OFFICIAL STATEMENT

New Issue
BOOK-ENTRY ONLY
CUSIP Base: 087410

Bond Ratings: Moody's Investors Service "A2" (enhanced)
"Ba1" (negative outlook) (underlying)
(See "**BOND RATINGS**" herein.)

*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") for purposes of the Federal alternative minimum tax. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income, corporate net income and personal property taxes within the Commonwealth of Pennsylvania. (See "**TAX MATTERS**" herein.)*

The School District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (relating to the deductibility of interest expenses by certain financial institutions).

$3,740,000
BETHLEHEM-CENTER SCHOOL DISTRICT
(Washington County, Pennsylvania)
GENERAL OBLIGATION (LIMITED TAX) BONDS, SERIES OF 2019

INITIALLY DATED: Date of Delivery
PRINCIPAL DUE: October 1, as shown herein
FORM: Book-Entry Only

INTEREST PAYABLE: April 1 and October 1
FIRST INTEREST PAYMENT DATE: April 1, 2020
DENOMINATION: Integral multiples of $5,000

PAYMENT OF PRINCIPAL AND INTEREST: The General Obligation Bonds, Series of 2019, in the principal amount of $3,740,000 (the "Bonds") of Bethlehem-Center School District, Washington County, Pennsylvania (the "School District"), are issuable only in fully registered form, without coupons and when issued, will be registered in the name of CEDE & CO., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial ownership interests in the Bonds will be recorded in book-entry only form in denominations of $5,000, or any integral multiple thereof. Principal of and interest on the Bonds are payable directly to CEDE & CO. for redistribution to DTC Participants and in turn to Beneficial Owners as described herein. Interest will be payable on April 1 and October 1 of each year that the Bonds are outstanding, commencing on April 1, 2020. Purchasers will not receive physical delivery of certificates representing their ownership interests in the Bonds purchased. For so long as any purchaser is the Beneficial Owner of a Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Bonds. See "Book-Entry-Only System" herein.

REDEMPTION: The Bonds are subject to mandatory and optional redemption prior to their stated maturity dates, as provided herein.

SECURITY FOR THE BONDS: The Bonds are general obligations of the School District, payable from its taxes and other available revenues which presently include ad valorem taxes which may be levied on all taxable real property within the School District for the payment when due of the principal of and the interest on the Bonds. The School District has covenanted that it will provide in its budget in each year, and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution (as defined below) of the School District pursuant to which the Bonds are issued, or from any other of its available revenues or funds, the principal of and the interest on every Bond on the dates and at the place and in the manner stated in the Bonds. For such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and all available taxing power. However, such taxing power is subject to the limitations of Act 1, as defined herein. (See "INTRODUCTORY STATEMENT" and "The Taxpayer Relief Act (Act 1), as Amended" and "*Status of the Bonds Under Act 1*" herein.) If the School District shall at any time fail to pay over to the Paying Agent in full such amounts, when due on appropriate Sinking Fund Deposit Dates (defined herein), the Paying Agent has agreed to promptly give written notice to the Secretary of Education of the Commonwealth (the "Secretary") so that the Secretary shall withhold from any appropriation due to the School District from the Commonwealth and pay over to the Paying Agent the amount of the deficiency as further described herein.

AUTHORIZATION FOR ISSUANCE: The Bonds are being issued in accordance with the Local Government Unit Debt Act, as amended (the "Act") of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended, with the approval of the Pennsylvania Department of Community and Economic Development and pursuant to a Resolution of the Board of School Directors of the School District adopted on December 3, 2018 (as amended April 23, 2019, the "Resolution").

USE OF FUNDS: The proceeds to be derived by the School District from the issuance and sale of the Bonds will be used by the School District to pay the costs of: (a) completing various capital improvement projects; (b) funding a capitalized interest fund; and (c) issuing the Bonds.

CONTINUING DISCLOSURE UNDERTAKING: *The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See* **"CONTINUING DISCLOSURE UNDERTAKING"** *herein.)*

LEGAL APPROVALS: *The Bonds are offered when, as and if issued by the School District and received by the Underwriter, subject to prior sale and subject to the receipt of the approving legal opinion to be issued by Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania, Bond Counsel. Certain additional matters will be passed upon for the School District by its Counsel, Davis and Davis, Uniontown, Pennsylvania. The Bonds are expected to be available for delivery on October 15, 2019 in New York, New York.*

REGISTRATION OF BONDS: *Information concerning the Bonds has been furnished to The Depository Trust Company, New York, New York ("DTC"). It is expected that the Bonds will initially be registered in the name of DTC's nominee, CEDE & Co., New York, New York. (See "Book-Entry-Only System" herein.)*

PNC

The date of this Official Statement is September 26, 2019.

$3,740,000
BETHLEHEM-CENTER SCHOOL DISTRICT
(Washington County, Pennsylvania)
GENERAL OBLIGATION BONDS, SERIES OF 2019

INITIALLY DATED: Date of Delivery
PRINCIPAL DUE: October 1, as shown below

INTEREST PAYABLE: April 1 and October 1
FIRST INTEREST PAYMENT DATE: April 1, 2020

MATURITY SCHEDULE

Year (October 1)	Principal Amount	Interest Rate	Yield	Price [1]	CUSIPs [2]
2022*	$70,000	3.000%	2.250%	102.136%	087410 HU3
2023	70,000	4.000	2.250	106.595	087410 HY5
2024	75,000	4.000	2.280	108.024	087410 HZ2
2025	80,000	4.000	2.350	109.127	087410 JA5
2026	85,000	4.000	2.380	110.335	087410 JB3
2027	100,000	4.000	2.420	111.377	087410 JC1
2028	105,000	2.250	2.620	97.061	087410 JD9
2029	110,000	2.375	2.710	97.092	087410 JE7
2034*	590,000	3.000	3.150	98.220	087410 HV1
2039*	690,000	3.125	3.350	96.743	087410 HW9
2049*	1,765,000	3.375	3.530	97.147	087410 HX7

(1) Based on expected settlement date of October 15, 2019.
(2) The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refundings or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Denotes Term Bond.

SUMMARY STATEMENT

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

Issuer..	Bethlehem-Center School District, Washington County, Pennsylvania.
The Bonds..	$3,740,000 principal amount, General Obligation Bonds, Series of 2019 (the "Bonds"). The Bonds are initially dated as of the date of delivery, and will mature as shown in the **MATURITY SCHEDULE** shown on the inside of the Cover Page of this Official Statement. Interest on the Bonds will begin to accrue on the date of delivery and is payable each April 1 and October 1 thereafter, commencing April 1, 2020. (See **"DESCRIPTION OF THE BONDS"** herein.)
Redemption Provisions......................	The Bonds are subject to mandatory and optional redemption prior to their stated maturity dates. (See **"REDEMPTION OF BONDS"** herein.)
Security for the Bonds.......................	The Bonds are general obligations of the School District, for the payment of which the School District has irrevocably pledged its full faith, credit and all available taxing power. (See **"INTRODUCTORY STATEMENT," "The Taxpayer Relief Act (Act 1), as amended"** and *"Status of the Bonds Under Act 1"* herein.)
Form of Bonds...................................	Book-Entry-Only.
Application of Proceeds.....................	The proceeds to be derived by the School District from the issuance and sale of the Bonds will be used by the School District to pay the costs of: (a) completing various capital improvement projects; (b) funding a capitalized interest fund; and (c) issuing the Bonds. (See **"PURPOSE OF THE BOND ISSUE," "SOURCES AND USES OF FUNDS," "DEBT LIMITS AND REMAINING BORROWING CAPACITY OF THE SCHOOL DISTRICT – Future Financing"** and **"SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS",** herein.)
Bond Rating.......................................	The Bonds have received an enhanced credit rating (based on the School District's utilization of the Paying Agent, Sinking Fund Depository and Registrar Agreement, as defined herein) of "A2" from Moody's. The Bonds have also received an underlying credit rating of "Ba1" (negative outlook) from Moody's Investors Service, New York, New York ("Moody's"). (See **"BOND RATING"** herein.)
Continuing Disclosure Undertaking.................................	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See **"CONTINUING DISCLOSURE UNDERTAKING"** herein.)

BETHLEHEM-CENTER SCHOOL DISTRICT
(Washington County, Pennsylvania)
194 Crawford Road
Fredericktown, Pennsylvania 15333
Telephone: (724) 267-4910
Fax: (724) 267-4904

BOARD OF SCHOOL DIRECTORS

Name	Position
James Gwyer	President
Laura Frost	Vice President
John Greenlee	Treasurer
Christine Hundertmark	Secretary
Donald Crile	Member
Karen Drill	Member
Sam Marcolini	Member
Shawna Roberts	Member
Bridgett Trump	Member

CENTRAL ADMINISTRATION

Christopher Sefcheck	Superintendent
Joseph Gudac	Business Manager

SOLICITOR

Davis and Davis
Uniontown, Pennsylvania

BOND COUNSEL

Dinsmore & Shohl, LLP
Pittsburgh, Pennsylvania

PAYING AGENT, TRANSFER AGENT, BOND REGISTRAR, AND SINKING FUND DEPOSITORY

Zions Bancorporation, National Association
Pittsburgh, Pennsylvania

UNDERWRITER

PNC Capital Markets LLC
Pittsburgh, Pennsylvania

No dealer, broker or any other person has been authorized by the School District to give any information or make any representation, other than those contained in this Official Statement, and if given or made, such other information and representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable, but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. PNC Capital Markets LLC, Pittsburgh, Pennsylvania as the Underwriter (the "Underwriter"), has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this 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 guaranty the accuracy or completeness of such information, which has been obtained from either the School District or from sources other than the School District. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page, inside cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes," and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected.

