonds.

*The Bonds are **not** designated as a "qualified tax-exempt obligation".*

Original Issue Premium

The Bonds of each maturity are being offered and sold to the public at a price in excess of the principal amount thereof (the "Premium Bonds"). Under the Code, the difference between the principal amount of a Premium Bond and the cost basis of such Premium Bond to an owner thereof is "bond premium." Under the Code, bond premium is amortized over the term of a Premium Bond (i.e., the maturity date of a Premium Bond or its earlier call date) for federal income tax purposes. An owner of a Premium Bond is required to decrease his or her basis in such Premium Bond by the amount of the amortizable bond premium attributable to each taxable year (or portion thereof) he or she owns such Premium Bond. The amount of the amortizable bond premium attributable to each taxable year is determined on an actuarial basis at a constant interest rate determined with respect to the yield on a Premium Bond compounded on each interest payment date. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes.

Owners of Premium Bonds (including purchasers of Premium Bonds in the secondary market) should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to the state and local consequences of owning and disposing of Premium Bonds.

See Appendix E hereto for a copy of the Form of Opinion of Bond Counsel.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the School District (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will agree to provide the following to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent:

- (A) Annually, not later than April 1 following the end of each fiscal year, beginning with the fiscal year ending June 30, 2020, the following financial information and operating information for the School District:
 - (1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units; and
 - (2) a summary of the budget for the current fiscal year (i.e. the fiscal year following the fiscal year of the financial statements being provided)
- (B) If not submitted as part of the annual financial information, then when and if available, audited financial statements for the School District;
- (C) In a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
 - (7) modifications to rights of holders of the Bonds, if material;
 - (8) bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the School District;
 - (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (15) incurrence of a financial obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material; and
 - (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the School District, any of which reflect financial difficulties.
- (D) in a timely manner, notice of a failure of the School District to provide the required annual financial information specified above, on or before the date specified above.

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

The events listed in (C) above are those specified in the Rule, not all of which may be relevant to the Bonds. The School District may from time to time choose to file notice of the occurrence of other events, in addition to the events listed in (C) above, but the School District does not commit to provide notice of the occurrence of any events except those specifically listed in (C) above.

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

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

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

Summary of Continuing Disclosure Undertaking Compliance

The School District has entered into prior undertakings to provide information pursuant to Continuing Disclosure Agreements for several outstanding bond issues. The requirements of the outstanding bond issues require the School District to submit information annually, with the shortest submission period being 6 months following the close of each fiscal year of the School District, which occurs on June 30th.

The School District's filing history of its annual financial statements, budget and operating data during the past five (5) years is outlined in the table below:

Fiscal Year Ending	Filing Deadline ⁽¹⁾	Financial Statements		Budget		Operating Data	
		Filing Date	EMMA ID ⁽²⁾	Filing Date	EMMA ID ⁽²⁾	Filing Date	EMMA ID ⁽²⁾
6/30/2015	12/31/15	06/10/16	ER7644249	N/A	N/A	10/24/16	ER778297
6/30/2016	12/31/16	03/24/17	ES800227	N/A	N/A	08/01/17	ER840390
6/30/2017	12/31/17	06/28/18	ES876939	N/A	N/A	02/26/18	ER876091
6/30/2018	12/31/18 04/1/19 (budget)	05/31/19	EP810383	11/29/18	ES941304	12/31/18	ES945693
6/30/2019	12/31/19 04/1/200 (budget)	06/01/20	RE1032225	12/13/19	ER988764	12/20/19	ES1023616

⁽¹⁾ For these purposes, assumes the shortest filing deadline of the School District's previous Continuing Disclosure Agreements

⁽²⁾ Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below:

<http://emma.msrb.org/ContinuingDisclosureView/ConsultingDisclosureDetails.aspx?submissionId~>

Based on the information above, the School District's annual financial and operating filing history over the past five (5) years can be summarized as follows:

- For fiscal year ending June 30, 2015 the Financial Statements and Operating data were not filed timely. A failure to file event was posted on June 10, 2016
- For fiscal year ending June 30, 2016, the Audited Financial Statements and Operating data were not filed timely. A failure to file event was posted on August 1, 2017.
- For fiscal year ending June 30, 2017, the Audited Financial Statements and Operating data were not filed timely. A failure to file event was posted on February 21, 2018.
- For fiscal year ending June 30, 2018, the Unaudited Financial Statements and Operating data were filed timely. Audited Financial Statement were filed on May 31, 2019.
- For fiscal year ending June 30 2019, the Unaudited Financial Statements and Operating data were filed timely. Audited Financial Statements were filed on July 2, 2020.

The School District has engaged Digital Assurance Certification, LLC ("DAC") as its Dissemination Agent for the purpose of complying with Rule 15c2-12. See Appendix F hereto for a copy of the form of Continuing Disclosure Agreement.

UNDERWRITING

Boenning & Scattergood, Inc. (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate price of \$17,609,729.90, which price represents the par amount of the Bonds plus net original issue premium in the amount of \$1,578,091.15 less an underwriting discount of \$133,361.25. The Underwriter's obligation is subject to certain conditions precedent; the Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

BOND RATINGS

S&P Global Services, Inc. ("S&P") has assigned its rating of "AA" (Stable outlook) to the Bonds, with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy will be issued by BAM insuring the payment, when due, of the principal of and interest on the Bonds. Moody's Investors Service (Moody's) has assigned its enhanced rating of "A2" (stable outlook) to the Bonds on the basis of the Pennsylvania Intercept Program and with the understanding that, upon delivery of the Bonds, the Intercept Agreement will be executed and delivered and will be in full force and effect. There is no assurance that any such rating will be in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

LEGAL OPINION

The Bonds are offered with the approving legal opinion of the Law Offices of Wayne D. Gerhold, Bond Counsel, of Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the School District by Daniel P. Beisler, Esq., North Huntingdon, Pennsylvania, School District Solicitor.

MISCELLANEOUS

All summaries or descriptions of the provisions of the Bonds set forth in this Official Statement, and all other references in this Official Statement to other documents not purported to be quoted in full, are made subject to all the detailed provisions thereof, to which reference is hereby made for further information. Such summaries or descriptions are only brief outlines of certain of the provisions of such documents and materials, and do not purport to summarize or describe all of the provisions thereof.

All estimates and assumptions in this Official Statement have been made on the best information available and are believed to be reasonable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as such and not representations of fact.

Use of the words "shall," "will," "must," or other words of similar import or meaning in summaries of documents or law in this Preliminary Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or such obligations will be fulfilled, but only that the document or law requires or contemplates such event to occur or such obligation to be fulfilled.

At the time of payment for and delivery of the Bonds, the School District will furnish to the Underwriter a certificate to the effect that: (i) the descriptions and statements of, or pertaining to, the School District, contained in this Official Statement (including the Appendices hereto), as of the date of this Official Statement, and as of the date of sale and delivery of the Bonds, were and are true and correct in all material respects; (ii) insofar as the School District's affairs, including its financial affairs, are concerned, this Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; (iii) insofar as the descriptions and statements, including financial data, of or pertaining to entities other than the School District contained in this Official Statement are concerned, such statements and data have been obtained from sources which the School District believes to be reliable and that the School District has no reason to believe are untrue in any material respect; and (iv) there has been no material adverse change in the financial condition of the School District, respectively, since the date of the last audited financial statements of the School District appearing in this Official Statement.

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

EAST ALLEGHENY SCHOOL DISTRICT
(Allegheny County, Pennsylvania)

By: /s/ John Savinda
President, Board of School Directors

APPENDIX A

DEMOGRAPHIC AND ECONOMIC INFORMATION RELATING TO THE EAST ALLEGHENY SCHOOL DISTRICT

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**DEMOGRAPHIC AND ECONOMIC INFORMATION
RELATING TO THE EAST ALLEGHENY SCHOOL DISTRICT**

Population

Table A-1 shows population trends for the School District, Allegheny County, and the Commonwealth of Pennsylvania. Table A-2 shows 2010 age composition and average number of persons per household in Allegheny County and the Commonwealth. Average household size for Allegheny County was slightly lower than the statewide average.

**TABLE A-1
POPULATION TRENDS**

	2010	2017 (est.)	Percentage Change 2010-2017 (est.)
School District	15,125	14,970	-0.10%
Allegheny County	1,223,348	1,281,666	0.48%
Pennsylvania	12,702,379	12,790,505	0.69%

Source: U.S. Census Bureau, Census 2010 & U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

**TABLE A-2
AGE COMPOSITION**

	0-17 Years	18-64 Years	65+ Years	Persons Per Household
Allegheny County	22.3%	56.7%	21.0%	2.39
Pennsylvania	22.0%	62.6%	15.4%	2.45

Source: 2010 Census Summary File 1.

Table A-3 shows recent trends in labor force, employment and unemployment for Allegheny County and the Commonwealth. The unemployment rate for Allegheny County has been lower than the statewide average.

**TABLE A-3
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT*
(Allegheny County)**

	2015	2016	2017	2018	2019	2020 ⁽¹⁾
Allegheny County						
Civilian Labor Force (000)	647.8	660.9	645.9	646.9	649.9	637.5
Employment (000)	616.6	625.3	615.2	623.1	623	554.1
Unemployment (000)	31.2	35.6	30.7	23.8	26.8	83.4
Unemployment Rate	4.80%	5.40%	4.80%	3.70%	4.10%	13.10%
Pennsylvania						
Civilian Labor Force (000)	6,424.0	6,576.0	6,427.0	6,457.0	6,492.0	6,463.0
Employment (000)	6,094.0	6,211.0	6,112.0	6,202.0	6,208.0	5,628.0
Unemployment (000)	330	365	316	255	284	835
Unemployment Rate	5.10%	5.50%	4.90%	4.00%	4.40%	12.90%

⁽¹⁾ As of May 2020

Source: Pennsylvania State Employment Service.

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APPENDIX B

Audited Financial Statements

Fiscal Year Ending June 30, 2019

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**East Allegheny School District
Financial Statements
June 30, 2019**

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Independent Auditor's Report

Members of the Board
East Allegheny School District
North Versailles, 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 East Allegheny School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise East Allegheny School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of East Allegheny School District, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Allegheny School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020 on our consideration of East Allegheny 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 effectiveness of East Allegheny School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Allegheny School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
May 29, 2020

**East Allegheny School District
Management's Discussion and Analysis
June 30, 2019**

The discussion and analysis of East Allegheny School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

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

Financial Highlights

In April, the predicted trend indicated that for the 2018/2019 fiscal year, East Allegheny School District would have an increase for health benefits by 1.9% and no increase for dental and vision benefits. The employees pay into healthcare (through payroll deduction) by a percentage of their pay plus half the difference of a rate increase. This helps offset the costs somewhat.

The East Allegheny School District's contribution rate paid to the Public School Employees' Retirement System (PSERS) again significantly went up from 32.57% (2017/2018) to 33.43% in 2018/2019. This trend of annual rising PSERS rates continues to be a burden for the School District.

The School District's real estate tax collection rate was set at 26.9722 in 2017/2018 and with Board action remained at 26.9722 for 2018/2019. Not raising millage at least up to the index.

The East Allegheny School District continues to put in place cost-saving measures for the future. Such as, when feasible, not replacing employee retirements, transportation services locking in low rates, refinance partial bonds through intercept program, a school building currently listed for sale, and delinquent tax collection.

In closing, the tuition paid to Charter Schools, AIU Special Education Services, debt service payments, lack of a strong real estate tax base, no millage increase, and maintaining the vacant school continue to be a burden to East Allegheny School District.

Total revenues of \$34,921,887 were comprised of the following:

\$17,703,297 from local sources, or 51%

\$16,431,033 from state sources, or 47%

\$787,557 from federal sources, or 2%.

The School District has \$34,249,434 in expenses and other financing uses and a negative \$(4,094,151) fund balance. General revenues, primary taxes and state subsidies provided for these programs.

Using the Annual Financial Report

The Annual Financial Report (AFR) consists of a financial section, including this Management's Discussion, analysis and notes to the Financial Section that provide additional information regarding the School District and a single audit section which is issued to comply with federal guidelines as required in the Government Auditing Standards and the Uniform Grant Guidance.

**East Allegheny School District
Management's Discussion and Analysis
June 30, 2019**

The first two statements are government-wide statements - the statement of net position and the statement of activities. These provide both long-term and short-term information about East Allegheny School District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of East Allegheny School District's operation in more detail than the government-wide statements. The government funds statements tell how general School District services were financed in the short term as well as what remains for future spending.

Proprietary fund statements offer short and long-term financial information about the activities that the School District operates like a business. For East Allegheny School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes to explain some of the information contained within and to provide more detailed data.

Figure A-1 shows how the required parts of the financial section are arranged and how they relate to one another:

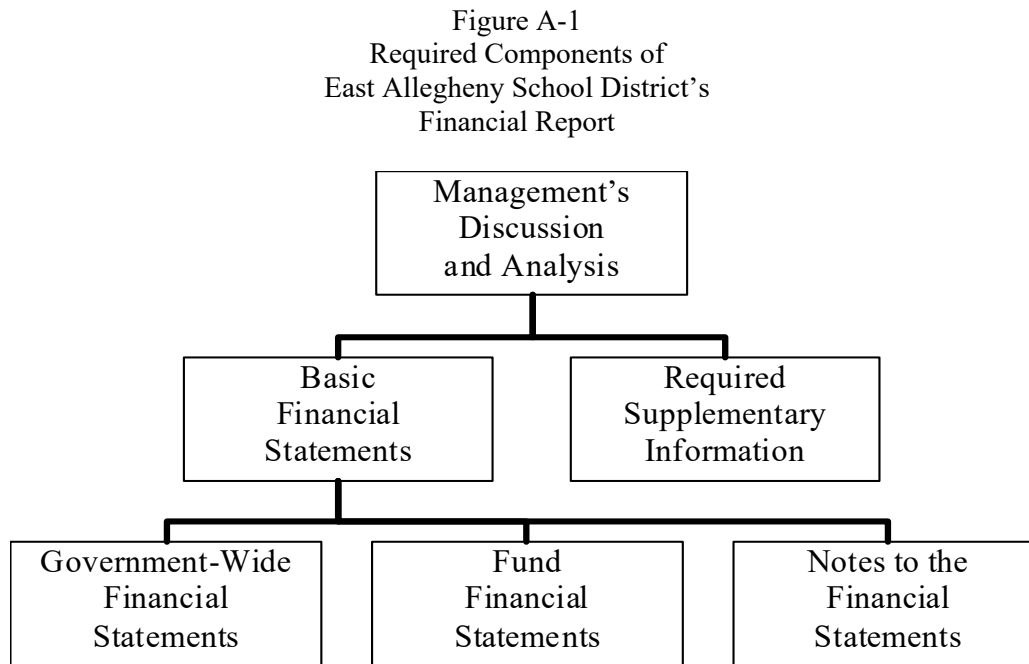


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**East Allegheny School District
Management's Discussion and Analysis
June 30, 2019**

Figure A – 2
Major Features of East Allegheny School District's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	Activities the School District operates similar to private business - food services	Instances in which the School District is the trustee or agent to someone else's resources
Required financial statements	Statement of net position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of net position; statement of revenues, expenses and changes in net position; statement of cash flows	Statement of fiduciary net position; statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of in-flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

East Allegheny School District
Management's Discussion and Analysis
June 30, 2019

Overview of Financial Statements

Government-Wide Statements

The government-wide statements report information about the School District as a whole 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 statements report the School District's net position and how they have changed. Net position, the difference between the School District's assets and liabilities, is one way to measure the School District's financial health or position.

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

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 property tax base and the performance of the students.

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

- **Governmental activities** - All of the School District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-type activities** - The School District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service 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 change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

East Allegheny School District
Management's Discussion and Analysis
June 30, 2019

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

Fiduciary funds - The School District is the 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. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

Financial Analysis of the School District as a Whole

The School District's total net position was a deficit \$(52,220,622) at June 30, 2019 and a deficit \$(51,058,691) at June 30, 2018.

Table A - 1
Years Ended June 30, 2019 and 2018
Net Position

	2019			2018		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
Current and Other Assets	\$ 12,060,247	\$ 758,093	\$ 12,818,340	\$ 11,654,203	\$ 485,655	\$ 12,139,858
Capital Assets	23,683,435	72,915	23,756,350	24,764,733	84,911	24,849,644
Total Assets	35,743,682	831,008	36,574,690	36,418,936	570,566	36,989,502
Deferred Outflows of Resources	6,879,653	117,437	6,997,090	8,146,185	147,113	8,293,298
Current and Other Liabilities	6,574,980	(62,928)	6,512,052	7,128,556	(58,803)	7,069,753
Noncurrent Liabilities						
Due Within One Year	1,838,232	-	1,838,232	1,469,642	-	1,469,642
Due in More Than One Year	82,361,653	964,915	83,326,568	84,931,813	998,869	85,930,682
Total Liabilities	90,774,865	901,987	91,676,852	93,530,011	940,066	94,470,077

**East Allegheny School District
Management's Discussion and Analysis
June 30, 2019**

Table A - 1
Years Ended June 30, 2019 and 2018
Net Position

	2019			2018		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
Deferred Inflows of Resources	<u>4,052,987</u>	<u>62,563</u>	<u>4,115,550</u>	<u>1,847,642</u>	<u>23,772</u>	<u>1,871,414</u>
Net Position						
Net Investment in Capital Assets	(11,568,247)	72,915	(11,495,332)	(11,093,170)	84,911	(11,008,259)
Restricted	-	78,709	78,709	-	80,212	80,212
Unrestricted	<u>(40,636,270)</u>	<u>(167,729)</u>	<u>(40,803,999)</u>	<u>(39,719,362)</u>	<u>(411,282)</u>	<u>(40,130,644)</u>
Total Net Position	<u>\$ (52,204,517)</u>	<u>\$ (16,105)</u>	<u>\$ (52,220,622)</u>	<u>\$ (50,812,532)</u>	<u>\$ (246,159)</u>	<u>\$ (51,058,691)</u>

Most of the School District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is combined 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 on Table A-2. 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.

East Allegheny School District
Management's Discussion and Analysis
June 30, 2019

Table A - 2
Years Ended June 30, 2019 and 2018
Change in Net Position

	2019			2018		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
	Activities	Activities		Activities	Activities	
Revenues						
Program Revenues						
Charges for Services	\$ -	\$ 205,407	\$ 205,407	\$ -	\$ 190,512	\$ 190,512
Operating Grants and Contribs.	7,409,813	1,249,047	8,658,860	7,397,444	1,195,517	8,592,961
Capital Grants and Contribs.	129,925	-	129,925	174,824	-	174,824
General Revenues						
Property Taxes	14,787,345	-	14,787,345	13,729,386	-	13,729,386
Other Taxes	1,888,474	-	1,888,474	1,819,203	-	1,819,203
Grants, Subsidies and Contribs.						
Unrestricted	10,374,127	-	10,374,127	8,695,814	-	8,695,814
Investment Earnings	537,403	79	537,482	15,496	44	15,540
Other	(2,665,050)	-	(2,665,050)	302,592	-	302,592
Total Revenues	32,462,037	1,454,533	33,916,570	32,134,759	1,386,073	33,520,832
Expenses						
Instruction	20,991,069	-	20,991,069	21,247,574	-	21,247,574
Instructional Student Support	2,267,933	-	2,267,933	1,931,496	-	1,931,496
Admin. and Fin. Support Svcs.	2,093,928	-	2,093,928	2,634,146	-	2,634,146
Operation and Maintenance						
of Plant Services	2,861,436	-	2,861,436	2,628,261	-	2,628,261
Pupil Transportation	3,583,716	-	3,583,716	3,032,778	-	3,032,778
Student Activities	436,435	-	436,435	445,278	-	445,278
Community Services	2,787	-	2,787	5,393	-	5,393
Interest on Long-Term Debt	1,616,718	-	1,616,718	1,694,455	-	1,694,455
Food Service	-	1,224,479	1,224,479	-	1,230,063	1,230,063
Total Expenses	33,854,022	1,224,479	35,078,501	33,619,381	1,230,063	34,849,444
Increase (Decrease) in Net Position	(1,391,985)	230,054	(1,161,931)	(1,484,622)	156,010	(1,328,612)
Beginning Net Position	(50,812,532)	(246,159)	(51,058,691)	(49,327,910)	(402,169)	(49,730,079)
Ending Net Position	<u>\$ (52,204,517)</u>	<u>\$ (16,105)</u>	<u>\$ (52,220,622)</u>	<u>\$ (50,812,532)</u>	<u>\$ (246,159)</u>	<u>\$ (51,058,691)</u>

East Allegheny School District
Management's Discussion and Analysis
June 30, 2019

The tables below present the expenses of both the governmental activities and the business-type activities of the School District.

Table A-3 shows the School District's largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, and interest on debt, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A - 3
Years Ended June 30, 2019 and 2018
Governmental Activities

	2019		2018	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 20,991,069	\$ 15,618,553	\$ 21,247,574	\$ 15,890,395
Instructional Student Support	2,267,933	1,888,824	1,931,496	1,623,908
Admin. and Fin. Support Svcs.	2,093,928	1,845,763	2,634,146	2,382,640
Operation and Maintenance of Plant Services	2,861,436	2,613,907	2,628,261	2,391,130
Pupil Transportation	3,583,716	2,457,477	3,032,778	1,823,140
Student Activities	436,435	400,180	445,278	410,876
Community Services	2,787	2,787	5,393	5,393
Interest on Long-Term Debt	<u>1,616,718</u>	<u>1,486,793</u>	<u>1,694,455</u>	<u>1,519,631</u>
Total Governmental Activities	<u>\$ 33,854,022</u>	26,314,284	<u>\$ 33,619,381</u>	26,047,113
Less:				
Unrestricted Grants, Subsidies		<u>(10,374,127)</u>		<u>(8,695,814)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$ 15,940,157</u>		<u>\$ 17,351,299</u>

**East Allegheny School District
Management's Discussion and Analysis
June 30, 2019**

Table A-4 reflects the activities of the food service program, the only business-type activity of the School District.

Table A - 4
Years Ended June 30, 2019 and 2018
Business-Type Activities

	2019		2018	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Food Service	<u>\$ 1,224,479</u>	\$ (229,975)	<u>\$ 1,230,063</u>	\$ (155,966)
Add/Less:				
Investment Earnings		<u>(79)</u>		<u>(44)</u>
Total Business-Type Activities		<u>\$ (230,054)</u>		<u>\$ (156,010)</u>

The food service department is operated by a food service company.

School District Funds

At June 30, 2019, the School District's general fund reported a fund balance deficit of \$(4,094,151). The 2018/2019 fund balance increased by \$672,453.

General Fund Budget

The School District applies for federal, state and local grants. These grants cannot always be anticipated in the budgeting process.

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2019, the following amounts are due from other governmental units:

	Governmental Funds	Business-Type Funds	Totals
Federal (through the state)	\$ 76,150	\$ 7,385	\$ 83,535
State	<u>1,401,232</u>	<u>152</u>	<u>1,401,384</u>
	<u>\$ 1,477,382</u>	<u>\$ 7,537</u>	<u>\$ 1,484,919</u>

**East Allegheny School District
Management's Discussion and Analysis
June 30, 2019**

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019, the School District had \$23,683,435 invested in a broad range of capital assets, including land, buildings, furniture and equipment.

Table A - 5
Governmental Activities
Capital Assets - Net of Depreciation

	2019	2018
Land	\$ 966,536	\$ 966,536
Land Improvements	482,981	614,526
Buildings and Building Improvements	20,042,407	20,827,591
Furniture and Equipment	2,191,511	2,356,080

Debt Administration

As of June 30, 2019, the School District had a total of \$36,761,750 in long-term liabilities consisting of governmental obligation bonds, governmental obligation notes, capital leases and compensated absences.

Table A - 6
Outstanding Debt

General Obligation Bonds	As of 06/30/19	As of 06/30/18
Bonds - Series of 2005	\$ 4,993,011	\$ 4,803,301
Bonds - Series of 2007	4,386,016	4,203,888
Bonds - Series of 2014	7,750,000	8,220,000
Bonds - Series of 2015	9,755,000	9,820,000
Bonds - Series of 2018A	5,315,000	5,315,000
Bonds - Series of 2018B	230,000	235,000
Notes - Series of 2000 Tax Exempt	3,944,512	4,456,674
Compensated Absences	388,210	397,615

**East Allegheny School District
Management's Discussion and Analysis
June 30, 2019**

Bond Rating

The School District's general obligation bond rating was downgraded by Moody's from "B3" to "Caa1." The "Caa1" bond rating is based upon a credit rating issued by Moody's Investors Services, Inc. Additional security for the bonds is provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default. The School District is actively working on getting the Moody's Rating up in a positive direction.

Economic Factors and Next Year's Budgets and Rates

Real estate tax collection continues to be difficult due to lack of tax base, vacant unused land, few new developments, high delinquent tax accounts, mid to low collection rate and tax refunds due back to homeowners and commercial accounts. Also, during the annual budget planning, the administration gives recommendation to the Board to raise the millage to the allowed index but instead the 2019/2020 mills were set at 26.9722 (same as 2018/2019). There are ongoing budget issues such as students attending Charter Schools costing approximately \$3.5 million annually in tuition. The School District continues to face difficult decisions, however, makes appeals to local and state government entities for assistance and additional funding. As of 2016/2017 Green Valley Primary School has been closed for four years and the students now attend Logan Elementary School and from Logan the 7th & 8th grade students now attend Jr./Sr. High School.

The slight decline in enrollment, large deficit, rising special education costs and lack of tax base, which includes lack of commercial business all impacts the economic climate of East Allegheny School District. The Board of Education did however adopt a resolution for North Versailles (LERTA) Tax Exemption Program to new businesses and major renovations, and the School District is happy to report one large business, Tractor Supply, took advantage of the LERTA and opened the Summer of 2018.

The number of professional staff members is approximately 122 and we do not expect to make any substantial changes to the programs offered or state and federal mandates. As it stands, it may be necessary to add one or two special education teachers to the professional staff and one paraprofessional. Collective bargaining agreements are in place for professional employees through June 2021. The non-professional employees' agreement runs through June 2020 and we are in negotiations.

Contacting the School District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives.

If you have questions about this report or wish to request additional financial information, please contact Toni Valicenti, Director of Fiscal Affairs at East Allegheny School District, 1150 Jacks Run Road, North Versailles, PA 15137, 412-824-8012, extension 4157.

East Allegheny School District
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Exhibit 1 Total
ASSETS			
Cash and Cash Equivalents	\$ 884,987	\$ 609,305	\$ 1,494,292
Taxes Receivable, Net	9,601,916	-	9,601,916
Due From Other Governments	1,477,382	7,537	1,484,919
Other Receivables	95,962	29,705	125,667
Inventories	-	32,837	32,837
Prepaid Items	-	78,709	78,709
Capital Assets not Being Depreciated			
Land	966,536	-	966,536
Capital Assets, Net of Accumulated Depreciation			
Land Improvements	482,981	-	482,981
Building & Building Improvements	20,042,407	-	20,042,407
Furniture & Equipment	2,191,511	72,915	2,264,426
TOTAL ASSETS	35,743,682	831,008	36,574,690
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	750,955	-	750,955
Amounts Related to OPEB - District	1,006,901	-	1,006,901
Amounts Related to OPEB - PSERS	133,104	3,057	136,161
Amounts Related to Pension	4,988,693	114,380	5,103,073
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,879,653	117,437	6,997,090
LIABILITIES			
Internal Balances	143,035	(143,035)	-
Accounts Payable	2,303,605	59,058	2,362,663
Accrued Interest	200,183	-	200,183
Accrued Salaries and Benefits	3,846,882	-	3,846,882
Payroll Deductions and Withholdings	68,996	-	68,996
Unearned Revenues	11,975	20,850	32,825
Other Current Liabilities	304	199	503
Noncurrent Liabilities:			
Due Within One Year	1,838,232	-	1,838,232
Due in More Than One Year:			
Notes Payable	2,939,512	-	2,939,512
AIU Payable	3,023,067	-	3,023,067
Compensated Absences	329,978	-	329,978
Bonds Payable	31,283,124	-	31,283,124
Other Post-Employment Benefits - District	4,179,001	-	4,179,001
Other Post-Employment Benefits - PSERS	1,685,836	40,164	1,726,000
Derivative Instruments	97,886	-	97,886
Net Pension Liability	38,823,249	924,751	39,748,000
TOTAL LIABILITIES	90,774,865	901,987	91,676,852
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - District	1,426,480	-	1,426,480
Amounts Related to OPEB - PSERS	159,275	3,795	163,070
Amounts Related to Pension	2,467,232	58,768	2,526,000
TOTAL DEFERRED INFLOWS OF RESOURCES	4,052,987	62,563	4,115,550
NET POSITION			
Net Investment in Capital Assets	(11,568,247)	72,915	(11,495,332)
Restricted for:			
Other purposes	-	78,709	78,709
Unrestricted	(40,636,270)	(167,729)	(40,803,999)
TOTAL NET POSITION	\$ (52,204,517)	\$ (16,105)	\$ (52,220,622)