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

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS (INCLUDING DEALERS DEPOSITING THE BONDS INTO INVESTMENT TRUST(S)) AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE FRONT COVER HEREOF.

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

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

The School District deems this Official Statement to be final for the purpose of SEC Rule 15c2-12(b)(1).

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This Table of Contents does not list all of the subjects in this Official Statement. In all instances, reference should be made to the complete Official Statement to determine the subjects set forth herein.

OFFICIAL STATEMENT

$3,740,000
BETHLEHEM-CENTER SCHOOL DISTRICT
(Washington County, Pennsylvania)
GENERAL OBLIGATION BONDS, SERIES OF 2019

INTRODUCTORY STATEMENT

This Official Statement, including the Cover Page hereof and the Appendices hereto, is furnished in connection with the offering by Bethlehem-Center School District, Washington County, Pennsylvania (the "School District") of $3,740,000 principal amount, General Obligation Bonds, Series of 2019 (the "Bonds"). The Bonds are authorized to be issued pursuant to the provisions of the Pennsylvania Local Government Unit Debt Act (the "Act"), as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended, and are described in, and are being issued pursuant to the provisions of, a Resolution of the Board of School Directors of the School District duly adopted on December 3, 2018 (as amended April 23, 2019, the "Resolution") and a Bond Purchase Agreement executed on September 26, 2019.

The approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the "Commonwealth") for the School District to issue and deliver the Bonds will have been duly given pursuant to the Act; all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed precedent to or in the issuance of the Bonds or in the creation of the debt of which any Bond is evidence, exist, will have happened, and will have been performed in regular and due form and manner as required by law; the Bonds, together with all other indebtedness of the School District, will be within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; and the School District will have established with Zions Bancorporation, National Association, Pittsburgh, Pennsylvania, or its designee, as the paying agent, transfer agent, bond registrar, and sinking fund depository for the Bonds, a Sinking Fund for the Bonds, as defined herein, and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable. (See **"DESCRIPTION OF THE BONDS - Paying Agent, Transfer Agent, Bond Registrar, and Sinking Fund Depository"** and **"THE PAYING AGENT"** herein.)

The Bonds, as General Obligation Bonds of the School District, are secured, for the prompt payment when due of the principal of, redemption premium, if any, and the interest on the Bonds, by a pledge of the full faith, credit, and all available taxing power of the School District. (See **"SECURITY FOR THE BONDS," "LEGISLATION AFFECTING LOCAL TAXING POWERS AND AUTHORIZED DEBT LIMITS OF SCHOOL DISTRICTS"** and *"Status of the Bonds Under Act 1"* herein.) The Pennsylvania Public School Code of 1949, as amended (the "School Code"), presently provides for withholding and direct application of subsidies from the Commonwealth to a school district in the event of a failure by the school district to pay when due the principal of and the interest on its bonded indebtedness. The Paying Agent, as sinking fund depository for the School District, pursuant to an agreement dated October 15, 2019 (the "Paying Agent, Sinking Fund Depository and Registrar Agreement") and pursuant to the provisions of Section 633 of the School Code, is directed to make demand on the Secretary of Education of the Commonwealth if there is a deficiency on a Sinking Fund Deposit Date (defined herein) for the Bonds in order to cause the implementation of the provisions of Section 633 of the School Code in advance of an actual debt service payment date on the Bonds. The Sinking Fund Deposit Dates for the Bonds are on the fifteenth days of March and September immediately preceding the respective April 1 and October 1 principal and interest payment dates on the Bonds. (See **"SECURITY FOR THE BONDS – Sinking Fund"** herein.)

THE BONDS

The Bonds will be issued as fully registered bonds without coupons in denominations of $5,000 or any integral multiple thereof. The Bonds will be initially dated as of their date of delivery and will bear interest on the unpaid principal at the rate and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. While the Bonds are in the Book-Entry-Only System, references to the "Owner" or the "Registered Bond Owner" as described herein are to CEDE & Co., as nominee of DTC (as hereinafter defined). Each beneficial owner of a Bond may desire to make arrangements with a DTC Participant (as hereinafter defined) to receive notices or communications with respect to matters described herein. (See "**Book–Entry-Only System**" herein.)

Interest on the Bonds shall be computed on the basis of a 30-day month and 360-day year and shall be payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2020 (the "Interest Payment Dates"). If an Interest Payment Date occurs on a day which is not a Business Day (a "Business Day" is any day other than a Saturday, Sunday, legal holiday or a day on which financial institutions in the Commonwealth are authorized by law to be closed), the interest on and principal of the Bonds coming due on such Interest Payment Date shall be payable on the next succeeding Business Day without any additional accrual of interest.

Each Bond will be dated as of its date of authentication and will bear interest from the immediately preceding Interest Payment Date to which interest has been paid, unless: (i) such bond is authenticated on an Interest Payment Date to which interest has been paid, in which case it shall bear interest from such Interest Payment Date; or (ii) such Bond is authenticated on or prior to the first Regular Record Date (hereinafter defined) after the issue date, in which event it shall bear interest from the dated date; or (iii) such Bond is authenticated after a Regular Record Date and before the next succeeding Interest Payment Date on which interest is in fact paid, in which case such Bond will bear interest from such next succeeding Interest Payment Date.

So long as the Bonds or any portion thereof are registered in the name of DTC or its nominee, payments thereon shall be made to DTC or its nominee. (See "**Book-Entry-Only System**" herein.) At all other times, the principal of and interest on the Bonds shall be payable at the designated office of Zions Bancorporation, National Association as Paying Agent (the "Paying Agent"), in such coin or currency of the United States of America as at the time and place of payment is legal tender for public and private debts, provided that interest may be paid by check drawn upon the Paying Agent and mailed to the persons in whose names the Bonds are registered at the close of business on the fifteenth day of the month immediately preceding the relevant Interest Payment Date (the "Regular Record Date") at the addresses shown on the registration records for the Bonds (the "Bond Register") kept by the Paying Agent. Persons designated in the Bond Register as owning Bonds are hereinafter referred to as "Registered Bond Owners".

Notwithstanding the foregoing, if and to the extent there shall be a default in the payment of interest due on an Interest Payment Date, such defaulted interest shall be paid on a special payment date to the Registered Bond Owners in whose names the Bonds are registered at the close of business on a special record date (the "Special Record Date" and together with the Regular Record Date, the "Record Date") established by notice mailed to the Registered Bond Owners not less than ten (10) days prior to such Special Record Date.

Registration, Transfer and Exchange of Bonds

The Paying Agent is responsible for maintaining the books of the School District pertaining to the registration of ownership of each Bond. The ownership of Bonds may be transferred upon the registration books upon delivery to the Paying Agent or its designee, of a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Paying Agent or its designee, duly executed by the registered holder of the Bonds to be transferred or his duly authorized attorney-in-fact or legal representative, subject to such reasonable regulations as the School District or the Paying Agent or its designee may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. No transfer of any Bond will be effective until entered on the registration books.

Neither the School District nor the Paying Agent or its designee shall be required (a) to register the transfer of or to exchange any Bonds then considered for redemption, during a period beginning at the close of business on the fifteenth day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed, (b) to register the transfer of or to exchange any portion of any Bond selected for redemption in whole or in part until after the redemption date, or (c) to register the transfer of or to exchange any Bond during the period beginning at the close of business on the fifteenth day preceding the date of maturity on the Bond and ending at the close of business on the date of maturity.

Book-Entry-Only System

The information set forth below concerning The Depository Trust Company ("DTC") and the book-entry only system has been extracted from materials provided by DTC for such purpose. No representation is made by the School District or the Underwriter as to the accuracy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company ("***DTC***"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of CEDE & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds set forth on the inside front cover page of this Official Statement, 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 participants ("***Direct Participants***") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("***DTCC***"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("***Indirect Participants***"). DTC has a Standard & Poor's rating of: AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about the DTC can be found at www.dtcc.com.

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

Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry only 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 effect 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 transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

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

Neither DTC nor CEDE & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District 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 such bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and payments of principal of and interest 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 School District or Paying Agent on the 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 nor its nominee, the Paying Agent or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption proceeds and payment of principal and interest to CEDE & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District 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 the 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 School District or the Paying Agent. Under such circumstances, in the event that a successor depository is either not required under the Resolution or not obtained, Bond certificates are required to be printed and delivered in accordance with the Resolution.

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

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

NEITHER THE SCHOOL DISTRICT NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY BONDS.

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Discontinuance of Book-Entry-Only System

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if: (i) DTC determines to resign as securities depository for the Bonds; or (ii) the School District determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Beneficial Owners. In either such event (unless the School District appoints a successor securities depository), Bonds will then be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the School District, or the Paying Agent for the accuracy of such designation. Whenever DTC requests the School District or the Paying Agent to do so, the School District or the Paying Agent shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Paying Agent, Transfer Agent, Bond Registrar and Sinking Fund Depository

The obligations and duties of the Paying Agent are described in the Resolution and the Act, and the Paying Agent has undertaken only those obligations and duties which are expressly set out in the Resolution or required by the Act, or required by the Paying Agent, Sinking Fund Depository and Registrar Agreement. The Paying Agent has not independently passed upon the validity of the Bonds, the security therefor, the adequacy of the provisions for payment thereof, or the tax-exempt status of the interest on the Bonds. The Paying Agent is not required to take notice or be deemed to have notice of any default under the Resolution, except for failure by the School District to make or cause to be made any of the payments required to be made for the principal of the Bonds when due at maturity or earlier redemption, or the interest thereon. (See "**THE PAYING AGENT**" herein.) The Paying Agent may designate an agent for purposes of exercising the duties and functions described herein and in the Resolution.