**East Allegheny School District
Statement of Activities
Year Ended June 30, 2019**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 20,991,069	\$ -	\$ 5,372,516	\$ -	\$ (15,618,553)	\$ -	\$ (15,618,553)
Instructional Student Support	2,267,933	-	379,109	-	(1,888,824)	-	(1,888,824)
Administrative and Financial Support Services	2,093,928	-	248,165	-	(1,845,763)	-	(1,845,763)
Operation and Maintenance of Plant Services	2,861,436	-	247,529	-	(2,613,907)	-	(2,613,907)
Pupil Transportation	3,583,716	-	1,126,239	-	(2,457,477)	-	(2,457,477)
Student Activities	436,435	-	36,255	-	(400,180)	-	(400,180)
Community Services	2,787	-	-	-	(2,787)	-	(2,787)
Interest on Long-Term Debt	1,616,718	-	-	129,925	(1,486,793)	-	(1,486,793)
Total Governmental Activities	33,854,022	-	7,409,813	129,925	(26,314,284)	-	(26,314,284)
Business-type Activities:							
Food Service	1,224,479	205,407	1,249,047	-	-	229,975	229,975
Total Primary Government	<u>\$ 35,078,501</u>	<u>\$ 205,407</u>	<u>\$ 8,658,860</u>	<u>\$ 129,925</u>	<u>(26,314,284)</u>	<u>229,975</u>	<u>(26,084,309)</u>
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					14,787,345	-	14,787,345
Earned Income Taxes					1,370,653	-	1,370,653
Mercantile Taxes					189,697	-	189,697
Other Taxes Levied for General Purposes, Net					328,124	-	328,124
Grants, Subsidies and Contributions not Restricted					10,374,127	-	10,374,127
Investment Earnings					537,403	79	537,482
Miscellaneous Income					358,017	-	358,017
AIU Special Education Costs from Prior Years					(3,023,067)	-	(3,023,067)
Total General Revenues					24,922,299	79	24,922,378
Change in Net Position					(1,391,985)	230,054	(1,161,931)
Net Position - July 1, 2018					(50,812,532)	(246,159)	(51,058,691)
Net Position - June 30, 2019					<u>\$ (52,204,517)</u>	<u>\$ (16,105)</u>	<u>\$ (52,220,622)</u>

See Accompanying Notes

East Allegheny School District
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3

	General Fund	Nonmajor Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 786,796	\$ 98,191	\$ 884,987
Taxes Receivable, Net	9,601,916	-	9,601,916
Due from Other Funds	-	308,090	308,090
Due from Other Governments	1,477,382	-	1,477,382
Other Receivables	95,962	-	95,962
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 11,962,056</u>	<u>\$ 406,281</u>	<u>\$ 12,368,337</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Due to Other Funds	\$ 451,125	\$ -	\$ 451,125
Accounts Payable	2,303,605	-	2,303,605
Accrued Salaries and Benefits	3,846,882	-	3,846,882
Payroll Deductions and Withholdings	68,996	-	68,996
Unearned Revenues	11,975	-	11,975
Other Current Liabilities	304	-	304
	<hr/>	<hr/>	<hr/>
Total Liabilities	6,682,887	-	6,682,887
	<hr/>	<hr/>	<hr/>
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	9,373,320	-	9,373,320
	<hr/>	<hr/>	<hr/>
Fund Balances			
Committed	-	406,281	406,281
Unassigned	(4,094,151)	-	(4,094,151)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	(4,094,151)	406,281	(3,687,870)
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 11,962,056</u>	<u>\$ 406,281</u>	<u>\$ 12,368,337</u>

See Accompanying Notes

**East Allegheny School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019**

Exhibit 4

Total Fund Balances - Governmental Funds	\$	(3,687,870)
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$47,731,027, and the accumulated depreciation is \$24,047,592.		23,683,435
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Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds.		9,373,320
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Premiums and discounts on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position.		370,903
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Deferred charges on refunding bonds issued are amortized over the life of the bonds as deferred outflows of resources in the statement of net position.		750,955
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Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$ (32,429,027)		
Accrued Interest on the Bonds	(200,183)		
Notes Payable	(3,944,512)		
AIU Payable	(3,023,067)		
Compensated Absences	(388,210)		(39,984,999)

Derivative instruments used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		(97,886)
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Some liabilities including net pension obligations and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB Liability - District	(4,179,001)		
OPEB Liability - PSERS	(1,685,836)		
Net Pension Liability	(38,823,249)		(44,688,086)

**East Allegheny School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019**

Exhibit 4

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to OPEB - District	1,006,901	
Deferred Inflows of Resources Related to OPEB - District	(1,426,480)	
Deferred Outflows of Resources Related to OPEB - PSERS	133,104	
Deferred Inflows of Resources Related to OPEB - PSERS	(159,275)	
Deferred Outflows of Resources Related to Pensions	4,988,693	
Deferred Inflows of Resources Related to Pensions	<u>(2,467,232)</u>	<u>2,075,711</u>
Total Net Position - Governmental Activities		<u>\$ (52,204,517)</u>

See Accompanying Notes

**East Allegheny School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019**

Exhibit 5

	General Fund	Nonmajor Funds	Total Governmental Funds
Revenues			
Local Sources	\$ 17,703,297	\$ 1,923	\$ 17,705,220
State Sources	16,431,033	-	16,431,033
Federal Sources	<u>787,557</u>	<u>-</u>	<u>787,557</u>
Total Revenues	<u>34,921,887</u>	<u>1,923</u>	<u>34,923,810</u>
Expenditures			
Instruction	20,460,623	-	20,460,623
Support Services	10,724,384	1,250	10,725,634
Noninstructional Services	445,860	-	445,860
Capital Outlay	159,138	-	159,138
Debt Service (Principal & Interest)	-	2,227,445	2,227,445
Refunds of Prior Year's Receipts	<u>240,267</u>	<u>-</u>	<u>240,267</u>
Total Expenditures	<u>32,030,272</u>	<u>2,228,695</u>	<u>34,258,967</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,891,615</u>	<u>(2,226,772)</u>	<u>664,843</u>
Other Financing Sources (Uses)			
Transfers In	-	2,219,162	2,219,162
Transfers Out	<u>(2,219,162)</u>	<u>-</u>	<u>(2,219,162)</u>
Total Other Financing Sources (Uses)	<u>(2,219,162)</u>	<u>2,219,162</u>	<u>-</u>
Net Change in Fund Balances	672,453	(7,610)	664,843
Fund Balances - July 1, 2018	<u>(4,766,604)</u>	<u>413,891</u>	<u>(4,352,713)</u>
Fund Balances - June 30, 2019	<u>\$ (4,094,151)</u>	<u>\$ 406,281</u>	<u>\$ (3,687,870)</u>

See Accompanying Notes

**East Allegheny School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2019**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$	664,843
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation Expense		(1,081,298)
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Because some property taxes and other revenues will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues increased by this amount this year.

290,270

Repayment of bond and capital lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

1,410,000

The AIU special education costs from previous years are a long-term liability in the statement of net position and do not affect the governmental funds since the liability is long-term as no definitive repayment schedule has been agreed upon and no current liability is known.

(3,023,067)

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (OPEB) are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	\$	9,405	
Other Post-Employment Benefits - District		194,580	
Other Post-Employment Benefits - PSERS		34,890	238,875

**East Allegheny School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2019**

Exhibit 6

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

Net Change in Accrued Interest on Bonds	4,506	
Accretion of Interest on Capital Appreciation Bonds	<u>(729,676)</u>	(725,170)

Governmental funds report changes in investment derivative instruments only when those instruments provide or use financial resources. However, in the statement of activities, changes in the fair value of investment derivative instruments are changes in economic resources and are reported in each period in which there is a change in the fair value of the investment. This is the amount of the change in the fair value of investment derivatives in the current period.

511,291

Bond discount, premium and deferred charges on bonds are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Discount, Premium and Deferred Loss on Refunding		(74,104)
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Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.

District Pension Contributions to PSERS	3,655,038	
Cost of Benefits Earned	<u>(3,258,663)</u>	<u>396,375</u>

Change in Net Position of Governmental Activities		<u><u>\$ (1,391,985)</u></u>
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See Accompanying Notes

East Allegheny School District
Statement of Net Position
Proprietary Funds
June 30, 2019

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 609,305
Due From Other Funds	143,035
Due From Other Governments	7,537
Other Receivables	29,705
Inventories	32,837
Prepaid Items	<u>78,709</u>
Total Current Assets	<u>901,128</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>72,915</u>
TOTAL ASSETS	<u>974,043</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to OPEB	3,057
Amounts Related to Pensions	<u>114,380</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>117,437</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	59,058
Unearned Revenues	20,850
Other Current Liabilities	<u>199</u>
Total Current Liabilities	<u>80,107</u>
Noncurrent Liabilities	
OPEB Liability	40,164
Net Pension Liability	<u>924,751</u>
Total Noncurrent Liabilities	<u>964,915</u>
TOTAL LIABILITIES	<u>1,045,022</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB	3,795
Amounts Related to Pensions	<u>58,768</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>62,563</u>
NET POSITION	
Invested in Capital Assets	72,915
Restricted for Prepaid Items	78,709
Unrestricted	<u>(167,729)</u>
TOTAL NET POSITION	<u><u>\$ (16,105)</u></u>

See Accompanying Notes

East Allegheny School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2019

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	<u>\$ 205,407</u>
Operating Expenses	
Salaries	254,752
Employee Benefits	243,551
Purchased Property Services	3,816
Other Purchased Services	596,781
Supplies	109,888
Depreciation	<u>15,691</u>
Total Operating Expenses	<u>1,224,479</u>
Operating Income (Loss)	<u>(1,019,072)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	79
State Sources	97,409
Federal Sources	<u>1,151,638</u>
Total Nonoperating Revenues (Expenses)	<u>1,249,126</u>
Change in Net Position	230,054
Net Position - July 1, 2018	<u>(246,159)</u>
Net Position - June 30, 2019	<u><u>\$ (16,105)</u></u>

See Accompanying Notes

**East Allegheny School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019**

Exhibit 9

	Food Service Fund
Cash Flows from Operating Activities	
Cash Received from Users	\$ 201,499
Cash Payments to Employees for Services	(459,773)
Cash Payments to Suppliers for Goods and Services	<u>(652,884)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(911,158)</u>
Cash Flows from Non-Capital Financing Activities	
State Sources	104,217
Federal Sources	<u>1,235,634</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,339,851</u>
Cash Flows from Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp.Serv	<u>(3,695)</u>
Cash Flows from Investing Activities	
Earnings on Investments	<u>79</u>
Net Increase (Decrease) in Cash and Cash Flows	425,077
Cash and Cash Equivalents - July 1, 2018	<u>184,228</u>
Cash and Cash Equivalents - June 30, 2019	<u>\$ 609,305</u>

East Allegheny School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

Exhibit 9

	Food Service Fund
Operating Income (Loss)	<u>\$ (1,019,072)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	15,691
Change in Pensions and OPEB Liability	34,513
Donated Commodities	66,002
(Increase) Decrease in Accounts Receivable	(3,908)
Advances to Other Funds	4,018
(Increase) Decrease in Inventories	(1,763)
(Increase) Decrease in Prepaid Items	1,503
Increase (Decrease) in Accounts Payable	(8,264)
Increase (Decrease) in Deferred Revenue	934
Increase (Decrease) in Other Current Liabilities	<u>(812)</u>
Total Adjustments	<u>107,914</u>
Cash Provided by (Used for) Operating Activities	<u><u>\$ (911,158)</u></u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2019, the School District received \$66,936 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

**East Allegheny School District
Statement of Net Position
Fiduciary Funds
June 30, 2019**

Exhibit 10

	Agency Fund
ASSETS	
Cash and Cash Equivalents	<u>\$ 58,706</u>
LIABILITIES	
Other Current Liabilities	<u> 58,706</u>
NET POSITION	
Unrestricted	<u>\$ -</u>

See Accompanying Notes

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Note 1 - Summary of Significant Accounting Policies

East Allegheny School District, located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Boroughs of East McKeesport, Wall and Wilmerding and the Township of North Versailles. The School District operates under a nine-person elected Board of Directors.

A. Basic Financial Statements - Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of East Allegheny School District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

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

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

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School District reports this major governmental fund and fund type:

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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.

The School District also reports as nonmajor governmental funds the following:

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

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

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School District reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and are therefore not available to support School District programs. The reporting focus is on net position and changes in net position. The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or agency). The School District reports the following fiduciary fund type:

The *agency fund* represents the School District's student activity funds. These funds account for student activities in the high school.

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

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

C. Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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D. Joint Ventures

The School District is one of nine member school districts of Forbes Road Career & Technology Center ("Forbes"). Forbes provides vocational-technical training and education to participating students of the member districts. Forbes is controlled and governed by the Joint Board, which is composed of all the school board members of all of the member districts. Direct oversight of Forbes' operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Forbes. The School District's share of annual operating and capital costs for Forbes fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to Forbes for the year ended June 30, 2019 was \$360,366 which has been reported in the School District's general fund. The School District has no equity interest in Forbes as of June 30, 2019. Complete financial statements for Forbes can be obtained from the administrative offices of Forbes at 607 Beatty Road; Monroeville, Pennsylvania 15146.

E. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices. Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

G. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. The School Board approved various budget transfers throughout the school year. There were no supplemental budgetary appropriations made during the year ended June 30, 2019.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and, for comparative purposes. The actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function.

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Amendments between functions require prior Board approval. Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

I. Inventories

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; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There was no material inventory balance as of June 30, 2019.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2019 are reported as unavailable revenue.

J. Prepaid Items

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

K. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$200 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$200 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	40
Land Improvements	15-20
Furniture	20
Vehicles	8
Equipment	5-10
Computers	5
Textbooks	25

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

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premium and discount are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premium and discount during the current period. The face amount of debt issued is reported as other financing sources while discount on debt issuances are reported as other financing uses.

M. Compensated Absences

The School District's policies regarding vacation and sick time are provided through various contracts. Employees can accumulate sick and/or vacation days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the amount of reimbursable unused vacation or sick leave to employees who have terminated their employment as of the end of the fiscal year, while the proprietary funds report the liability as it is incurred.

N. Defining Operating Revenues and Expenses

The School District's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the School District's food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

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O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has various items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The others in the government-wide statement of net position are related to the participation in the cost sharing defined benefit pension plan and participation in two other post-employment benefit plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has only one type of item, which arises only under the modified accrual basis of accounting which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The School District has various items reported in the government-wide statement of net position relating to the cost sharing defined benefit pension plan and two other post-employment benefit plans. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

P. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

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Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action, approval of a motion by the majority of the School Board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially commit the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. The assignment of fund balance can be assigned by management in the business office.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

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

The committed fund balance in the nonmajor funds in the amount of \$406,281 is for capital projects.

Note 2 - Deposits and Investments

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. 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.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2019, \$1,042,715 of the School District's bank balance of \$1,292,715 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$1,042,715</u>

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As of June 30, 2019, the School District had the following investments:

Investments	Fair Value
PLGIT	\$ 1,834
PSDLAF	<u>538,607</u>
	<u><u>\$ 540,441</u></u>

Interest Rate Risk – The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2019, the School District had investment with the following maturities:

Investment Type	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Investment Derivative Instruments	<u>\$ (97,886)</u>	<u></u>	<u>\$ 2,951</u>	<u></u>	<u>\$ (100,837)</u>

The School District is invested in three interest rate swaps with terms as noted below:

Transaction Date	Effective Date	Maturity Date	Terms	Notional Amount
12/18/2009	01/15/2016	05/15/2036	School District pays SIFMA and receives 64.8% of 5-year LIBOR	\$ 5,258,042
12/18/2009	01/04/2016	04/01/2032	School District pays SIFMA and receives 64.8% of 5-year LIBOR	\$ 18,720,000
12/18/2009	01/15/2016	11/15/2023	School District pays SIFMA and receives 64.8% of 5-year LIBOR	\$ 4,069,118

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1F. The School District has no investment policy that would further limit its investment choices. The School District's investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) were rated AAAM by Standard & Poor's.

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Credit Risk Relating to its Investment Derivative - The risk the School District will have exposure to a swap counterparty under the swap. Credit risk is mitigated by several factors, including minimum credit rating criteria and ratings downgrade triggers in the swap documents. The credit ratings for the counterparties are as follows: Moody's - Aa3 and Standard & Poor's - AA-.

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

Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

PSDLAF is governed by elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund. The fund is audited annually by independent auditors. The fund is a local government investment pool and is exempt from the requirement of SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund measures for financial reporting purposes its assets at amortized cost and maintains a stable net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF is the same as the value of PSDLAF shares. There are no limitations or restrictions on withdrawals.

Fair Value of Investments

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements:

- Investment derivative instruments of (\$97,886) are valued using significant observable inputs (Level 2 inputs).

Note 3 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2018/2019 was 26.9722 mills (\$26.97 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2018/2019 is as follows:

Tax Levy Date	July 1, 2018
2% Discount Period	Through August 31, 2018
Face Payment Period	September 1 - October 31, 2018
10% Penalty Period	November 1 Until Liened
Lien Filing Date	July 1, 2019

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The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as unavailable revenue on the balance sheet until they are received. The amounts reported for this receivable are net of the estimated uncollectible amount of \$3,124,440 and are reported on the balance sheet in the amount of \$9,373,320 along with other taxes receivable of \$228,596.

Note 4 - Due from (to) Other Governments

Amounts due from (to) other governments represent receivables for revenues earned by the School District. At June 30, 2019, the following amounts are due from other governmental units:

	Governmental Funds	Enterprise Fund	Totals
Federal (through the state)	\$ 76,150	\$ 7,385	\$ 83,535
State	<u>1,401,232</u>	<u>152</u>	<u>1,401,384</u>
	<u>\$ 1,477,382</u>	<u>\$ 7,537</u>	<u>\$ 1,484,919</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance 07/01/18	Additions	Disposals	Balance 06/30/19
Governmental Activities				
Capital Assets not Being Depreciated				
Land	<u>\$ 966,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 966,536</u>
Capital Assets Being Depreciated				
Land Improvements	3,217,959	-	-	3,217,959
Buildings and Building Improvements	35,153,106	-	-	35,153,106
Furniture and Equipment	<u>8,393,426</u>	<u>-</u>	<u>-</u>	<u>8,393,426</u>
Total Capital Assets Being Depreciated	<u>46,764,491</u>	<u>-</u>	<u>-</u>	<u>46,764,491</u>
Less Accumulated Depreciation				
Land Improvements	2,603,433	131,545	-	2,734,978
Buildings and Building Improvements	14,325,515	785,184	-	15,110,699
Furniture and Equipment	<u>6,037,346</u>	<u>164,569</u>	<u>-</u>	<u>6,201,915</u>
Total Accumulated Depreciation	<u>22,966,294</u>	<u>1,081,298</u>	<u>-</u>	<u>24,047,592</u>
Total Capital Assets Being Depreciated, Net	<u>23,798,197</u>	<u>(1,081,298)</u>	<u>-</u>	<u>22,716,899</u>
Governmental Activities Capital Assets, Net	<u>\$24,764,733</u>	<u>\$(1,081,298)</u>	<u>\$ -</u>	<u>\$23,683,435</u>

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	Balance 07/01/18	Additions	Disposals	Balance 06/30/19
Business-Type Activities				
Furniture and Equipment	\$ 432,681	\$ 3,695	\$ -	\$ 436,376
Less Accumulated Depreciation and Equipment	<u>347,770</u>	<u>15,691</u>	<u>-</u>	<u>363,461</u>
Business-Type Activities Capital Assets, Net	<u>\$ 84,911</u>	<u>\$ (11,996)</u>	<u>\$ -</u>	<u>\$ 72,915</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

Instruction	\$ 985,470
Administration and Financial Support Services	47,395
Operation and Maintenance of Plant Services	42,762
Pupil Transportation	1,583
Student Activities	<u>4,088</u>
Total Depreciation Expense	<u>\$ 1,081,298</u>
Business-Type Activities - Food Service	<u>\$ 15,691</u>

Note 6 - Interfund Balances

At June 30, 2019, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 451,125
Food Service Fund	143,035	-
Capital Projects Fund	<u>308,090</u>	<u>-</u>
	<u>\$ 451,125</u>	<u>\$ 451,125</u>

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

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Note 7 - Interfund Transfers

For the year ended June 30, 2019, interfund transfers consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u> General Fund
Debt Service Fund	<u>\$ 2,219,162</u>

The \$2,219,162 transfer from the general fund to the debt service fund is for the principal and interest payments on the School District's debt.

Note 8 - Long-Term Liabilities

Long-term liability for the year ended June 30, 2019 was as follows:

	Balance 07/01/18	Additions/ Accretion	Reductions	Balance 06/30/19	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 32,597,189	\$ 461,838	\$ 630,000	\$ 32,429,027	\$ 775,000
Less: Bond Discount	<u>(398,967)</u>	<u>-</u>	<u>(28,064)</u>	<u>(370,903)</u>	<u>-</u>
Total Bonds Payable	<u>32,198,222</u>	<u>461,838</u>	<u>601,936</u>	<u>32,058,124</u>	<u>775,000</u>
Note Payable	4,456,674	267,838	780,000	3,944,512	1,005,000
Compensated Absences	<u>397,615</u>	<u>-</u>	<u>9,405</u>	<u>388,210</u>	<u>58,232</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 37,052,511</u>	<u>\$ 729,676</u>	<u>\$ 1,391,341</u>	<u>\$ 36,390,846</u>	<u>\$ 1,838,232</u>

General Obligation Bonds

Series of 2005 in the amount of \$2,667,502; due serially through May 15, 2036; interest due semi-annually ranging from 3.5% to 5.25%.

\$ 4,993,011

Series of 2007 in the amount of \$3,100,321; due serially through February 1, 2040; interest due semi-annually ranging from 3.9% to 4.75%.

4,386,016

Refunding Series of 2014 in the amount of \$10,000,000; due serially through April 1, 2027; interest due semi-annually ranging from 2.0% to 3.5%.

7,750,000

Refunding Series of 2015 in the amount of \$9,995,000; due serially through April 1, 2032; interest due semi-annually ranging from 2.0% to 4.0%.

9,755,000

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Refunding Series of 2018A in the amount of \$5,315,000;
due serially through October 1, 2039; interest due semi-
annually ranging from 3.875% to 4.125%.

5,315,000

Refunding Series of 2018B in the amount of \$235,000; due
serially through October 1, 2020; interest due semi-annually
at 3.75%.

230,000

\$ 32,429,027

General Obligation Notes

Tax-Exempt Series of 2000 in the amount of \$3,347,698;
due serially through November 15, 2023; yield ranges from
4.1% to 6.4%.

\$ 3,944,512

The debt service source for the above debt is the general fund.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2019, including interest, sinking fund payments and accretion on the capital appreciation bonds, are as follows:

Year Ended June 30,	General Obligation Bonds		General Obligation Notes		Totals
	Principal	Interest	Principal	Interest	
2020	\$ 775,000	\$ 798,106	\$ 1,005,000	\$ -	\$ 2,578,106
2021	788,176	827,180	281,068	723,932	2,620,356
2022	803,083	811,092	258,788	746,212	2,619,175
2023	823,784	786,932	240,446	764,554	2,615,716
2024	1,363,675	777,578	115,690	399,310	2,656,253
2025-2029	10,347,499	3,142,535	-	-	13,490,034
2030-2034	8,158,562	5,101,719	-	-	13,260,281
2035-2039	3,355,907	10,305,644	-	-	13,661,551
2040	<u>1,629,123</u>	<u>939,339</u>	<u>-</u>	<u>-</u>	<u>2,568,462</u>
	28,044,809	23,490,125	1,900,992	2,634,008	56,069,934
Accretion to Date	<u>4,384,218</u>	<u>(4,384,218)</u>	<u>2,043,520</u>	<u>(2,043,520)</u>	<u>-</u>
	<u>\$32,429,027</u>	<u>\$19,105,907</u>	<u>\$ 3,944,512</u>	<u>\$ 590,488</u>	<u>\$ 56,069,934</u>

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Note 9 - Public School Employees' Retirement System (PSERS)

A. Summary of Significant Accounting Policies

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 the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

B. General Information about the Pension Plan

1. Plan Description

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

2. Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

3. Contributions

Member Contributions

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's 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-E 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 District's contractually required contribution rate for fiscal year ended June 30, 2019 was 32.60% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$3,737,650 for the year ended June 30, 2019.

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

At June 30, 2019, the School District reported a liability of \$39,748,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2017 to June 30, 2018. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the School District's proportion was 0.0828%, which was a decrease of 0.0041% from its proportion measured as of June 30, 2018.

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For the year ended June 30, 2019, the School District recognized pension expense of \$3,374,736. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 320,000	\$ 615,000
Net difference between projected and actual investment earnings	195,000	-
Change in assumptions	741,000	-
Changes in proportions	93,000	1,911,000
Difference between employer contributions and proportionate share of total contributions	16,423	-
Contributions subsequent to the measurement date	<u>3,737,650</u>	<u>-</u>
	<u>\$ 5,103,073</u>	<u>\$2,526,000</u>

\$3,737,650 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2020	\$ 254,108
2021	(222,173)
2022	(1,048,546)
2023	<u>(143,966)</u>
	<u>\$ (1,160,577)</u>

1. Actuarial Assumptions

The total pension liability as of June 30, 2018 was determined by rolling forward the System's total pension liability at June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.25%, includes inflation at 2.75%.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

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- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	20.0%	5.2%
Fixed Income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	<u>-20.0%</u>	0.9%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

2. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined.

East Allegheny School District
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Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	6.25%	7.25%	8.25%
School District's proportionate share of the net pension liability	\$ 49,271	\$ 39,748	\$ 31,696

4. 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.pa.gov.

Note 10 - Contingent Liabilities

East Allegheny School District participates in a number of federally assisted grant programs, principal of which are Title I, IDEA and National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2019 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 11 - Other Post-Employment Benefit Plan

A. Plan Description

East Allegheny School District administers a single-employer defined benefit healthcare plan ("the Supplemental Health Plan"). The plan provides medical, dental and vision for two groups of employees, teachers and administrators. Non-professional employees include support personnel, maintenance and custodial, aides and cafeteria workers. Non-professional employees are not eligible for post-retirement medical, dental and vision coverage. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

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

1) Eligibility for Benefit

Teachers and Administrators	35 years of service or 30 years of service and attainment of age 60 or any service at age 62 with the exception of the administrators, post-retirement medical, dental, and vision benefits are not available to future retirees. Future retirees are not permitted to remain on the medical, dental and/or vision plans even in the case were they would have paid 100% of the premium.
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2) Benefit at Retirement

Teachers and Administrators	School District will pay the monthly premium cost (including dental and vision) for post-retirement medical coverage in the HMO (Keystone) plan, less any premium assistance available through PSERS. A few select employees will be covered under a PPO program. Both the HMO and PPO are provided through the Allegheny County Schools Health Insurance Consortium and are administered by Highmark. Benefits are provided for a 10-year period. When retiree or spouse turns 65 and becomes eligible for Medicare, coverage continues but Medicare becomes primary. While within 10 years of the benefit period, retirees are provided with dental and vision coverage at no cost to the retiree. Upon expiration of the 10- year period, retirees are permitted to continue in the dental and/or vision program provided they pay 100% of the cost.
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Employees Covered by Benefit Terms

At July 1, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Active employees	<u>162</u>
	<u>191</u>

B. Total OPEB Liability

The School District's total OPEB liability of \$4,179,001 was measured as of July 1, 2018 and was determined by an actuarial valuation as of that date.

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C. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation roll-forward was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	2.50%
Discount Rate	3.87%
Healthcare Cost Trend Rates	6.75% for 2019 through 2020, decreasing gradually from 6.50% in 2021 to 4.50% in 2029.

The discount rate was based on the Bond Buyers 20-Bond Index.

Mortality rates were based on the RPH-2014 Total Dataset Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2018.

The actuarial assumptions used in the July 1, 2018 valuation were selected using input from the School District based upon actual experience.