REDEMPTION OF BONDS

Optional Redemption

The Bonds stated to mature on and after October 1, 2028 are subject to redemption prior to maturity at the option of the School District in any order of maturities either as a whole, or in part, at any time on or after October 1, 2027, and, if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption.

Mandatory Redemption

The Bonds stated to mature on October 1, 2022, October 1, 2034, October 1, 2039 and October 1, 2049 are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon, to the dates fixed for redemption, on October 1 of the years and in the amounts set forth below:

The Bonds
Stated to Mature on October 1, 2022

Year	Principal Amount
2021	$5,000
2022	65,000 [(1)]

The Bonds
Stated to Mature on October 1, 2034

Year	Principal Amount
2030	$110,000
2031	115,000
2032	120,000
2033	120,000
2034	125,000 [(1)]

The Bonds
Stated to Mature on October 1, 2039

Year	Principal Amount
2035	$130,000
2036	135,000
2037	140,000
2038	140,000
2039	145,000 [(1)]

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(1) At maturity

The Bonds Stated to Mature on October 1, 2049	
Year	Principal Amount
2040	$150,000
2041	155,000
2042	160,000
2043	165,000
2044	175,000
2045	180,000
2046	185,000
2047	190,000
2048	200,000
2049	205,000 [(1)]

(1) At maturity

Notice of Redemption

As provided more fully in the Resolution and in the form of the Bonds, notice of redemption of the Bonds shall be given by mailing a copy of the redemption notice by first class mail, postage prepaid, no less than 30 nor more than 60 days prior to the redemption date to the Registered Bond Owners to be redeemed at the addresses which appear in the Bond Register. Notice of optional redemption may state that the redemption is conditioned upon the deposit, with the Paying Agent, by the School District, of funds sufficient to pay the redemption price on the redemption date. Neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond will affect the validity of the proceedings for the redemption of any other Bond. If the School District shall have duly given notice of redemption and shall have deposited with the Paying Agent funds for the payment of the redemption price of the Bonds so called for redemption with accrued interest thereon to the date fixed for redemption, interest on such Bonds will cease to accrue after such redemption date.

SECURITY FOR THE BONDS

General Character of the Bonds

The Bonds are general obligations of the School District, payable from its taxes and other available revenues which presently include ad valorem taxes which may be levied on all taxable real property within the School District for the payment when due of the principal of and the interest on the Bonds. (See **"INTRODUCTORY STATEMENT"** and **"The Taxpayer Relief Act (Act 1), as Amended"** and *"Status of the Bonds Under Act 1"* herein). The School District has covenanted that it will provide in its budget for each year, and will appropriate from its 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, or any other of its available revenues or funds, the principal of, and the interest on the Bonds, as and when due, at the dates and places and in the manner stated on the Bonds. For such budgeting, appropriation, and payment, the School District has irrevocably pledged its full faith, credit and all available taxing power (See **"The Taxpayer Relief Act (Act 1), as Amended"** and *"Status of the Bonds Under Act 1"* herein). Such pledge is specifically enforceable but may be subject to the limitations of bankruptcy, insolvency, and other laws or equitable principles affecting creditor rights generally. Additionally, the School Code presently provides for withholding and direct application of Commonwealth subsidies in the event of the failure of a school district to pay debt service on its bonded indebtedness. (See **"Commonwealth Aid to School Districts"** herein.)

No recourse shall be had for the payment of the principal of or the interest on any Bond, or for any claim based thereon or in the Resolution against any member of the Board of School Directors, or any officer or employee of the School District, past, present, or future or of any successor body, as such, either directly or through the School District or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members of the Board of School Directors, officers, or employees is released as a condition of and as consideration for the issuance of the Bonds.

Sinking Fund

The Resolution provides for the creation of a Sinking Fund (the "Sinking Fund") which will be held by the Paying Agent as a separate fund segregated from all other funds of the School District. The School District shall deposit into such Sinking Fund not later than the date when interest or principal is to become due on the Bonds, amounts sufficient to pay the principal and interest then due on such Bonds.

Money held in the Sinking Fund shall be maintained by the Paying Agent or its designee and may be invested in securities or deposits as authorized by law, upon direction of the School District. Such deposits and securities shall be in the name of the School District and shall be subject to withdrawal or collection by the Paying Agent or its designee only to pay debt service on the Bonds, and such deposits and securities, together with the interest earned thereon, shall be part of such Sinking Fund.

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

The School District shall make deposits into the Sinking Fund for the Bonds no later than March 15 and September 15 of each year during the term of the Bonds (each a "Sinking Fund Deposit Date") in amounts sufficient to pay debt service on the Bonds then due on the next succeeding April 1 and October 1 payment date for the Bonds. If the School District shall at any time fail to pay over to the Paying Agent in full any such amounts, when due, the Paying Agent will promptly give written notice to the Secretary of Education (the "Secretary") of the Commonwealth of Pennsylvania that the School District has failed to make the required deposit, demanding that the Secretary withhold out of any appropriation due to the School District from the Commonwealth and pay over to the Paying Agent the amount of the deficiency, all pursuant to Section 633 of the Public School Code of 1949, as amended, (24 P.S. §6-633).

For any payment due on the Bonds, the School District will ensure that there will be on deposit with the Paying Agent, no later than the Sinking Fund Deposit Date, immediately available funds in such amounts as may be required to make such payment.

Bondholder Rights and Remedies

The remedies available to holders of the Bonds upon any failure to pay the principal of, and the interest on, the Bonds, when due, include those prescribed by the Act. If such failure should continue for a period of time in excess of thirty days, any holder of the Bonds will, subject to certain priorities, have the right to bring suit for the amount due in the Court of Common Pleas of Washington County, Pennsylvania. The Act provides that, if the School District defaults in the payment of the principal of, and the interest on, the Bonds, and such default continues for a period of time in excess of thirty days, or if the School District fails to comply with any provision of either the Bonds or the Resolution, then the holders of 25% in aggregate principal amount of the Bonds may appoint a trustee to represent the holders of the Bonds.

Such trustee may, and upon written request of the holders of 25% in aggregate principal amount of the Bonds and being furnished with satisfactory indemnity, must take one or more of the following actions, which will preclude similar action by individual holders: (i) bring suit to enforce all rights of the holders, (ii) bring suit on the applicable Bonds, (iii) petition the Court to levy the amount due plus estimated costs of collection as an assessment upon all taxable real estate and other property subject to ad valorem taxation in the School District (any such assessment will have the same priority and preference as to other liens or security interests as a lien for unpaid taxes), and (iv) by suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders, all as set forth more fully in the Act.

Enforcement of a claim for payment of the principal of, premium, if any or the interest on any Bonds may be subject to the provisions of the federal bankruptcy laws and to the provisions of other statutory laws enacted by the Congress or the General Assembly of the Commonwealth, or common law developed by competent courts having jurisdiction extending the time for payment or imposing other constraints upon enforcement insofar as such laws may be constitutionally applied.

Commonwealth Aid To School Districts

General

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 student-based factors, such as: (1) number of children in the school district who live in poverty; (2) number of children enrolled in charter schools; and (3) number of children who are English language learners, as well as school district based factors such as: (1) wealth of the school district; (2) the school district's current tax effort; and (3) the ability of the school district to raise revenue.

Currently, the Commonwealth also provides a subsidy for certain capital projects of school districts. The rental and sinking fund reimbursement from the Commonwealth ("PlanCon Reimbursements") for such school projects is determined by the "Reimbursable Percentage" assigned to the school building project and by the school district's Market Value Aid Ratio ("MVAR") or Capital Account Reimbursable Fraction (the "CARF"), whichever is higher. A reimbursement percentage, based upon the rated pupil capacity of the new or renovated structure and certain other costs, is assigned to the building project. This reimbursement percentage multiplied by the school district MVAR or CARF, whichever is higher, determines the state share of the annual lease rental or debt service for that school year. The difference between the State share and 100% yields the local share of debt service or lease rental payments. As the school district's MVAR may change each year, so will the State share of such reimbursement.

Most school building projects in the Commonwealth are eligible for state reimbursement. Certain school building projects, such as school administration buildings, swimming pools and tracks, and deferred maintenance, are ineligible for reimbursement. Because the proceeds of the Bonds will be expended for capital improvements which are essentially deferred maintenance, the School District does not anticipate receiving PlanCon reimbursements in respect of the Bonds.

Notwithstanding the foregoing, neither of the Commonwealth's 2015-16 and 2016-17 budgets appropriated funds for PlanCon Reimbursements to any school district.

Rather than appropriate the amounts committed to be paid from current state revenues, the General Assembly determined to issue bonds through the Commonwealth Financing Authority (the "CFA") to fund its 2015-16 and 2016-17 obligations. House Bill 1589, which included an authorization to issue up to $2.5 billion of bonds to fund the obligation, became law despite the Governor's refusal to sign the legislation. The first CFA bond issue closed on October 31, 2016, and the proceeds were used to fund the past due PlanCon Reimbursements for the 2015-16 as well as the 2016-17 fiscal year reimbursements. A second CFA bond issue to fund PlanCon Reimbursements closed on January 18, 2018 and a third CFA bond issue closed on May 22, 2019.