D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2018	\$ 5,048,636
Changes for the year:	
Service Cost	201,005
Interest	180,741
Differences between expected and actual experience	(651,199)
Changes of assumptions or other inputs	(91,002)
Benefit Payments	(509,180)
Net Changes	<u>(869,635)</u>
Balance at June 30, 2019	<u>\$ 4,179,001</u>

E. Changes of Assumptions and Other Inputs

- Changed the discount rate from 3.58% to 3.87%.
- For the June 30, 2019 valuation, changes were made to the mortality improvement scale, the medical trend rates, and the Support Staff assumed participation rate.

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F. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%) than the current discount rate:

	1.00% Decrease 2.87%	Current Discount Rate 3.87%	1.00% Increase 4.87%
Total OPEB Liability	\$ 4,476,563	\$ 4,179,001	\$ 3,844,824

G. Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or a 1-percentage point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 3,726,928	\$ 4,179,001	\$ 4,632,695

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the School District recognized OPEB expense of \$304,323. At June 30, 2019, the School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 507,998	\$ 200,761
Differences between expected and actual experience	-	1,225,719
Benefit payments subsequent to the measurement date	498,903	-
	<u>\$ 1,006,901</u>	<u>\$ 1,426,480</u>

The \$498,903 amount reported as deferred outflows of resources resulting from the School District's benefit payments subsequent to the measurement date will be recognized as a reduction in next year's total OPEB liability.

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The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2020	\$ (77,423)
2021	(77,423)
2022	(77,423)
2023	(77,423)
2024	(77,423)
Thereafter	<u>(531,367)</u>
	<u>\$ (918,482)</u>

Note 12 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

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

B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

2. Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or

East Allegheny School District
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- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

3. Pension Plan Description

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

4. Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$95,161 for the year ended June 30, 2019.

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the School District reported a liability of \$1,726,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2017 to June 30, 2018. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2019, the School District's proportion was 0.0828%, which was a decrease of 0.0041% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the School District recognized OPEB expense of \$61,324. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,000	\$ -
Net difference between projected and actual investment earnings	3,000	-
Change in assumptions	27,000	65,000
Changes in proportions	-	96,000
Difference between employer contributions and proportionate share of total contributions	-	2,070
Contributions subsequent to the measurement date	<u>95,161</u>	<u>-</u>
	<u><u>\$ 136,161</u></u>	<u><u>\$ 163,070</u></u>

\$95,161 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2020	\$ (23,676)
2021	(23,676)
2022	(23,676)
2023	(23,042)
2024	(24,000)
Thereafter	<u>(4,000)</u>
	<u><u>\$ (122,070)</u></u>

1. Actuarial Assumptions

The total OPEB liability as of June 30, 2018 was determined by rolling forward the System's total OPEB liability at June 30, 2017 to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 2.98%, S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

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- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

The actuarial assumption used in the June 30, 2017 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.9%	0.03%
US Core Fixed Income	92.8%	1.20%
Non-US Developed Fixed	<u>1.3%</u>	0.04%
	<u>100%</u>	

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The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2018.

2. Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.98%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.98% which represents the S&P 20 year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability.

3. Sensitivity of System Net OPEB Liability to Change in the Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2018, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1,077 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	(In Thousands)		
	1.00% Decrease	Current Rate	1.00% Increase
System net OPEB Liability	\$ 1,726	\$ 1,726	\$ 1,727

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June 30, 2019

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

The following presents the net OPEB liability, calculated using the discount rate of 2.98%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.98%) or 1 percentage point higher (3.98%) than the current rate:

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Rate	Increase
	1.98%	2.98%	3.98%
School District's proportionate share of the net OPEB liability	\$ 1,963	\$ 1,726	\$ 1,530

5. OPEB 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.pa.gov.

Note 13 - Risk Management

The School District is one of forty-six members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$3,417,985 and \$3,229,783 for the years ended June 30, 2019 and 2018, respectively.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net position or deficiency in net position, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2019, the net position of the Consortium was \$62,172,279 of which \$779,689 is attributable to the School District.

The School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation and liability claims.

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

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

East Allegheny School District
Notes to Financial Statements
June 30, 2019

Note 14 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2019, was \$3,206,188.

This includes \$2,618,320 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$587,868 to the federal government for social security and Medicare taxes for the year ended June 30, 2019. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

Note 15 - Derivative Instruments

A. Details of Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2019, classified by type, and the change in fair value of such derivative instruments for the year ended as reported in the June 30, 2019 financial statements are as follows:

Governmental Activities	<u>Change in Fair Value</u>		<u>Fair Value at June 30, 2019</u>		Notional in Thousands
	Classification	Amount	Classification	Amount	
Investment Derivative Instruments					
CMS Basis Swap Hybrid Series of 2005 Bonds	Investment Revenue	183,705	Investment	(110,702)	5,258
CMS Basis Swap Hybrid Series of 2006 Bonds	Investment Revenue	325,288	Investment	9,865	18,720
CMS Basis Swap Hybrid Series of 2000 Bonds	Investment Revenue	2,298	Investment	2,951	4,069

The fair values of the interest rate swaps are estimated based on economic assessment of the transaction or instrument and is derived from model prices, external sources or market prices.

Note 16 – Allegheny Intermediate Unit Payable

On March 25, 2016, the Allegheny Intermediate Unit (AIU), which provides specialized educational services to the School District, filed a complaint in Civil Action in the Court of Common Pleas of Allegheny County against the School District. The complaint claims, beginning with the 2010/2011 school year and continuing with each succeeding year through the 2014/2015 school year, the School District has failed to reimburse the AIU for all special education services provided. The total amount of unreimbursed services claimed by the AIU as provided to the School District in this complaint is \$3,023,067, plus late payment charges. In March 2018, the Court of Common Pleas of Allegheny County entered a judgement in favor of the AIU against the School District for this amount.

East Allegheny School District
Notes to Financial Statements
June 30, 2019

The School District promptly appealed this judgement; however, on January 5, 2019, the Commonwealth Court upheld the judgement of the Court of Common Pleas of Allegheny County in favor of the AIU against the School District in the amount of \$3,023,067, plus late payment charges. The School District filed a further appeal on February 21, 2019 to the Pennsylvania Supreme Court. In the fall of 2019, the School District was informed that the Pennsylvania Supreme Court would not hear the case. Currently, no payment schedule or agreement has been made with the AIU in relation to the liability. As such, the \$3,023,067 AIU liability is shown in the government-wide financial statements as a long-term liability only, as there is no schedule or agreement to make any payments in the 2019/2020 school year. In addition, the expense relating to this liability is shown as a separate line on the statement of activities since it is an unusual item from prior years.

Note 17 – Subsequent Events

The COVID-19 outbreak in the United States has caused business disruption and economic uncertainties. The School District's operations are heavily dependent on the ability to raise and collect taxes and assess fees. Additionally, access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued adverse impact on economic and market conditions. This situation is expected to impact the School District's operating results and the fair value of its investments, however the financial impact of these uncertainties is unknown at this time.

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**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**East Allegheny School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 12,082,456	\$ 12,288,118	\$ 12,246,936	\$ (41,182)
Public Utility Realty Taxes	16,527	16,527	15,472	(1,055)
Payments in Lieu of Current Taxes	180,000	180,000	-	(180,000)
Business Privilege Taxes	75,000	75,000	122,617	47,617
Mercantile Taxes	170,000	170,000	189,400	19,400
Local Services Taxes	18,000	18,000	22,764	4,764
Amusement Taxes	4,000	4,000	2,533	(1,467)
Earned Income Taxes	1,185,118	979,500	1,370,653	391,153
Real Estate Transfer Taxes	85,000	85,000	156,284	71,284
Delinquencies on Taxes	1,538,000	1,538,000	2,499,157	961,157
Earnings on Investments	110,000	110,000	24,189	(85,811)
Other Local Revenues				
State Revenues from IU	20,000	20,000	-	(20,000)
Federal Revenues from IU	-	362,000	357,791	(4,209)
Contributions & Donations from Private Sources	1,000	1,000	154	(846)
Rentals	96,504	96,504	250,499	153,995
Tuition from other LEAS	200,000	200,000	337,331	137,331
Refund of Prior Years Expenditures	20,000	20,000	6,231	(13,769)
Miscellaneous Revenue	12,000	32,000	101,286	69,286
Total Revenues from Local Sources	<u>15,813,605</u>	<u>16,195,649</u>	<u>17,703,297</u>	<u>1,507,648</u>
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	7,508,675	7,508,675	7,003,071	(505,604)
Tuition	-	-	184,768	184,768
Subsidies for Spec. Educ. Programs				
Act 30 PRRI	-	-	1,120	1,120
Safe Schools	35,000	41,000	33,235	(7,765)
Special Education of Excep. Pupils	1,316,223	1,316,223	1,430,710	114,487

**East Allegheny School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	1,149,400	1,149,400	1,126,239	(23,161)
Rentals & Sinking Fund Payments	198,335	198,335	129,925	(68,410)
Ready to Learn Block Grant	376,130	376,130	2,376,130	2,000,000
Health Services	72,000	72,000	31,332	(40,668)
State Property Tax Reduction	960,417	960,362	960,417	55
Social Security Payments	545,000	545,000	578,124	33,124
State Retirement Revenue	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,575,962</u>	<u>75,962</u>
 Total Revenues from State Sources	 <u>14,661,180</u>	 <u>14,667,125</u>	 <u>16,431,033</u>	 <u>1,763,908</u>
Federal Sources				
Restricted Grants-In-Aid from the Fed. Gov't. through the Commonwealth				
Title I	782,944	782,944	649,343	(133,601)
Title II	439,825	77,825	82,545	4,720
Title IV	-	-	50,448	50,448
Title XIX	-	-	5,221	5,221
Medical Assistance - Access	<u>33,327</u>	<u>33,327</u>	<u>-</u>	<u>(33,327)</u>
 Total Revenues from Federal Sources	 <u>1,256,096</u>	 <u>894,096</u>	 <u>787,557</u>	 <u>(106,539)</u>
 Total Revenues	 <u>31,730,881</u>	 <u>31,756,870</u>	 <u>34,921,887</u>	 <u>3,165,017</u>
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	6,580,607	6,383,607	6,205,987	177,620
Employee Benefits	4,399,453	4,316,453	4,132,934	183,519
Purchased Prof. and Tech. Services	2,500	2,500	1,594	906
Purchased Property Services	135,900	135,900	125,956	9,944
Other Purchased Services	2,492,807	2,492,807	3,521,517	(1,028,710)
Supplies	185,250	185,250	153,381	31,869
Property	2,800	2,800	5,727	(2,927)
Other Objects	<u>1,300</u>	<u>1,300</u>	<u>-</u>	<u>1,300</u>
 Total Regular Programs	 <u>13,800,617</u>	 <u>13,520,617</u>	 <u>14,147,096</u>	 <u>(626,479)</u>

**East Allegheny School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Special Programs				
Personal Services				
Salaries	1,591,338	1,591,338	1,588,099	3,239
Employee Benefits	1,107,934	1,107,934	1,072,230	35,704
Purchased Prof. and Tech. Services	1,227,750	1,227,750	1,512,866	(285,116)
Purchased Property Services	200	200	-	200
Other Purchased Services	383,000	383,000	911,702	(528,702)
Supplies	15,400	15,400	2,546	12,854
Property	3,500	3,500	1,635	1,865
Other Objects	150	150	-	150
	<u>4,329,272</u>	<u>4,329,272</u>	<u>5,089,078</u>	<u>(759,806)</u>
Total Special Programs				
Vocational Education Programs				
Personal Services				
Salaries	140,781	140,781	143,380	(2,599)
Employee Benefits	87,706	87,706	141,400	(53,694)
Purchased Prof. and Tech. Services	2,500	2,500	-	2,500
Purchased Property Services	11,000	11,000	16,715	(5,715)
Other Purchased Services	375,700	375,700	360,366	15,334
Supplies	35,000	35,000	29,679	5,321
Property	5,800	5,800	5,000	800
	<u>658,487</u>	<u>658,487</u>	<u>696,540</u>	<u>(38,053)</u>
Total Vocational Education Programs				
Other Instructional Programs				
Personal Services				
Salaries	234,643	234,643	216,316	18,327
Employee Benefits	81,018	81,018	191,279	(110,261)
Purchased Prof. and Tech. Services	-	-	25,607	(25,607)
Other Purchased Services	119,000	119,000	94,058	24,942
Supplies	2,750	2,750	400	2,350
	<u>437,411</u>	<u>437,411</u>	<u>527,660</u>	<u>(90,249)</u>
Total Other Instructional Programs				

**East Allegheny School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Pre-Kindergarten Supplies	<u>5,000</u>	<u>5,000</u>	<u>249</u>	<u>4,751</u>
Total Instruction	<u>19,230,787</u>	<u>18,950,787</u>	<u>20,460,623</u>	<u>(1,509,836)</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	614,791	614,791	793,794	(179,003)
Employee Benefits	406,845	406,845	508,555	(101,710)
Purchased Prof. and Tech. Services	30,650	27,650	33,548	(5,898)
Purchased Property Services	200	200	-	200
Other Purchased Services	2,550	2,550	976	1,574
Supplies	9,400	16,400	14,149	2,251
Other Objects	<u>1,425</u>	<u>1,425</u>	<u>60</u>	<u>1,365</u>
Total Pupil Personnel	<u>1,065,861</u>	<u>1,069,861</u>	<u>1,351,082</u>	<u>(281,221)</u>
Instructional Staff				
Personal Services				
Salaries	331,803	331,803	272,478	59,325
Employee Benefits	199,927	199,927	170,438	29,489
Purchased Prof. and Tech. Services	101,800	101,800	129,272	(27,472)
Other Purchased Services	5,625	5,625	4,359	1,266
Supplies	19,150	19,150	20,859	(1,709)
Property	<u>47,000</u>	<u>47,000</u>	<u>37,786</u>	<u>9,214</u>
Total Instructional Staff	<u>705,305</u>	<u>705,305</u>	<u>635,192</u>	<u>70,113</u>

**East Allegheny School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Administration				
Personal Services				
Salaries	765,380	765,380	734,402	30,978
Employee Benefits	537,461	537,461	506,508	30,953
Purchased Prof. and Tech. Services	236,750	236,750	201,083	35,667
Purchased Property Services	1,100	1,100	567	533
Other Purchased Services	81,150	81,150	58,968	22,182
Supplies	11,000	11,000	309	10,691
Other Objects	30,300	30,300	13,848	16,452
	<u>1,663,141</u>	<u>1,663,141</u>	<u>1,515,685</u>	<u>147,456</u>
Total Administration				
Pupil Health				
Personal Services				
Salaries	169,935	169,935	167,655	2,280
Employee Benefits	110,950	110,950	105,375	5,575
Purchased Prof. and Tech. Services	49,800	45,800	72,924	(27,124)
Purchased Property Services	400	400	331	69
Other Purchased Services	600	600	-	600
Supplies	4,300	4,300	2,811	1,489
Property	500	500	-	500
	<u>336,485</u>	<u>332,485</u>	<u>349,096</u>	<u>(16,611)</u>
Total Pupil Health				
Business				
Personal Services				
Salaries	226,783	226,783	228,870	(2,087)
Employee Benefits	136,783	136,783	114,909	21,874
Purchased Prof. and Tech. Services	7,700	7,700	12,354	(4,654)
Purchased Property Services	65,000	65,000	22,552	42,448
Other Purchased Services	22,800	22,800	19,077	3,723
Supplies	8,000	8,000	7,206	794
Other Objects	200	200	248	(48)
	<u>467,266</u>	<u>467,266</u>	<u>405,216</u>	<u>62,050</u>
Total Business				

**East Allegheny School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	1,001,117	1,001,117	892,822	108,295
Employee Benefits	682,699	682,699	625,198	57,501
Purchased Prof. and Tech. Services	234,492	234,492	286,505	(52,013)
Purchased Property Services	170,936	170,936	222,070	(51,134)
Other Purchased Services	126,100	126,100	139,069	(12,969)
Supplies	549,600	549,600	502,199	47,401
Property	11,500	11,500	40,468	(28,968)
Other Objects	<u>125</u>	<u>125</u>	<u>-</u>	<u>125</u>
Total Oper. and Maint. of Plant Svcs.	<u>2,776,569</u>	<u>2,776,569</u>	<u>2,708,331</u>	<u>68,238</u>
Student Transportation Services				
Personal Services				
Salaries	-	-	10,193	(10,193)
Other Purchased Services	2,478,000	2,478,000	3,538,544	(1,060,544)
Other Objects	<u>16,400</u>	<u>16,400</u>	<u>33,953</u>	<u>(17,553)</u>
Total Student Transportation Services	<u>2,494,400</u>	<u>2,494,400</u>	<u>3,582,690</u>	<u>(1,088,290)</u>
Central				
Personal Services				
Employee Benefits	-	1,200	1,200	-
Purchased Prof. and Tech. Services	190,300	189,100	159,549	29,551
Supplies	<u>-</u>	<u>-</u>	<u>232</u>	<u>(232)</u>
Total Central	<u>190,300</u>	<u>190,300</u>	<u>160,981</u>	<u>29,319</u>

**East Allegheny School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Other				
Other Purchased Services	<u>-</u>	<u>-</u>	<u>16,111</u>	<u>(16,111)</u>
Total Support Services	<u>9,699,327</u>	<u>9,699,327</u>	<u>10,724,384</u>	<u>(1,025,057)</u>
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	209,150	209,150	196,256	12,894
Employee Benefits	81,859	81,859	58,315	23,544
Purchased Prof. and Tech. Services	46,650	46,650	62,407	(15,757)
Purchased Property Services	32,600	32,600	27,863	4,737
Other Purchased Services	11,600	11,600	10,986	614
Supplies	92,150	92,150	60,157	31,993
Property	26,000	26,000	19,809	6,191
Other Objects	<u>6,900</u>	<u>6,900</u>	<u>7,280</u>	<u>(380)</u>
Total Student Activities	<u>506,909</u>	<u>506,909</u>	<u>443,073</u>	<u>63,836</u>
Community Services				
Purchased Prof. and Tech. Services	1,000	1,000	435	565
Supplies	<u>200</u>	<u>200</u>	<u>2,352</u>	<u>(2,152)</u>
Total Community Services	<u>1,200</u>	<u>1,200</u>	<u>2,787</u>	<u>(1,587)</u>
Total Noninstructional Services	<u>508,109</u>	<u>508,109</u>	<u>445,860</u>	<u>62,249</u>
Facilities Acquisition, Construction and Improvement Services				
Property	<u>-</u>	<u>-</u>	<u>159,138</u>	<u>(159,138)</u>

**East Allegheny School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Debt Service				
Interest	2,050,617	-	-	-
Refunds of Prior Years Receipts	176,200	176,200	240,267	(64,067)
Redemption of Principal	<u>581,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	<u>2,808,647</u>	<u>176,200</u>	<u>240,267</u>	<u>(64,067)</u>
Total Expenditures	<u>32,246,870</u>	<u>29,334,423</u>	<u>32,030,272</u>	<u>(2,695,849)</u>
Other Financing Uses				
Fund Transfers				
Capital Contributions	(20,000)	-	-	-
Food Service Fund	10,000	290,000	-	290,000
Debt Service Fund	-	2,632,447	2,219,162	413,285
Food Service Fund	(300,000)	(300,000)	-	(300,000)
Capital Projects Fund	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>
Total Other Financing Uses	<u>(510,000)</u>	<u>2,422,447</u>	<u>2,219,162</u>	<u>203,285</u>
Total Expenditures and Other Financing Uses	<u>31,736,870</u>	<u>31,756,870</u>	<u>34,249,434</u>	<u>(2,492,564)</u>
Net Change in Fund Balance	(5,989)	-	672,453	672,453
Fund Balance - July 1, 2018	<u>-</u>	<u>-</u>	<u>(4,766,604)</u>	<u>(4,766,604)</u>
Fund Balance - June 30, 2019	<u>\$ (5,989)</u>	<u>\$ -</u>	<u>\$ (4,094,151)</u>	<u>\$ (4,094,151)</u>

East Allegheny School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2019

Note 1 – Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

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

East Allegheny School District
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Four Years

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability				
Service cost	\$ 201,005	\$ 199,731	\$ 63,314	\$ -
Interest	180,741	152,584	141,209	-
Changes of benefit terms	-	-	2,337,828	-
Difference between expected and actual experience	(651,199)	-	(794,961)	-
Changes of assumptions and other inputs	(91,002)	(136,219)	646,544	-
Benefit payments	<u>(509,180)</u>	<u>(521,298)</u>	<u>(570,322)</u>	<u>-</u>
Net Change in Total OPEB Liability	(869,635)	(305,202)	1,823,612	-
Total OPEB Liability - Beginning	<u>5,048,636</u>	<u>5,353,838</u>	<u>3,530,226</u>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ 4,179,001</u>	<u>\$ 5,048,636</u>	<u>\$ 5,353,838</u>	<u>\$ 3,530,226</u>
Covered Employee Payroll	\$ 10,021,543	\$ 8,459,474	\$ 8,253,145	N/A
Total OPEB Liability as a Percentage of Covered-Employee Payroll	41.70%	59.68%	64.87%	N/A

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended June 30, 2017.

Assumption Changes:

Discount rate used for fiscal year ending:

2019	3.87%
2018	3.58%

For the June 30, 2019 valuation, changes were made to the mortality improvement scale, the medical trend rates, and the Support Staff assumed participation rate.

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**East Allegheny School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS
Last Five Years**

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 3,728,599	\$ 3,512,270	\$ 3,323,401	\$ 2,788,127	\$ 2,266,251
Contributions in Relation to the Contractually Required Contribution	<u>3,728,599</u>	<u>3,512,270</u>	<u>3,323,401</u>	<u>2,788,127</u>	<u>2,266,251</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 11,564,885	\$ 11,151,753	\$ 11,569,614	\$ 11,447,750	\$ 11,558,669
Contributions as a Percentage of Covered Payroll	32.24%	31.50%	28.73%	24.36%	19.61%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2018 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2019.

East Allegheny School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net Pension Liability
PSERS
Last Six Years
(Dollar Amount in Thousands)

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
School District's Proportion of the Net Pension Liability (Asset)	0.0828%	0.0869%	0.0883%	0.0888%	0.0877%	0.0883%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 39,748	\$ 42,919	\$ 43,759	\$ 38,464	\$ 34,712	\$ 36,146
School District's Covered Payroll	\$ 11,152	\$ 11,570	\$ 11,448	\$ 11,559	\$ 11,192	\$ 11,336
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	356.42%	370.95%	382.24%	332.76%	310.15%	318.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

East Allegheny School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS OPEB Plan
Last Two Years

	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 95,161	\$ 92,784
Contributions in Relation to the Contractually Required Contribution	<u>95,161</u>	<u>92,784</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 11,564,885	\$ 11,151,753
Contributions as a Percentage of Covered Payroll	0.82%	0.83%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2018 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2019.

East Allegheny School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net OPEB Liability
PSERS OPEB Plan
Last Two Years
(Dollar Amount in Thousands)

	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.0828%	0.0869%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,726	\$ 1,771
School District's Covered Payroll	\$ 11,152	\$ 11,570
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	15.48%	15.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.56%	5.56%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

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SINGLE AUDIT SECTION

HOSACK, SPECHT, MUETZEL & WOOD LLP
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Members of the Board
East Allegheny School District
North Versailles, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for East Allegheny School District for the period ended June 30, 2019 were prepared to fulfill the requirements of the *Government Auditing Standards and the Uniform Grant Guidance*. A summary of the reports are as follows:

- A. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
May 29, 2020

HOSACK, SPECHT, MUETZEL & WOOD LLP
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EXHIBIT A

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Members of the Board
East Allegheny School District
North Versailles, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of East Allegheny School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise East Allegheny School District's basic financial statements, and have issued our report thereon dated May 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Allegheny School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Allegheny School District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Allegheny School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as Items 2019-001 and 2019-004. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Allegheny School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Items 2019-002 and 2019-003.

East Allegheny School District's Response to Findings

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

Purpose of this Report

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
May 29, 2020

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EXHIBIT B

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

Members of the Board
East Allegheny School District
North Versailles, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited East Allegheny School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of East Allegheny School District's major federal programs for the year ended June 30, 2019. East Allegheny School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, East Allegheny School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
May 29, 2020

East Allegheny School District
Schedule of Findings and Questioned Costs
June 30, 2019

EXHIBIT C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report was unmodified.

Internal control over financial reporting:

- | | | | | |
|---|-----------------|-----|-----------------|---------------|
| • Material weakness(es) identified? | <u>✓</u> | yes | <u> </u> | no |
| • Significant deficiency(ies) identified? | <u> </u> | yes | <u>✓</u> | none reported |

Noncompliance material to financial statements noted?	<u>✓</u>	yes	<u> </u>	no
---	----------	-----	-----------------	----

Federal Awards

Internal control over major programs:

- | | | | | |
|---|-----------------|-----|----------|---------------|
| • Material weakness(es) identified? | <u> </u> | yes | <u>✓</u> | no |
| • Significant deficiency(ies) identified? | <u> </u> | yes | <u>✓</u> | none reported |

Type of auditor's report issued on compliance for major programs was unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	<u> </u>	yes	<u>✓</u>	no
--	-----------------	-----	----------	----

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555 and 10.553	Nutrition Cluster

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

Auditee qualified as low-risk auditee?	<u> </u>	yes	<u>✓</u>	no
--	-----------------	-----	----------	----

**East Allegheny School District
Schedule of Findings and Questioned Costs
June 30, 2019**

EXHIBIT C

Section II – Financial Statement Findings

Material Weaknesses

2019-001 Mispostings

Condition

There are numerous mispostings and unrecorded transactions throughout all of the funds. Additionally, there is a lack of review of financial information by management monthly and at year end which would identify many of these deficiencies.

Criteria

Internal controls should be in place to ensure that transactions are posted properly in all funds and that management reviews the financial information for all funds monthly and at year end.

Cause

Lack of accounting knowledge by employees posting transactions and lack of management review.

Effect

Financial reports prepared by School District are not accurate.

Recommendation

Management should review both monthly and at year end to make sure transactions are posted accurately.

Response

East Allegheny School District agrees with the finding and the recommended procedures and is attempting to implement improvements over financial reporting.

Noncompliance

2019-002 Noncompliance – Budget

Condition

The School District's general fund deficit in fund balance is over \$4,000,000

Criteria

The general fund deficit in fund balance should be budgeted to provide a realistic picture of the School District's finances. In addition, realistic budgets for revenues should be made that will more closely match actual results.

Cause

Lack of sound budgeting by management.

**East Allegheny School District
Schedule of Findings and Questioned Costs
June 30, 2019**

EXHIBIT C

Effect

The failure to plan and budget for the School District's finances in a realistic manner will result in continued deficits. In addition, the School District is not providing a financial framework to reduce its current deficit.

Recommendation

Management should have a budget plan to reduce the general fund fund balance deficit over time.

Response

East Allegheny School District agrees with this finding and will be preparing more accurate and realistic budgets in the future.

2019-003 Noncompliance – Reporting Package

Condition

The School District's reporting package was not submitted within nine months after the end of the audit period for June 30, 2018.

Criteria

CFR Section 200.512(a) states that the reporting package must be submitted the earlier of 30 calendar days after the receipt of auditor's reports or nine months after the end of the audit period.

Cause

Lack of timely filing of reporting package by management.

Effect

The failure of timely filing of the reporting package results in the School District being unable to meet the "low risk" auditee classification for the next two years.

Recommendation

Management should take the necessary steps to ensure timely reporting package filing.

Response

East Allegheny School District agrees with this finding and will attempt to timely file its reporting package.

Material Weaknesses

2019-004 Reporting Package Internal Controls

Condition

The School District's reporting package was not submitted within nine months after the end of the audit period for June 30, 2018.

Criteria

Internal controls should be in place to ensure that management submits the reporting package timely.

**East Allegheny School District
Schedule of Findings and Questioned Costs
June 30, 2019**

EXHIBIT C

Cause

Lack of internal controls to ensure timely reporting package submission.

Effect

Lack of controls over submission of reporting package resulted in deadline not being met.

Recommendation

Management should take the necessary steps to ensure internal controls are in place for timely reporting package submission.

Response

East Allegheny School District agrees with this finding and the recommended procedures and is attempting to implement improvements over financial reporting.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Section IV – Status of Prior Year's Findings

Financial Statement Material Weaknesses

Finding 2018-001 Mispostings

Condition

There are numerous mispostings on transactions throughout the general fund ledger.

Recommendation

Management should closely review and make sure transactions are posted accurately.

Current Status

Still applies. See 2019-001.

Finding 2018-002 Noncompliance – Budget

Condition

The School District's general fund deficit in fund balance is over \$4,700,000.

Recommendation

Management should have a budget plan to reduce the general fund fund balance deficit over time.