Act 25 of 2016 provides that the Department of Education shall not accept or approve new building or reconstruction project applications, if received after May 15, 2016. Instead, new projects are subject to such new or revised system of Commonwealth support for construction or renovation as may be enacted into law in the future. This moratorium continues.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania School Districts. 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 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.

For information regarding certain limitations placed on the taxing power of school districts in the Commonwealth, see **"LEGISLATION AFFECTING LOCAL TAXING POWERS AND AUTHORIZED DEBT LIMITS OF SCHOOL DISTRICTS"** herein.

State Intercept

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

The Paying Agent, as sinking fund depository for the School District, pursuant to the "Paying Agent, Sinking Fund Depository and Registrar Agreement" and pursuant to the provisions of Section 633 of the School Code, is directed to make demand on the Secretary of Education of the Commonwealth if there is a deficiency on a Sinking Fund Deposit Date for the Bonds in order to cause the implementation of the provisions of Section 633 of the School Code in advance of an actual debt service payment date on the Bonds. The Sinking Fund Deposit Dates for the Bonds are on the fifteenth days of the month immediately preceding each of the principal and interest payment dates on the Bonds.

There can be no assurance that any payments made pursuant to this withholding provision will be made by the date on which such payments are due to Bondholders, and the effectiveness of the withholding provisions of the Pennsylvania Act 150 School District Intercept Program may be limited by the application of other withholding provisions contained in the School Code. These provisions may apply to withholding and paying over appropriations for payment of unpaid teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the rights of creditors. (See **"Pennsylvania Budget Adoption and Experience"** below.)

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

For the 2017-2018 fiscal year, the state budget became law, known as Act 1A of 2017, on July 11, 2017 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on June 30, 2017. Since that time, the General Assembly considered various tax and revenue packages, as the same was needed in order to balance the 2017-2018 state budget. On October 24, 2017, the General Assembly did adopt a tax and revenue package (House Bill 674) as necessary to balance the state budget. On October 30, 2017, the Governor signed the General Assembly's revenue package. The administration took steps to balance the fiscal year 2018 budget by borrowing against the Pennsylvania Liquor Control Board's anticipated revenues, leasing out the Farm Show complex, not filling approximately 1,600 current vacant state jobs, selling buildings, consolidating agencies, and potentially not allocating $600 million in funding to several state-related colleges and universities.

For the 2018-2019 fiscal year, the Governor signed the budget on June 22, 2018.

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

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. See **"Act 85 of 2016"** hereafter.

Act 85 of 2016

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

Act 85 of 2016 includes in the definition of "intercept statutes" Section 633 of the Public School Code. The Bonds are subject to Section 633 of the Public School Code.

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

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

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

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

The necessary amounts shall be appropriated and paid to the paying agent on the day the scheduled payment for principal and interest is due on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

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

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

Act 85 is recent legislation. It is not clear how PDE would apply Act 85 in the event of a budget impasse. In particular, in the absence of a fiscal agent agreement or other obligation to make a sinking fund deposit more than 10 days in advance of a debt service payment date, timely payment of the impasse intercept by PDE relies on the required advance notice by the Secretary of Education to legislative officials. As of the date of this Official Statement, no precedent or process for this advance notice has been established. 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.

INVESTMENT CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Official Statement 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.

Economic Factors Affecting the Financial Condition of the School District

Changes in current economic conditions, on local, regional and national levels, could adversely affect the School District's operating revenues and expenses and, consequently, the School District's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the School District; decreases in real estate tax collections; future contract negations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of supplies and materials necessary to provide public services; loss or reduction of State and federal subsidies and reimbursements for operating and capital costs; and delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth's budget, as the same may effect School District revenues or the timely payment thereof.

General Fund

The School District experienced a General Fund deficit in 2019 of $(1,547,257) on an unaudited basis, and in 2018 of $(434,608). The School District's ability to balance its budget in the future is dependent upon the continuation of efforts to address the financial impact of certain expenditure pressures and challenges as well as the ability to derive additional revenues from local and state sources. The School District cannot assure Bondholders that it will be able to decrease expenses and recognize increases in taxes and other revenues in amounts sufficient to balance the budget in future years.

Charter Schools

The School District faces pressure from charter schools. In the 2018-19 school year, approximately 48 students were enrolled in charter schools and the tuition paid by the School District to charter schools totaled approximately $1.1 million. See **"Charter Schools – Appendix A."** herein.

Uncertainty of Tax Revenues

While present State law authorizes the School District to levy *ad valorem* real estate taxes in order to support the payment of debt service on the Bonds, there can be no firm assurance or guaranty that the School District will realize sufficient revenues through its taxing and other revenue generating powers to make full and timely payment of the debt service on the Bonds. Moreover, the School District's ability to increase certain rates or purposes of taxation is limited by State law. (See **"The Taxpayer Relief Act (Act 1), as Amended" and** *"Status of the Bonds Under Act 1"* herein and **"APPENDIX A – TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT"**).

Additionally, the availability of tax and other locally-generated revenue is dependent on the tax base within the School District and the ability of this tax base to support the tax burden imposed in any year not only by the School District, but also by such overlapping taxing authorities as Washington County and the component municipalities of the School District.

However, the School District has never defaulted on the payment of principal of or interest on any general obligation debt or any tax anticipation note issues.

Enforcement of Remedies

Enforcement of a claim for payment of principal of and interest on the Bonds may be subject to the provisions of laws enacted by the United States or the Commonwealth or case law developed by competent courts applying general principles of equity, all of which could extend the time for payment or impose other constraints upon enforcement.

Actions In The Event Of Default

If the School District fails or neglects to budget, appropriate and pay debt service on the Bonds when due, a holder or trustee may petition the Court of Common Pleas of the County of Washington, and upon a finding of such failure or neglect, the Court may direct, by order of mandamus, the School District to pay into the sinking fund established for the Bonds the first tax moneys or other available revenues or moneys thereafter received. Such judgment could mandate that the School District pay such debt service prior to all other School District expenses, including School District employee wages and benefits. Notwithstanding such provisions of law, courts generally exercise wide discretion in deciding whether to grant a writ of mandamus, and the judges who enter such orders are usually elected to the bench by local voters. Additionally, municipal officials presented with a writ could resign rather than carry out the mandamus order, in which case it is uncertain the extent to which bond purchasers would be able to cause other School District officials to pay amounts then due and owing.

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

Funding Adjustments or Failure to Appropriate

For the fiscal year ending June 30, 2020 the School District's total Commonwealth appropriation is anticipated to be approximately $14,113,195 and such appropriation represents approximately 71% of its total revenues.

The School District's appropriation share of Commonwealth funds is dependent upon the adoption by the Commonwealth of its annual budget. The budget for the Commonwealth's fiscal year beginning July 1, 2015 was not enacted in full until April of 2016. The Commonwealth's 2016-17 budget was enacted by the General Assembly on July 7, 2016. For the 2017-2018 fiscal year, the state budget became law, known as Act 1A of 2017, on July 11, 2017 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on June 30, 2017. Since that time, the General Assembly considered various tax and revenue packages, as the same was needed in order to balance the 2017-2018 state budget. On October 24, 2017, the General Assembly did adopt a tax and revenue package (House Bill 674) as necessary to balance the state budget. On October 30, 2017, the Governor signed the General Assembly's revenue package. Therefore, no assurance that future appropriations by the Commonwealth to the School District or to fund the Commonwealth's school district intercept programs will be made in any particular amount or on any particular timetable, will be consistent with past levels of subsidy, or at levels needed or requested by the School District now or in the future. (See **"SECURITY FOR THE BONDS -- Pennsylvania Budget Adoption and Experience"** herein.)

Competing Commonwealth Intercept Authorities

Under current Pennsylvania law, Commonwealth subsidies to school districts can be intercepted for purposes other than to pay debt service then due and owing on school district debt. For example, Pennsylvania law authorizes the diversion of Commonwealth Subsidies directly to charter schools if the relevant school district fails to transfer such subsidies to the charter school. Additionally, Commonwealth law authorizes the diversion of state subsidies to the Pennsylvania Public School Employees' Retirement System ("PSERS") if the school district fails to fully fund its annual contribution to the retirement system.

Pension Plans and Pension Funding Pressure

Future changes in actuarial assumptions, benefit plan modifications or variations in actual experience from actuarial assumptions may result in additional unfunded liability (and amortization payments) or over-funding (and credits), as the case may be, that are not currently reflected in reports prepared by the PSERS actuary.

The School District's annual pension contribution obligation is expected to continue to increase over the next several years. As PSERS' pension obligations rise, it should be expected that the annual amount payable by the School District to PSERS will also rise, potentially absorbing a greater share of available revenues and leaving less funding for student learning and negatively impacting the available sources of funds the School District has to pay debt service on the Bonds and its other indebtedness. See **"APPENDIX A – Pension Program"** herein.

No Assurance of Secondary Market for the Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. It is not the present practice of the Underwriter to make a secondary market in the bond issues for which it serves as Underwriter. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price.

Risk of Audit by the Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the School District, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. *See* **"TAX MATTERS"** herein.

LEGISLATION AFFECTING LOCAL TAXING POWERS
AND AUTHORIZED DEBT LIMITS OF SCHOOL DISTRICTS

The Taxpayer Relief Act (Act 1), as Amended

Pennsylvania Act No. 1 of the Special Session of 2006 ("Act 1" or the "Taxpayer Relief Act") is intended to provide property tax relief to Pennsylvania homeowners by limiting the taxation of real property by Pennsylvania school districts. Act 1 restricts Pennsylvania school districts from increasing the rate of any tax for school purposes above an index (the "Index") determined by PDE unless the school district first obtains voter approval or the school district tax falls within one of the exceptions set forth in Act 1. On June 30, 2011, Act 1 was amended to eliminate seven (7) of the original eleven (11) exceptions. Today, with PDE approval, school districts can raise property taxes above the Index without triggering a referendum for one or more of the following four (4) exceptions:

(1) costs to pay interest and principal on indebtedness incurred prior to September 4, 2004 for Act 72 schools and the refinancing of such debt, and prior to June 27, 2006 for non-Act 72 schools and the refinancing of such debt;

(2) costs to pay interest and principal on electoral debt;

(3) special education expenses; and

(4) state pension (PSERS) payments.

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

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

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

Status of the Bonds Under Act 1

Payments of debt service on the Bonds described in this Official Statement are NOT eligible for any exceptions as described above. Therefore, the debt service on the Bonds IS subject to the tax rate limitations of Act 1, as amended.

State Law Authorizing Replacement of the School District's Occupation Tax with an Increase in the Local Earned Income Tax

Act 24 of 2001 of the Commonwealth, which became law on June 22, 2001, authorizes a Board of School Directors to schedule a public hearing and conduct a ballot referendum on replacing the school district's occupation tax with an increase in the local earned income tax. Currently, school districts in the Commonwealth share a 1.0% tax on the annual amount of residents' wages and other earned income (which excludes unearned or investment income), with the resident municipality. Under Act 24, this tax could be increased by the percentage necessary to generate revenue equal to what was collected during the preceding year on the occupation tax. The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation and professional titles, regardless of income. The restructured tax is designed to be revenue neutral to the school district.

The School District has taken no action to implement Act 24.

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Legislation Limiting Unreserved Fund Balances

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

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	9.2%
Between $18,000,000 and $18,999,999	8.5%
Greater than or equal to $19,000,000	8.0%

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 has implemented a personal income tax in accordance with the Taxpayer Relief Act, an increased personal income tax, in a revenue neutral manner. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place binding referendum question on the ballot at a general or municipal election for approval by the voters. The School District has taken no action with respect to Act 130.

PURPOSE OF THE BOND ISSUE

The proceeds to be derived by the School District from the issuance and sale of the Bonds will be used by the School District to pay the costs of: (a) completing various capital improvement projects to its school buildings (primarily roof replacements and HVAC improvements); (b) funding a capitalized interest fund; and (c) issuing the Bonds.

SOURCES AND USES OF FUNDS

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

Sources of Funds	
Par Amount of Bonds	$3,740,000.00
Net Original Issue (Discount) (1)	(50,022.45)
TOTAL SOURCES	$3,689,977.55
Uses of Funds	
Capital Project Fund	$3,300,000.00
Capitalized Interest Fund	230,257.49
Costs of Issuance and Miscellaneous (2)	159,720.06
TOTAL USES	$3,689,977.55

(1) See **"Original Issue Discount"** and **"Original Issue Premium"** under **"TAX MATTERS"** herein.

(2) Consisting of legal, paying agent, printing, rating fee, bond discount and miscellaneous expenses.

FUTURE FINANCING

The School District does not currently anticipate the issuance of new long-term debt for capital projects within the next three years. The School District will consider refunding current issues if market conditions are appropriate.

BETHLEHEM-CENTER SCHOOL DISTRICT
(Washington County, Pennsylvania)

Introduction

Bethlehem-Center School District is located in southeast corner of Washington County, Pennsylvania, 28 miles southeast of the City of Pittsburgh. The School District is comprised of the Boroughs of Beallsville, Centerville, Deemston and Marianna and the Townships of East Bethlehem and West Bethlehem. It covers a land area of 55.325 square miles, serving a 2010 U.S. census population of 8,759. For additional details about the School District, see **"APPENDIX A – Bethlehem-Center School District, Washington County, Pennsylvania."**

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule"), promulgated under the Securities Exchange Act of 1934, as amended, by the Securities and Exchange Commission (the "Commission"), the School District will, in a Continuing Disclosure Certificate to be executed by the School District on the date of settlement of the Bonds, agree to provide, or cause to be provided:

(i) to the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Market Access System ("EMMA") in accordance with the Rule, operating data (the "Operating Data"), consisting of the information listed under the following heading or subheadings herein:

(a) BETHLEHEM SCHOOL DISTRICT –
- Enrollment History and Projections;

(b) TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT –
- Major Real Estate Taxpayers;
- Real Estate Tax Collection Data;

(c) REAL PROPERTY VALUES TREND;

(ii) a summary of the adopted budget for the current fiscal year; and

(iii) the School District's annual audited financial statements, which shall be prepared in conformity with generally accepted accounting principles consistently applied as applicable to school districts of the Commonwealth of Pennsylvania (together with the Operating Data, the "Annual Financial Information");

The Annual Financial Information will be provided to EMMA not later than March 31 following the fiscal year ending the previous June 30;

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of the event, to the MSRB via EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;
(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) unscheduled draws on credit enhancements reflecting financial difficulties;
(e) substitution of credit or liquidity providers, or their failure to perform;
(f) 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;
(g) modifications to the rights of Bondholders, if material;
(h) Bond calls, if material, and tender offers;
(i) defeasances;
(j) release, substitution, or sale of property securing repayment of the Bonds, if material;
(k) rating changes;
(l) bankruptcy, insolvency, receivership or similar event of the School District;
(m) 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;
(n) change in the School District's paying agent or trustee, if material;
(o) 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

(p) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the obligated person, any of which reflect financial difficulties.

(iv) in a timely manner, to the MSRB, notice of its failure to provide the Annual Financial Information respect to itself on or before the date specified in the Continuing Disclosure Certificate.

The obligations of the School District described above will remain in effect only for such period as (i) the Bonds are outstanding in accordance with their terms, and (ii) the School District remains an obligated person with respect to the Bonds within the meaning of the Rule. The School District reserves the right to terminate its obligation to provide the Annual Financial Information and notices of material events, as set forth above, if and when the School District is no longer an obligated person with respect to the Bonds within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this caption is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds).

Each Bondholder (including beneficial owners) may enforce the School District's continuing disclosure undertaking; provided that, the right to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the School District's obligations under its continuing disclosure undertaking. Any failure by the School District to comply with the provisions of the undertaking will **not** constitute a default or an event of default with respect to the Bonds.

The obligations of the School District described above may be amended without the consent of the Bondholders, to the extent permitted by the Rule, as from time to time amended.

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 entered into a continuing disclosure undertaking for its Series of 2018 Bonds that have been outstanding within the past five years (the “Prior Undertaking.”). Under the Prior Undertaking, the School District agreed to provide audited financial statements, certain operating data related to the School District, and notices of material events. However, the School District’s 2018 Audited Financial Statements were not completed by the filing deadline. A notice regarding this was posted on EMMA on March 27, 2019. The Audit was posted on July 11, 2019, along with the Failure to File notice.

The School District is an “Obligated Person” with respect to certain outstanding bonds issued by the State Public School Building Authority for the benefit of the Mon Valley Career and Technology Center, of which the School District is a member. In connection with the issuance of such bonds, the School District previously entered into a continuing disclosure undertaking. During the past five (5) years, the School District failed to file in a timely manner the required annual financial information. The required annual financial information was posted on December 14, 2018, along with the Failure to File notice, and the 2018 Audited Financial Statements were posted on July 11, 2019, along with the Failure to File notice.

LEGAL MATTERS

Legal Investment for Trust Funds in Pennsylvania

Under the Probate, Estate and Fiduciaries Code of the Commonwealth of Pennsylvania, the Bonds are legal investments for fiduciaries and personal representatives (as defined in such Code) in the Commonwealth of Pennsylvania.

Negotiability of the Bonds

Under the Act, the Bonds have all the qualities of negotiable instruments under the Uniform Commercial Code of the Commonwealth of Pennsylvania relating to negotiable instruments.

Regarding the Obligation for the Bonds

Neither the credit nor the taxing power of the Commonwealth or of any political subdivision thereof, other than the School District, is pledged for the interest thereon or the principal payable upon the maturity (or mandatory redemption) of any of the Bonds.

Legality

All legal matters incident to the authorization, issuance and sale of the Bonds will be approved by Dinsmore & Shohl, LLP, Pittsburgh, Pennsylvania, Bond Counsel. Certain additional matters will be passed upon for the School District by Davis and Davis, Uniontown, Pennsylvania, Solicitor to the School District.

LEGAL PROCEEDINGS

There is no litigation of any nature pending against the School District as of the date of this Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the bonds or the security therefor, or any proceedings of the School District taken with respect to the issuance or sale thereof, nor are there any other pending or threatened legal proceedings, other than litigation routinely incidental to the conduct of their affairs, to which the School District is or may become a party. At the time of delivery of the Bonds, the School District will furnish a certificate to the effect that no such litigation is then pending.

TAX MATTERS

State Tax Matters

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

The residence of a holder of a Bond 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 other state or its political subdivisions based on the interest or other income from the Bonds.

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 (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 Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the Federal alternative minimum tax.

Original Issue Discount

The Bonds that mature on October 1, 2028 through and including October 1, 2049 (collectively, the "Tax-Exempt Discount Bonds") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (par) over the price to the public at which a substantial amount of bonds of the same maturity are sold pursuant to the initial offering. Under the Code, OID on each Tax-Exempt Discount Bond will accrue over its term and the amount of accretion will be based on the yield to maturity, compounded semi-annually. The amount of OID that accrues during each semi-annual period will do so ratably within that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its initial offering price, the portion of OID that accrues during the period that such purchaser owns such Bond is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as interest, which is excludable from gross income for federal income tax purposes.