Current Status

Still applies. See 2019-002.

**East Allegheny School District
Schedule of Findings and Questioned Costs
June 30, 2019**

EXHIBIT C

Finding 2018-003 Noncompliance – Reporting Package

Condition

The School District's reporting package was not submitted within nine months after the end of the audit period for June 30, 2017.

Recommendation

Management should take the necessary steps to ensure timely reporting package filing.

Current Status

Still applies. See 2019-003.

Finding 2018-004 Reporting Package Internal Controls

Condition

The School District's reporting package was not submitted within nine months after the end of the audit period for June 30, 2017.

Recommendation

Management should take the necessary steps to ensure internal controls are in place for timely reporting package submission.

Current Status

Still applies. See 2019-004.

East Allegheny School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

										Exhibit D
Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal CFDA Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/18	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/19
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education										
Title I Improving Basic Programs	I	84.010	013-190125	08/20/18-09/30/19	\$ 666,094	\$ 523,780	\$ -	\$ 478,388	\$ 478,388	\$ (45,392)
Title I Improving Basic Programs	I	84.010	013-180125	08/08/17-09/30/18	683,114	80,928	(90,027)	170,955	170,955	-
						604,708	(90,027)	649,343	649,343	(45,392)
Title II Improving Teacher Quality	I	84.367	020-190125	08/20/18-09/30/19	82,545	64,734	-	82,545	82,545	17,811
Title II Improving Teacher Quality	I	84.367	020-180125	08/08/17-09/30/18	99,050	(2,487)	(2,487)	-	-	-
						62,247	(2,487)	82,545	82,545	17,811
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-190125	08/20/18-09/30/19	49,323	35,231	-	49,323	49,323	14,092
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-180125	08/08/17-09/30/18	15,751	1,125	-	1,125	1,125	-
						36,356	-	50,448	50,448	14,092
Passed through the Allegheny Intermediate Unit										
Title III	I	84.365	FA-010-19-0603	07/10/18-09/30/19	257	257	-	257	257	-
Special Education Cluster										
IDEA B Section 619	I	84.173	N/A	07/01/18-06/30/19	3,211	3,211	-	3,211	3,211	-
IDEA B	I	84.027	N/A	07/01/18-09/30/19	354,323	267,845	-	354,323	354,323	86,478
IDEA B	I	84.027	N/A	07/01/17-09/30/18	272,097	96,716	96,716	-	-	-
Total Special Education Cluster						367,772	96,716	357,534	357,534	86,478
Total U.S. Department of Education						1,071,340	4,202	1,140,127	1,140,127	72,989
U.S. Department of Health and Human Services										
Passed through the Pennsylvania										
Department of Public Welfare										
Medical Assistance Reimb. for Adm. Title 19	I	93.778	N/A	07/01/18-06/30/19	N/A	4,187	2,127	5,221	5,221	3,161
U.S. Department of Agriculture										
Passed through the Pennsylvania										
Department of Education										
National School Lunch Program	I	10.555	N/A	07/01/18-06/30/19	N/A	833,180	106,288	729,467	729,467	2,575
National School Breakfast Program	I	10.553	N/A	07/01/18-06/30/19	N/A	354,682	45,157	310,447	310,447	922
Passed through the Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/18-06/30/19	N/A	66,936	(19,916)	66,002	66,002	(20,850)
Total Child Nutrition Cluster						1,254,798	131,529	1,105,916	1,105,916	(17,353)
Passed through the Pennsylvania										
Department of Education										
Fresh Fruit and Vegetable Program	I	10.582	N/A	07/01/18-06/30/19	N/A	47,772	5,938	45,722	45,722	3,888
Total U.S. Department of Agriculture						1,302,570	137,467	1,151,638	1,151,638	(13,465)
Total Federal Financial Assistance						\$ 2,378,097	\$ 143,796	\$ 2,296,986	\$ 2,296,986	\$ 62,685

See Accompanying Notes to Schedule of Expenditures of Federal Awards

East Allegheny School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

EXHIBIT D

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of East Allegheny School District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of East Allegheny School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of East Allegheny School District.

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) East Allegheny School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Source Code

The Source Code (I) indicates funds received indirectly.

Note D - Reconciliation with Subsidy Confirmation

Amounts Received Per Schedule	\$2,378,097
Less: Commodities Received	(66,936)
Less: Passage Through AIU	(368,029)
Less: Title 19	(4,187)
Add: State Funding on Confirmation	<u>60,350</u>
 Per Subsidy Confirmation	 <u><u>\$1,999,295</u></u>

Note E - Subrecipients

The School District did not pass through any federal expenditures to subrecipients.

**East Allegheny School District
List of Report Distribution
June 30, 2019**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – Bureau of the Census

APPENDIX C

Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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APPENDIX D

FORM OF INTERCEPT AGREEMENT

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STATE APPROPRIATION INTERCEPT AGREEMENT

**(Re: East Allegheny School District
General Obligation Bonds, Series of 2021)**

This Agreement (the “Agreement”) is executed and delivered as of the 7th day of January, 2021, by and between the **EAST ALLEGHENY SCHOOL DISTRICT, ALLEGHENY COUNTY, PENNSYLVANIA** (the “School District”), the **PENNSYLVANIA DEPARTMENT OF EDUCATION** (the “Department”), the **TREASURER OF THE COMMONWEALTH OF PENNSYLVANIA** (the “State Treasurer”) and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, in its capacity as paying agent (the “Paying Agent”) for the School District’s General Obligation Bonds, Series of 2021, (the “Obligations”).

WITNESSETH:

WHEREAS, the School District is a School District organized and existing under the Pennsylvania Public School Code of 1949, as amended and supplemented, 24 P.S. §1-101, *et seq.* (the “School Code”); and

WHEREAS, the School District has determined to issue its \$16,165,000, General Obligation Bonds, Series of 2021 for the purpose of the payment of the costs associated with: (a) the current refunding, in order to achieve debt service savings, of all or a portion of the General Obligation Bonds, Refunding Series of 2014, over the life of the series (b) the current refunding, in order to achieve debt service savings, of all or a portion of the General Obligation Bonds, Refunding Series of 2015, over the life of the series, and (c) the payment of all costs and expenses incurred by the School District in connection with the issuance and sale of the General Obligation Bonds to be issued by the School District; and

WHEREAS, the School District by Resolution adopted on November 9, 2020 (the “Resolution”), appointed The Bank of New York Mellon Trust Company, N.A. as Paying Agent, Registrar and Sinking Fund Depository with respect to the Obligations and has covenanted to deposit in a sinking fund (the “Sinking Fund”) amounts sufficient to pay no later than fifteen days prior to the principal on the Obligations and the interest thereon (payable on June 1 and December 1 of each year, beginning June 1, 2021) when due (each, a “Debt Service Payment Date”); and

WHEREAS, to ensure timely payment of the scheduled principal of and interest on the Obligations to the owners thereof, the Obligations will be insured by Build America Mutual Assurance Company (the “Insurer”); and

WHEREAS, certain appropriations from the Commonwealth of Pennsylvania (the “Commonwealth”) are due and payable to the School District on certain specified dates in each fiscal year of the School District (the “Appropriation Payment Dates”); and

WHEREAS, in order to enhance the marketability of the Obligations so as to reduce interest costs with respect to the Obligations, the School District desires to request, instruct and authorize the Department and the State Treasurer to withhold a portion of the Commonwealth appropriations due to the School District on Appropriation Payment Dates preceding a Debt Service Payment Date so long as the Obligations are outstanding, commencing with the Commonwealth appropriation due to the School District on the last Thursday of April, 2021, and to pay such withheld amounts directly to the Paying Agent in order to better fulfill the School District’s covenant in the Resolution to make deposits to the Sinking Fund as aforesaid, and the School District's obligation in the Sinking Fund Deposit Agreement dated January 7, 2021 (the "Deposit Agreement"), between the School District and the Paying Agent, to make deposits to the Sinking Fund (commencing with the Sinking Fund installment due under the Deposit Agreement on May 15, 2021); and

WHEREAS, the State Treasurer, relying upon the accuracy and completeness of the cash flow statements and financial representations made by the School District to the State Treasurer and the Department, has agreed to enter into this State Appropriation Intercept Agreement; and

WHEREAS, by this Agreement, the School District, the Department, the State Treasurer and the Paying Agent will agree that, in the event of a Commonwealth budget impasse as described in Article XVIII-E-4 of the Fiscal Code, added by Act No. 85 of 2016 (P.L. 664, No. 85) (“Fiscal Code”), that the Department will promptly submit the justification required by Section 1703.E-4(a) of the Fiscal Code (if such justification has not already been submitted) in sufficient time to permit the deposits to the Sinking

Fund to be made in sufficient time for the Paying Agent to make the debt service payments due on the Bonds in full on each Bond Payment Date.

NOW, THEREFORE, for and in consideration of the premises and mutual covenants hereinafter contained and intending to be legally bound hereby, the parties hereto mutually agree as follows:

The School District hereby notifies the Department of its intention to enter into this Agreement and requests the Department to provide notice to the State Treasurer that the State Treasurer shall withhold from the Commonwealth appropriations due to the School District on the last Thursday of the months of April and October of each fiscal year, the amounts due on June 1 and December 1 of each year set forth on Exhibit "A", annexed hereto and made a part hereof (as may be amended from time to time as hereinafter provided in this Section 1, the "Scheduled Amounts") and to make payments of the Scheduled Amounts directly to the Paying Agent to provide for the payment of debt service on the Obligations. To the extent that the deposit of a Scheduled Amount in the Sinking Fund would cause the amount in the Sinking Fund to exceed the principal and interest due on the Obligations on the next Debt Service Payment Date, the Paying Agent may, and at the request of the School District the Paying Agent shall, notify the Department and the State Treasurer of a revised Scheduled Amount (which amount shall be equal to the applicable Scheduled Amount shown on Exhibit "A" minus funds available in the Sinking Fund to pay debt service on the Obligations), and, notwithstanding the requirements of Section 9 hereof, the related Scheduled Amount shown on Exhibit "A" shall be amended per such notice of the Paying Agent, without any further action or consent by the parties hereto or otherwise. It is the intention of the parties hereto that this Agreement shall constitute notice by the School District to the Department and from the Department to the State Treasurer to make such withholdings and payments in accordance with a voucher request from the Department to the State Treasurer directing payment to the Paying Agent.

To the extent that the State Treasurer receives from the Department the appropriate voucher transmittal on or prior to the last Thursday of April and/or October of each fiscal year, the State Treasurer agrees to pay the Scheduled Amounts from Commonwealth appropriations with appropriate vouchers from

the Department, directly to the Paying Agent on or before the dates set forth on Exhibit "A." After any arrearages on the Scheduled Amounts are paid to the Paying Agent, amounts representing Commonwealth appropriations due to the School District in excess of the current Scheduled Amount shall be paid by the State Treasurer directly to the School District, to the extent that the State Treasurer receives the appropriate voucher transmittal from the Department. In the event that the appropriation due to the School District on the last Thursday of the months of April or October of any year is less than the Scheduled Amounts due to the Paying Agent as set forth on Exhibit "A", the Department shall voucher any such deficiency from any appropriations due to the School District prior to the Debt Service Payment Date to make up such deficiency and shall deliver a voucher transmittal for such amount directly to the State Treasurer prior to the Debt Service Payment Date so that any deficiency is cured and the State Treasurer shall pay the Scheduled Amounts directly to the Paying Agent as set forth on Exhibit "A".

The School District hereby directs the Paying Agent to credit such payments made by the State Treasurer pursuant to Section 2 above to the Sinking Fund payments required to be made by the School District under the Resolution and the Deposit Agreement and to use the same to pay the debt service due on the Obligations, in accordance with the terms and provisions of the Resolution in the amounts and on the dates set forth on Exhibit "A." Such amounts to be paid by the State Treasurer directly to the Paying Agent, as Sinking Fund Depository, will be applied to the debt service payments required to be paid by the School District under the Resolution and the Deposit Agreement in any such fiscal year.

In the event that a budget impasse, as described in Section 1703.E-4(a) of the Fiscal Code, has occurred and is continuing as of an April or October Appropriation Payment Date preceding a Bond Payment Date as scheduled and shown on Exhibit "A" hereto, the Department agrees that it will immediately submit to the chairs and minority chairs of the Appropriation Committees of the Senate and the House of the Pennsylvania General Assembly, respectively, the justification required by Section 1703.E-4(a) of the Fiscal Code, so that moneys from the Commonwealth's general fund are made available in sufficient time to enable the State Treasurer to make the required payment in full to the Paying Agent for deposit to the Sinking Fund so that the Paying Agent timely pays debt service due on the Bonds.

Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by first-class mail, postage prepaid, or sent by telecopier or overnight delivery service addressed to the parties as follows:

The Department	Pennsylvania Department of Education 333 Market Street 10th Floor Harrisburg, PA 17126-0333 Fax: (717) 787-7222 Attention: Secretary of Education
The School District	East Allegheny School District 1150 Jacks Run Road North Versailles, PA 15137 Phone (412) 824-8012 X4157 Attention: Director of Fiscal Affairs
The State Treasurer	Commonwealth of Pennsylvania, Treasury Finance Building, Room 127 Harrisburg, PA 17120 Fax: (717) 772-0970 Attention: Chief Counsel

The Paying Agent

The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street – 10th Floor
Attn: Client Service Administrator
Dallas, TX 75201
Phone: 973/357-7827

Wire Information:
BNY Mellon
ABA# 021-000-018
A/C#: _____
ACCT NAME: EAST ALLEGHENY SINKING FUND
ACCT
Ref: East Allegheny SD GO Series 2021 SF Acct
Attn: Laurel Waller (214) 468-5016

If, due to a refunding or an early redemption of all or any portion of the Obligations, there is a change required to be made to the amounts to be withheld by the State Treasurer, the School District will provide a written notice to the Department, the State Treasurer and the Paying Agent, and will cause an amendment to this Agreement to be prepared in accordance with the terms and provisions of Section 9 hereof.

In case any provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, this Agreement shall be construed as if such provision had never been contained herein.

This Agreement and all matters arising under this Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania.

This Agreement may not be amended except by an instrument in writing executed by the parties hereto. Any amendment to this Agreement shall be subject to the prior written consent of the Insurer.

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but such counterparts shall together constitute but one and the same instrument. This Agreement will be considered duly executed and delivered by any party affixing its electronic signature to an electronic file of the contract or when the signature of a party is delivered by facsimile transmission or delivered by scanned image as an attachment to electronic mail (email).