Purchasers of Tax-Exempt Discount Bonds should consult their own tax advisors as to the effect of OID with respect to their federal tax liability.

Original Issue Premium

The Bonds that mature on October 1, 2022 through and including October 1, 2027 (collectively, the "Tax-Exempt Premium Bonds") are being sold at an original issue premium ("OIP"). An amount equal to the excess of the issue price of a Tax-Exempt Premium Bond over its stated redemption price at maturity constitutes OIP on such Tax-Exempt Premium Bond. An initial purchaser of a Tax-Exempt Premium Bond must amortize any OIP over such Tax-Exempt Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, by amortizing the OIP to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As OIP is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Tax-Exempt Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Tax-Exempt Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed.

Purchasers of Tax-Exempt Premium Bonds should consult their own tax advisors with respect to the determination and treatment of OIP for federal income tax purposes.

Interest Expense Deductions for Financial Institutions

Under Section 265 of the Code, financial institutions are denied any deduction for interest expenses that are allocable, by a formula, to tax-exempt obligations acquired after August 7, 1986. An exception, which permits a deduction for 80% of such interest expenses, is provided in respect of certain tax-exempt obligations issued by a qualified issuer that specifically designates such obligations as "qualified tax-exempt obligations" under Section 265 of the Code.

The School District is a qualified issuer and the School District has designated the Bonds as "qualified tax-exempt obligations" for the purposes and effect contemplated by Section 265 of the Code.

Financial institutions intending to purchase Bonds should consult their own tax advisors to determine the effect of the interest expense deduction on their federal tax liability.

Continuing Compliance

The Code imposes various terms, 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 all such requirements, including non-arbitrage requirements under Section 148 of the Code, that are necessary 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 gross 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 the aforesaid covenants. Moreover, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax-exempt 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. Such changes or actions could constitute an exchange or other tax event with respect to the Bonds, which could result in gain or loss to the holder of a Bond, and a consequent tax liability.

Pursuant to its continuing disclosure obligations made pursuant to SEC Rule 15c2-12 (see "Continuing Disclosure Undertaking" herein), the School District may be required to provide notice of such changes or actions, as Material Events under said Rule. However, holders of the Bonds should consult their own tax advisors as to the effect of such changes or actions with respect to their federal tax liability.

Collateral Tax Liabilities

Although Bond Counsel has rendered an opinion 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 result in other collateral effects on a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion; each Bondholder or potential Bondholder is urged to consult with its own tax advisors with respect to the effects of purchasing, holding or disposing of the Bonds on its tax liabilities.

Examples of other tax consequences for certain taxpayers 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 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, limiting the use of the Earned Income Credit under Section 32 of the Code, limiting the use of the refundable credit for coverage under a qualified health plan under Section 36B of the Code, and denying an interest expense deduction to certain financial institutions under Section 265 of the Code (except, and in the circumstance when, the Bonds have been designated as "qualified tax-exempt obligations").

Change in Law; Adverse Determinations

From time to time, certain legislative proposals may be introduced, or are pending, in the Congress of the United States or the various state legislatures, including some that carry retroactive effective dates, that, if, enacted, could alter or amend the federal and state tax matters described above or affect the market value of the Bonds. No prediction can be made whether or in what form any such proposal or proposals might be enacted into law or whether, if enacted, the same would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") regularly audits tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No prediction can be made whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service may treat the School District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until such time as the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, such as the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bondholder who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or to any Bondholder who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL, STATE AND LOCAL TAX LAWS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE EFFECT ON THEIR FEDERAL, STATE OR LOCAL TAX LIABILITY AND GENERAL FINANCIAL AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON.

THE PAYING AGENT

Pursuant to the provisions of the Resolution, as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the School District, depositing such payments in the appropriate Sinking Fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds.

The Paying Agent may now or in the future have banking relationships with the School District which involve making loans to the School District; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the School District.

RELATED PARTIES

PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of the PNC Financial Service Group, Inc. PNC Capital Markets LLC is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association presently does not have other banking and financial relationships with the School District.

BOND RATINGS

Moody's has assigned an enhanced credit rating of "A2" to the Bonds, based on the School District's eligibility for the Pennsylvania state intercept program. Moody's Investors Service, New York, New York ("Moody's") has also assigned its underlying credit rating of "Ba1" (negative outlook) to the Bonds.

Such ratings reflect only the view of such organization furnishing such ratings. Any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; and S&P Global Ratings, 55 Water Street, New York, New York 10041. There is no assurance that this credit rating will be maintained for any given period of time, or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such credit rating may have an adverse effect on the market price of the Bonds.

BOND UNDERWRITING

The Bonds have been purchased by PNC Capital Markets LLC, as the Underwriter. The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of $3,652,577.55 (which is the aggregate par amount of Bonds less the aggregate underwriter's discount of $37,400.00, less a net aggregate original issue discount in the amount of $50,022.45). The Bond Purchase Contract for the Bonds provides that the Underwriter will purchase all the Bonds, if any are purchased, in accordance with the terms of the Bond Purchase Contract, and requires that the School District certify to the Underwriter that this Official Statement does not, to the knowledge of the School District, contain any untrue statement of a material fact or omit any statement of any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The initial public offering prices of the Bonds, set forth in the **MATURITY SCHEDULE** shown on the inside of the Cover Page of this Official Statement, may be changed by the Underwriter from time to time without any requirement of prior notice. The Underwriter reserves the right to join with other dealers in offering the Bonds to the public; and said Bonds offered to other dealers may be at prices lower than those offered to the public.

MISCELLANEOUS MATTERS

All summaries of the provisions of the Act, Act 1, the Bonds, the Resolution, the Continuing Disclosure Certificate and other documents hereinabove and hereinafter set forth are made subject to all detailed provisions thereof, to which reference is hereby made for further information, and do not purport to be complete statements of any or all such provisions.

All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

Appendices A, B, C, D, and E attached hereto are expressly incorporated herein as a part hereof.

This Official Statement, issued by the School District, has been duly approved by the School District and has been authorized for distribution in connection with the underwriting and offering of the Bonds.

BETHLEHEM-CENTER SCHOOL DISTRICT
(Washington County, Pennsylvania)

By: /s/ *Dr. Laura Frost*
Vice-President
Board of School Directors

APPENDIX A

BETHLEHEM-CENTER SCHOOL DISTRICT
(Washington County, Pennsylvania)

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BETHLEHEM-CENTER SCHOOL DISTRICT
(Washington County, Pennsylvania)

The text, charts and tables within this Appendix (unless otherwise footnoted) set forth both: (a) financial information and results of operations which are specific to the School District and have been produced from its own financial records; and (b) community economic data and descriptions which were supplied by or, if obtained from other sources, confirmed by, School District officials. In the latter case, the School District does not guarantee the accuracy of such data, but does confirm that the same has been obtained from sources deemed to be reliable and that the School District has no information which would suggest such data is inaccurate or misleading.

Introduction

Bethlehem-Center School District is located in southeast corner of Washington County, Pennsylvania, 28 miles southeast of the City of Pittsburgh. The School District is comprised of the Boroughs of Beallsville, Centerville, Deemston and Marianna and the Townships of East Bethlehem and West Bethlehem. It covers a land area of 55.325 square miles, serving a 2010 U.S. census population of 8,759.

Organization and Central Administration

The School District is a third class school district (school districts within the Commonwealth are classified as first, second, third and fourth class according to population) and operates under and pursuant to the School Code, 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 for four-year terms of office.

The current members of the School Board, along with their term expiration years, are listed below:

Name	Position	Term Expiration Year
James Gwyer	President	2019
Laura Frost	Vice President	2019
John Greenlee	Treasurer	2021
Christine Hundertmark	Secretary	2019
Donald Crile	Member	2021
Karen Drill	Member	2019
Sam Marcolini	Member	2021
Shawna Roberts	Member	2021
Bridgett Trump	Member	2019

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 Business Manager oversees budget preparation and control. The current enrollment of the School District is 1,143, and the School District currently operates one elementary, and two secondary school facilities. (See **"School Building Facilities"** herein). The budget for the fiscal year ending 2019 is $16,909,940. The total employment of the School District is currently comprised of 163 administrative, professional/instructional and classified support personnel.

SOURCE: School District Administrative Officials.

Enrollment Data

Past, present and projected enrollment data for the School District are shown in the following tables.

Actual Enrollments

School Year Ending June 30,	K-5	6-12	Total
2014	541	721	1,262
2015	539	709	1,248
2016	524	704	1,228
2017	510	416	1,196
2018	506	437	1,164
2019	500	643	1,143

SOURCE: School District Officials.

Projected Enrollments

School Year Ending June 30,	K-5	6-12	Total
2020	519	684	1,203
2021	534	651	1,185
2022	525	667	1,192
2023	538	640	1,178

SOURCE: Pennsylvania Department of Education.

Charter Schools

A number of charter schools operate within the School District. A summary of the cost to the School District for the last five years is summarized below.

Fiscal Year Ending June 30,	Annual Expense
2015	$531,686
2016	535,735
2017	598,330
2018	1,007,578
2019*	1,077,105

*Unaudited

SOURCE: School District Administrative Officials.

School Building Facilities

The School District is currently organized on the following grade level structure: K-5, 6-8 and 9-12. The following table depicts the component elements of the existing physical plant of the School District.

	Original Construction	Most Recent Addition or Renovation	Grades	Pupil Capacity	Current Enrollment
Elementary:					
Beth-Center Elementary School	1978	1998	K-5	850	500
Secondary:					
Beth-Center Middle School	1970	1992	6-8	533	242
Beth-Center High School	1959	1992	9-12	596	401
			TOTAL:	1,979	1,143

SOURCE: School District Administrative Officials.

Employment and Employee Relations

The School District currently employs approximately 163 employees, as shown in the following table.

Administrative	12
Professional/Instructional	112
Classified Support Personnel	39
TOTAL	163

Teachers of the School District are represented for purposes of collective bargaining by the Bethlehem-Center Teachers' Association, an affiliate of the Pennsylvania State Education Association (PSEA). The expiration date of the collective bargaining agreement for those employees is August 1, 2021. Additionally, the maintenance and custodial employees are represented by the Bethlehem-Center School Service Personnel Association of PSEA, which represents food service workers, teacher assistants', secretary/clerks and custodians. The expiration date of this collective bargaining agreement is June 30, 2021.

SOURCE: School District Administrative Officials.

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.

Previously, the amount of salary contributions was fixed for the employee at 5.25% if hired prior to July 22, 1983 and 6.25%, if hired on or after July 22, 1983. With the passage of Act 9 of 2001, these contribution rates were raised to 6.5% and 7.5%, respectively, unless an employee chose not to change his/her benefit class. For the fiscal year ended June 30, 2018, the School District contributed 31.74% of the wages and salaries of all employees to the Public School Employees' Retirement System; the Commonwealth, in turn, reimbursed the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 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 Aid Ratio of the School District (currently .7487%). The School District is reimbursed on a quarterly basis by the Commonwealth.

Annual School District Contributions to PSERS

The School District's contributions to PSERS, prior to Commonwealth reimbursement, for years ending June 30, 2017, 2018, and 2019 (unaudited) were $2,404,518, $2,672,962 and $2,740,286, respectively. The School District is current in all payments.

PSERS Contributions Projections and Pension Liability

The Pennsylvania Department of Education uses its actuarial valuations to project future increases in pension obligations – as a percentage of payroll, for school districts including the School District. Below are the current percentage, as well as the percentages for the past two fiscal years, and a projection for the following three fiscal years.

Fiscal Year	Percentage of Payroll
2016	25.84%
2017	30.03%
2018	32.57%
2019	33.43%
2020	34.29%
2021	35.95%

At June 30, 2017, the School District reported a liability of $30,136,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015 to June 30, 2016. 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, 2016, the School District's proportion was 0.0608%, which was a decrease of 0.001% from its proportion measured as of June 30, 2015.

As of June 30, 2017, the PSERS plan was 56.3% funded, with an unfunded actuarial accrued liability of approximately $44.5 billion. For more information, visit the PSERS website at http://www.psers.state.pa.us, which is not incorporated by specific reference into this Official Statement.

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

Pension Reform Legislation Update

Under Act 5 of 2017 (signed into law on June 12, 2017), PSERS will begin to move from its historic character as a defined benefit system to a defined contribution plan. 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 lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period.

Other Post-Employment Benefits ("OPEB")

The School District maintains a single-employer defined benefit health care plan. The plan provides health insurance for eligible retirees and their spouses through the School District's health insurance plan.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by the Board of School Directors. The Annual Required Contribution for the year ended June 30, 2017 was not made by the District.

Funded Status. As of July 1, 2014, the actuarial accrued liability for benefits was $3,219,104, all of which was unfunded.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL - Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)
7/1/2008	$ -0-	$3,119,033	$3,119,033
7/1/2011	$ -0-	$3,662,565	$3,662,565
7/1/2014	$ -0-	$3,219,104	$3,219,104

Annual Required Contribution. For the 2016-2017 year, the District's annual required contribution of $289,172 was not placed into a restricted trust fund. The required contribution was determined as part of the July 1, 2014 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 4.00% investment rate of return and (b) no assumed salary scale. Since the School District has chosen not to make its annual required contribution, interest expense has accrued on the net obligation each year and is included in the net pension obligation of the School District.

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
6/30/2015	$289,172	52.4%	$1,524,695
6/30/2016	$289,172	50.2%	$1,729,582
6/30/2017	$289,172	43.7%	$1,961,407

SOUCE: School Districts Audited Financial Statements.

SCHOOL DISTRICT FINANCIAL SUMMARY

Annual Budget Development Process of Pennsylvania School Districts Under Act 1 (the "Taxpayer Relief Act")

In General

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

Procedures for Adoption of the Annual Budget

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

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

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

Simplified Procedures in Certain Cases

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

Basis of Presentation -
Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The major fund types and the specific funds which are included within each of these major fund types are as follows: Governmental (General, Capital Projects); Proprietary (Food Service Fund); and Fiduciary (Agency Funds).

Basis of Accounting

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. The Proprietary Fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned and expenses are recognized when they are incurred.

The firm of Cypher & Cypher, of Canonsburg, Pennsylvania, presently serves as the School District's auditor.

Investment Policy

The School Code authorizes the School District to invest in, among other things, U.S. Treasury bills, short-term obligations of the U.S. Government or its agencies or instrumentalities, deposits in savings accounts, or time deposits or share accounts of institutions insured by the FIDC; 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.

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. The School District does not have any qualified interest rate management agreements outstanding.

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BETHLEHEM-CENTER SCHOOL DISTRICT
SUMMARY OF GENERAL FUND REVENUES AND EXPENDITURES
For Fiscal Years Ending June 30

	2016	2017	2018	2019*	2020 (Budgeted)
Revenue					
Local Sources	$4,651,304	$4,966,722	$4,593,988	$4,731,323	$5,322,764
State Sources	13,304,046	13,633,434	14,164,848	13,980,669	14,113,195
Federal Sources	471,064	432,136	350,568	283,659	324,505
Transfers from Primary Governments	471,064	432,136	579,447	109,209	-
TOTAL REVENUES	$18,897,478	$19,464,428	$19,688,851	$19,104,860	$19,760,464
Expenditures					
Instruction	$11,244,361	$12,124,059	$13,393,781	$13,162,218	$12,891,394
Support Services	6,279,876	6,452,146	6,750,310	6,470,377	5,909,556
Operation of Non-Instructional Services	362,253	409,724	416,990	363,106	371,850
Facilities Acquisition, Construction & Imp. Srvcs	-	-	-	3,061	2,500
Capital Outlay	-	-	-	-	-
Debt Service	221,208	210,360	201,282	218,747	180,000
Interfund transfers In (Out)	75,000	75,000	427,483	-	-
Budgetary Reserve	-	-	-	-	100,000
TOTAL EXPENDITURES	$18,182,698	$19,271,289	$21,189,846	$20,217,509	$19,455,300
Excess of Revenues Over (Under) Expenditures	714,780	193,139	(1,500,995)	(1,112,649)	305,164
Net Change in Fund Balances	714,780	193,139	(1,500,995)	(1,112,649)	305,164
Beginning Fund Balance – July 1	$1,591,993	$2,306,773	$2,523,961	$(434,608)	$(1,547,257)
Prior Period Adjustment	-	24,049	(1,457,574)	-	-
Adjusted Fund Balance	-	2,523,961	1,066,387	(434,608)	(1,547,257)
Ending Fund Balance – June 30	$2,306,773	$2,523,961	$(434,608)	$(1,547,257)	$(1,242,093)

SOURCE: Annual Financial Reports, the General Fund Budget Report for the fiscal year ending June 30, 2020, and School District Administrative Officials.
*Unaudited figures for Fiscal Year Ending 2019 provided by the School District.

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BETHLEHEM-CENTER SCHOOL DISTRICT
BALANCE SHEET – GENERAL FUND
For Fiscal Years Ending June 30

	2014	2015	2016	2017	2018
Assets:					
Cash and Cash Equivalents	$1,527,655	$880,202	$1,122,874	$705,088	$ -
Investments (At Fair Value)	86,644	86,667	86,826	87,278	38,224
Taxes Receivable (Net)	111,184	151,463	162,085	223,788	191,731
Due from Other Funds	151,992	145,552	143,016	185,895	67,931
Intergovernmental Receivables	290,668	474,936	472,643	-	-
State Revenue Receivable	-	-	-	517,396	752,442
Federal Revenue Receivable	-	-	-	62,840	-
Other Receivables	7,807	24,999	42,748	57,274	77,308
Prepaid Expenditures	-	-	-	-	1,893
Inventories	5,000	5,000	5,000	5,000	5,000
TOTAL ASSETS:	$2,180,950	$1,768,819	$2,035,192	$1,844,559	$1,134,529
Liabilities:					
Due to Other Funds	$99	$99	$99	$99	$99
Intergovernmental Payables	22,138	6,120	-	56,201	44,637
Accounts Payables	255,696	151,249	139,820	69,266	812,723
Accrued Salaries and Benefits	590,046	571,698	605,067	651,303	704,324
Payroll Deductions and Withholdings	43,106	130	130	130	-
Other Current Liabilities	6,638	1,904	3,996	1,173	1,173
TOTAL LIABILITIES:	$917,723	$731,200	$749,112	$778,172	$1,562,956
Deferred Inflow of Resources:					
Unavailable Revenue – Property Taxes	-	-	4,745	-	-
Unearned Revenue	-	-	-	-	6,181
TOTAL DEFERRED INFLOWS OF RESOURCES:	-	-	4,745	-	6,181
Fund Balance:					
Non-Spendable	$5,000	$5,000	$5,000	$5,000	$6,893
Committed	-	-	-	-	-
Assigned	7,945	14,317	6,698	9,526	-
Unassigned	1,250,282	1,018,302	1,269,637	1,051,861	(441,501)
TOTAL FUND BALANCE:	$1,263,227	$1,037,619	$1,281,335	$1,066,387	$(434,608)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:	$2,180,950	$1,768,819	$2,035,192	$1,844,559	$1,134,529

SOURCE: Annual Financial Reports of the School District and School District Administrative Officials.