In the administration of this Agreement, the Paying Agent may execute any of its powers and perform its duties hereunder directly or through agents or attorneys and may consult with counsel to be

selected and retained by it and shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel. Further, in the administration of this Agreement, the Paying Agent shall be entitled to the protections and indemnities provided to it in the Resolution and the Deposit Agreement. The Paying Agent shall not be liable to the School District or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Paying Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, floods, earthquakes, epidemics or other similar occurrences.

The Insurer is hereby explicitly recognized as being a third-party beneficiary hereunder and, so long as the terms of the bond insurance policy are being fully met and satisfied, may enforce any such right, remedy or claim conferred, given or granted hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

**TREASURER OF THE
COMMONWEALTH OF PENNSYLVANIA**

By: _____
Title: _____

**THE PENNSYLVANIA DEPARTMENT
OF EDUCATION**

By: _____
Title: _____

**EAST ALLEGHENY SCHOOL DISTRICT,
ALLEGHENY COUNTY, PENNSYLVANIA**

By: _____
President, Board of School Directors

Attest: _____
Board Secretary

**THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.**

By: _____
Title: _____

Approval as to form and legality:

OFFICE OF GENERAL COUNSEL

By: _____
Title: _____

Date: _____

OFFICE OF ATTORNEY GENERAL

By: _____
Title: _____

Date: _____

Approval as to form and legality (continued):

**TREASURER OF THE
COMMONWEALTH OF PENNSYLVANIA**

By: _____

Title: _____

Date: _____

EXHIBIT "A"

East Allegheny School District General Obligation Bonds, Series of 2021

Debt Service Schedule

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Annual Debt Service</u>
12/1/2020						0.00	
6/1/2021	20,000.00	2.000%	0.650%	100.538	207,310.00	227,310.00	227,310.00
12/1/2021					258,937.50	258,937.50	
6/1/2022	535,000.00	3.000%	0.700%	103.198	258,937.50	793,937.50	1,052,875.00
12/1/2022					250,912.50	250,912.50	
6/1/2023	555,000.00	1.500%	0.750%	101.780	250,912.50	805,912.50	1,056,825.00
12/1/2023					246,750.00	246,750.00	
6/1/2024	1,125,000.00	4.000%	0.850%	110.533	246,750.00	1,371,750.00	1,618,500.00
12/1/2024					224,250.00	224,250.00	
6/1/2025	1,760,000.00	4.000%	1.000%	112.881	224,250.00	1,984,250.00	2,208,500.00
12/1/2025					189,050.00	189,050.00	
6/1/2026	1,835,000.00	4.000%	1.150%	114.879	189,050.00	2,024,050.00	2,213,100.00
12/1/2026					152,350.00	152,350.00	
6/1/2027	1,895,000.00	4.000%	1.250%	116.862	152,350.00	2,047,350.00	2,199,700.00
12/1/2027					114,450.00	114,450.00	
6/1/2028	1,975,000.00	4.000%	1.350%	118.601	114,450.00	2,089,450.00	2,203,900.00
12/1/2028					74,950.00	74,950.00	
6/1/2029	2,060,000.00	3.000%	1.500%	110.468	74,950.00	2,134,950.00	2,209,900.00
12/1/2029					44,050.00	44,050.00	
6/1/2030	2,120,000.00	2.000%	1.900%	100.686	44,050.00	2,164,050.00	2,208,100.00
12/1/2030					22,850.00	22,850.00	
6/1/2031	2,165,000.00	2.000%	1.900%	100.686	22,850.00	2,187,850.00	2,210,700.00
12/1/2031					1,200.00	1,200.00	
6/1/2032	120,000.00	2.000%	1.900%	100.686	1,200.00	121,200.00	122,400.00
Total	<u>16,165,000.00</u>				<u>3,366,810.00</u>	<u>19,531,810.00</u>	<u>19,531,810.00</u>

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

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APPENDIX E

The proposed form of the legal opinion of the Law Offices of Wayne D. Gerhold, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the bonds referred to therein and may vary from the form to reflect circumstances both factual and legal at the time of delivery. Recirculation of the Official Statement following the date hereof shall create no implication that the Law Offices of Wayne D. Gerhold has reviewed any of the matters set forth in such opinion subsequent to the date of such opinion.

\$16,165,000
EAST ALLEGHENY SCHOOL DISTRICT
(Allegheny County, Pennsylvania)
GENERAL OBLIGATION (LIMITED TAX) BONDS,
SERIES OF 2021
Dated January 7, 2021 - Final Maturity June 1, 2038

OPINION OF BOND COUNSEL

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

January 7, 2021

I have served as Bond Counsel to East Allegheny School District (Allegheny County, Pennsylvania) (the "Local Government Unit") and do hereby undertake to advise you in connection with the issuance, sale and delivery of its \$16,165,000. General Obligation Bonds, Series of 2021 (the "Bonds"), issued in fully registered form, denominated in \$5,000.00 or any integral multiple thereof, dated and bearing interest from January 7, 2021, maturing on various annual dates ending June 1, 2038. The Bonds are redeemable at the option of the Local Government Unit, in whole or in part, beginning on or after June 1, 2028.

In that capacity, I 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) (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 I have deemed necessary in order to render this opinion. Unless separately noted, I have not independently verified factual certifications either contained in the official statement, prospectus or other similar document used in connection with the sale of the Bonds or made to me 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 The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, as Paying Agent for the Local Government Unit; the bank has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

These proceedings demonstrate that, in the absence of any meritoriously-based action in a governmental or judicial forum affecting the validity of the Bonds, the same have been delivered upon full payment.

Based on the foregoing, I am 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 taxing power of the Local Government Unit, to the extent permitted by law. 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 every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds. Additionally, the Bonds are secured by the "Commonwealth of Pennsylvania aid intercept" provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.
3. Presently included among the general revenues of the Local Government Unit available for the payment of the Bonds are ad valorem taxes which may be levied, to the extent permitted by law, as to rate or amount, upon all taxable real property situate within the corporate limits of the Local Government Unit.
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 authorized investments, 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 Bonds (including, in the case of Bonds sold at an original issue discount, the differences between the initial offering price and par) is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Tax Code"). Furthermore, interest on the Series A 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. In rendering the opinions in this paragraph, I have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. I express no opinion as to any other Federal income tax consequence arising from ownership of the 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.

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APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the “Disclosure Agreement”), dated as of _____, __, 2020, is executed and delivered by **East Allegheny School District, Allegheny County, Pennsylvania** (the “Issuer”) and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent” or “DAC”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to assist the Issuer in processing certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the Issuer through use of the DAC system and do not constitute “advice” within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC will not provide any advice or recommendation to the Issuer or anyone on the Issuer’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a “Municipal Advisor” as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the annual financial statements of the Issuer for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under

this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Issuer and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Issuer pursuant to Section 9 hereof.

“Disclosure Representative” means **Director of Fiscal Affairs** or his or her designee, or such other person as the Issuer shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Issuer’s failure to file an Annual Report on or before the Annual Filing Date.

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

“Force Majeure Event” means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having 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) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer in connection with the **General Obligation Bonds, Series of 2020**, as listed in Exhibit A.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The Issuer shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB **not later than April 1st following the previous fiscal year end June 30th of the Issuer, commencing with the fiscal year ending June 30, 2020.** Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the Issuer will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 10:00 a.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Disclosure

Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Issuer are prepared but not available prior to the Annual Filing Date, the Issuer shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, if any, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the Issuer pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
 - 1. “Principal and interest payment delinquencies;”
 - 2. “Non-Payment related defaults, if material;”
 - 3. “Unscheduled draws on debt service reserves reflecting financial difficulties;”
 - 4. “Unscheduled draws on credit enhancements reflecting financial difficulties;”
 - 5. “Substitution of credit or liquidity providers, or their failure to perform;”
 - 6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - 7. “Modifications to rights of securities holders, if material;”
 - 8. Bond calls, if material, and tender offers;
 - 9. “Defeasances;”

10. “Release, substitution, or sale of property securing repayment of the securities, if material;”
 11. “Rating changes;”
 12. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
 13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 14. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
 15. “Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;” and
 16. “Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Issuer pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
 2. “change in obligated person;”
 3. “notice to investors pursuant to bond documents;”

4. “certain communications from the Internal Revenue Service;” other than those communications included in the Rule;
5. “secondary market purchases;”
6. “bid for auction rate or other securities;”
7. “capital or other financing plan;”
8. “litigation/enforcement action;”
9. “change of tender agent, remarketing agent, or other on-going party;” and
10. “other event-based disclosures.”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Issuer pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”
2. “change in fiscal year/timing of annual disclosure;”
3. “change in accounting standard;”
4. “interim/additional financial information/operating data;”
5. “budget;”
6. “investment/debt/financial policy;”
7. “information provided to rating agency, credit/liquidity provider or other third party;”
8. “consultant reports;” and
9. “other financial/operating data.”

(viii) provide the Issuer evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Issuer may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before [10:00 a.m.] Eastern time on

any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

Each Annual Report shall contain Annual Financial Information with respect to the Issuer, as set forth below:

- 1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units; and**
- 2) a summary of the budget for the current fiscal year (i.e. the fiscal year following the fiscal year of the financial statements being provided)**

Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then unaudited financial statements, prepared in accordance with **Generally Accepted Accounting Principles** as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Issuer is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer will clearly identify each such document so incorporated by reference.

If the Annual Financial Information contains modified operating data or financial information different from the Annual Financial Information agreed to in the continuing disclosure undertaking related to the Bonds, the Issuer is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

Principal and interest payment delinquencies;

Non-payment related defaults, if material;

Unscheduled draws on debt service reserves reflecting financial difficulties;

Unscheduled draws on credit enhancements reflecting financial difficulties;

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

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;

Modifications to rights of Bond holders, if material;

Bond calls, if material, and tender offers;

Defeasances;

Release, substitution, or sale of property securing repayment of the Bonds, if material;

Rating changes;

Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, 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;

Appointment of a successor or additional trustee or the change of name of a trustee, if material;

Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an Obligated Person, any of which reflect financial difficulties.

The Issuer shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Issuer or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Issuer determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The Issuer will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

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 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Issuer acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Issuer may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the Issuer desires to make, contain the written authorization of the Issuer for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Issuer desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Issuer as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

The parties hereto acknowledge that the Issuer is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the Issuer and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the **General Obligation Bonds, Series of 2020**, upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination

Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The Issuer has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Issuer may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Issuer or DAC, the Issuer agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Issuer shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Issuer.

SECTION 10. Remedies in Event of Default. In the event of a failure of the Issuer or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Issuer's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the Issuer at all times.

The obligations of the Issuer under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting

in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the Issuer.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Issuer and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and 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; provided neither the Issuer or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the Issuer. No such amendment shall become effective if the Issuer shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Florida (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[Remainder of page intentionally left blank.]

The Disclosure Dissemination Agent and the Issuer have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

**DIGITAL ASSURANCE CERTIFICATION,
L.L.C., as Disclosure Dissemination Agent**

By: _____
Name: _____
Title: _____

**EAST ALLEGHENY SCHOOL DISTRICT,
ALLEGHENY COUNTY, PENNSYLVANIA
as Issuer**

By: _____
Name: _____
Title: _____

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Name of Issuer **East Allegheny School District, Pennsylvania**
Name of Bond Issue: **General Obligation Bonds, Series of 2020**
Date of Issuance: _____, __, **2020**
Date of Official Statement _____, __, **2020**

CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
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CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____

Name of Issuer **East Allegheny School District, Pennsylvania**
Name of Bond Issue: **General Obligation Bonds, Series of 2020**
Date of Issuance: _____
Date of Official Statement: _____

CUSIP Number: _____	CUSIP Number: _____
CUSIP Number: _____	CUSIP Number: _____

CUSIP Number:	_____	CUSIP Number:

CUSIP Number:	_____	CUSIP Number:

CUSIP Number:	_____	CUSIP Number:

CUSIP Number:	_____	CUSIP Number:

CUSIP Number:	_____	CUSIP Number:

CUSIP Number:	_____	CUSIP Number:

CUSIP Number:	_____	CUSIP Number:

CUSIP Number:	_____	CUSIP Number:

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Issuer: **East Allegheny School District, Pennsylvania**

Name(s) of Bond Issue(s): **General Obligation Bonds, Series of 2020**

Date(s) of Issuance: _____, __, 2020

Date(s) of Disclosure _____, __, 2020

CUSIP Number: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the Issuer and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The Issuer has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _____].

Dated: _____

Digital Assurance Certification, L.L.C., as
Disclosure Dissemination Agent, on behalf of the
Issuer

cc: **East Allegheny School District**

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name:

East Allegheny School District, Pennsylvania

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material;" Tender offers;
9. "Defeasances;"
10. ____ "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. ____ "Rating changes;"
12. ____ "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. ____ "Merger, consolidation, or acquisition of the obligated person, if material;"
14. ____ "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. ____ "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
16. ____ "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street, Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _____, __, 2020, between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

East Allegheny School District, Pennsylvania

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: _____

____ Description of Voluntary Event Disclosure (Check One):

1. _____ "amendment to continuing disclosure undertaking;"
2. _____ "change in obligated person;"
3. _____ "notice to investors pursuant to bond documents;"
4. _____ "certain communications from the Internal Revenue Service;"
5. _____ "secondary market purchases;"
6. _____ "bid for auction rate or other securities;"
7. _____ "capital or other financing plan;"
8. _____ "litigation/enforcement action;"
9. _____ "change of tender agent, remarketing agent, or other on-going party; and"
10. _____ "other event-based disclosures."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of ____, __, **2020** between the Issuer and DAC.

Issuer's and/or Other Obligated Person's Name:

East Allegheny School District, Pennsylvania

Issuer's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: ____

____ Description of Voluntary Financial Disclosure (Check One):

- 1. ____ "quarterly/monthly financial information;"
- 2. ____ "change in fiscal year/timing of annual disclosure;"
- 3. ____ "change in accounting standard;"
- 4. ____ "interim/additional financial information/operating data;"
- 5. ____ "budget;"
- 6. ____ "investment/debt/financial policy;"
- 7. ____ "information provided to rating agency, credit/liquidity provider or other third party;"
- 8. ____ "consultant reports;" and
- 9. ____ "other financial/operating data."

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature:

Name: _____ Title: _____

Digital Assurance Certification, L.L.C.
315 E. Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

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