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SCHEDULE OF INDEBTEDNESS

Shown below is a summary of the School District's outstanding debt (after the issuance of the Bonds):

	Gross	MVAR	Project Reimbursement	Local Share
General Obligation Debt:				
General Obligation Bonds, Series of 2019 (this issue)	$3,740,000	0.7487	--	$3,740,000
General Obligation Bonds, Series of 2018	7,835,000	0.7487	--	7,835,000
General Obligation Note, Series of 2012[1] (State Public School Building Authority - Mon Valley Career and Technology Center Project)	931,122	0.7487	0.7226	347,347
TOTAL DIRECT DEBT	$12,506,122			$11,922,347
Overlapping Debt:				
Beallsville Borough[2]	$-0-			$-0-
Centerville Borough[2]	3,036,159			3,036,159
Deemston Borough[2]	535,536			535,536
East Bethlehem Township[2]	4,983,008			4,983,008
Marianna Borough[2]	-0-			-0-
West Bethlehem Township[2]	25,000			25,000
Washington County[3]	990,319			990,319
TOTAL OVERLAPPING DEBT	$9,570,022			$9,570,022
TOTAL DIRECT AND OVERLAPPING DEBT	$22,076,144			$21,492,369

(1) The District's share of the Series of 2012 (Mon Valley Career and Technology Center Project) is 15.06%.
(2) Source: Pennsylvania Department of Community and Economic Development, as of July 1, 2019. 100% Overlapping.
(3) Source: Pennsylvania Department of Community and Economic Development. 2.49% overlapping. As of July 1, 2019, Washington County had outstanding debt of $39,795,220. The School District's share is calculated by dividing the assessed value of the School District by the assessed value of the County, and multiplying that ratio by the outstanding debt of the County.

Debt Ratio Calculations (including issuance of the Bonds)

	Gross Outstanding	Local Share
Net Direct Debt Per Capita	$1,427	$1,361
Net Direct Debt to Market Value	3.68%	3.50%
Net Direct and Overlapping Debt Per Capita	$2,520	$2,454
Net Direct and Overlapping Debt to Market Value	6.49%	6.32%
Population (2010 census)	8,759	
2017-18 STEB Market Value	$340,170,490	
2017-18 STEB Assessed Value	$427,396,460	

Tax Anticipation Borrowing

The following table shows the recent tax and revenue anticipation borrowing history of the School District.

Fiscal Year Ending June 30,	TRAN Amount
2015	$1,613,380
2016(a)	3,400,000
2016(b)	2,061,533
2017	1,461,091
2018	2,400,000
2019	1,800,000
2020	3,400,000

DEBT LIMITS AND REMAINING BORROWING CAPACITY OF THE SCHOOL DISTRICT

Borrowing Capacity

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

The current Borrowing Base of the School District is shown below, and the current schedule of existing electoral, nonelectoral and lease rental debt is shown herein under the heading "**SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS OF THE SCHOOL DISTRICT**". The following table reflects the resulting maximum levels of nonelectoral and lease rental debt which the School District will be permitted to incur after the issuance and sale of the Bonds.

	Fiscal Year Ended June 30,		
	2017	**2018**	**2019[(1)]**
Gross Revenues	$19,032,292	$19,688,862	$20,000,935
Less: Statutory Deductions			
a. Subsidy Rental and Sinking Fund Payments	$-0-	$-0-	$-0-
b. Revenues Pledged for Self-Liquidating Debt	$-0-	$-0-	$-0-
c. Interest on Sinking Funds	$-0-	$-0-	$-0-
d. Grants and Gifts for Special Federally Funded Projects	$-0-	$-0-	$-0-
e. Disposition of Assets and Nonrecurring Items	$-0-	$-0-	$-0-
Net Revenues	$19,032,292	$19,688,862	$20,000,935
Total Revenues for Three Years			$19,574,030
Borrowing Base-Average Total Revenues for Three Year Period			$44,041,567

(1) Unaudited estimates by School District Officials.

Remaining Borrowing Capacity (Under the Local Government Unit Debt Act)

Debt Limit – 225% of Borrowing Base	$44,041,567
Less: Outstanding Lease Rental Debt and Non-Electoral Debt	12,506,122
Current Borrowing Capacity	$31,535,445

Coverage of Future Debt Service Requirements by State Appropriations

2019-20 Anticipated Commonwealth Appropriations	$14,113,195
2019-20 Estimated Debt Service Requirements	$180,000
Coverage Ratio	78.41X

TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT

General

The School District is empowered to impose the following taxes under the School Code:

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

2. An annual tax on all taxable real estate without limit to provide for the payment of:

   (a) Salaries and increments of the teaching and supervisory staff;
   (b) Rentals due any municipal authority, non-profit corporation or the State Public School Building Authority;
   (c) Interest and Principal on any indebtedness incurred under the Act or any prior or subsequent act governing the incurrence of indebtedness of the School District; and
   (d) The amortization of a bond issue which financed the construction of school facilities if issued prior to the first Monday of July, 1959.

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

The School District may also levy under The Local Tax Enabling Act, Act No. 511, approved December 31, 1965, as amended (the "Tax Enabling Act"), an additional per capita tax, wage taxes, and other taxes as provided for therein; provided, however, that the aggregate amount of taxes imposed under the Tax Enabling Act may not exceed 1.25% of the market valuation of the real estate in the School District as determined by the State Tax Equalization Board, and subject to certain other limitations.

These taxes are also subject to apportionment between overlapping municipalities and the School District where such municipalities exercise the right of such apportionment.

The foregoing is subject to Act 1, as described herein.

Current Tax Structure (Fiscal Year 2019)

Component Municipality	Real Estate Millage	School District Millage Rate	Washington County Millage Rate	Total
Beallsville Borough	1.800	9.52	2.43	13.75
Centerville Borough	3.900	9.52	2.43	15.85
Deemston Borough	1.100	9.52	2.43	13.05
East Bethlehem Township	2.510	9.52	2.43	14.46
Marianna Borough	4.300	9.52	2.43	16.25
West Bethlehem Township	1.390	9.52	2.43	13.34

SOURCE: General Fund Budget Report for the fiscal year ending June 30, 2019, and School District Administrative Officials.

Real Estate Tax Collection Procedures

Real estate taxes are levied on July 1 of each fiscal year. Taxpayers are entitled to a 2% discount if taxes are paid prior to August 31. Collections beginning November 1 are assessed a 5% penalty. The lien date is the third Monday in April.

SOURCE: School District Administrative Officials.

Ten Largest Real Property Taxpayers

The ten largest real property taxpayers in the School District and their current assessed valuation of real estate are shown below:

Taxpayer	Type of Property	Assessed Value
Nemacolin Country Club	Golf Club	$3,131,500
Micjean LLC	Car Dealer	1,850,100
Gustine Richeyville Assoc. LTD (CVS)	Retail	1,676,200
Brodak, John G. & Coral L. (Shop & Save)	Retail	855,700
Smith, Glennety B. H. & Marianne M. Rlt	Medical Center	803,900
Ruscitto, Anthony F. & Catherine A.	Residential	779,587
Guttman Realty Company (Giant Eagle)	Retail	745,200
Mon River Dock Co.	Industrial	736,000
CNX Rcpc LLC (Murray Energy)	Coal Mining	642,000
Square Foot Co. LLC (Dollar General)	Retail	623,200
TOTAL:		**$11,843,387**

The assessed value of the top ten real estate taxpayers is equal to 2.77% of the 2018 STEB assessed valuation of $427,396,460 for the taxable property within the School District.

SOURCE: School District Administrative Officials.

Real Estate Tax Collection Data[2]

Year	Market Valuation[1]	Assessed Valuation[2]	Millage	Current Levy	Current Collections	Current Collections as a % of Levy	Total Collections	Total Collections as a % of Levy
2014-15	$292,361,835	$34,993,169	108.64	$3,801,658	$3,430,334	90.23%	$3,813,603	100.31%
2015-16	312,618,046	35,072,152	110.64	3,880,383	3,519,035	90.69%	3,853,246	99.31%
2016-17	317,519,927	35,065,236	113.63	4,089,668	3,602,297	88.08%	3,920,303	95.86%
2017-18[3]	340,170,490	429,587,000	9.56	4,106,582	3,301,609	80.39%	3,667,662	89.31%
2018-19	N/A	426,188,460	9.56	4,057,314	N/A	--	3,665,537[4]	90.34%[4]

Average Collection Rates[4]**:**

Current	87.35%
Total	95.03%

[1] SOURCE: State Tax Equalization Board ("STEB").
[2] SOURCE: Audited Financial Statements, Adopted Budgets and School District Officials.
[3] Reassessment occurred.
[4] Estimated. Figure taken from 2018-2019 General Fund Budget.

Washington County Property Reassessment

Washington County had not performed a reassessment since 1981. As a result of a lawsuit filed by the Washington and McGuffey School Districts, a countywide reassessment was ordered by the Court of Common Pleas. The county-wide reassessment was completed in 2015, with the revised values to be used in 2017. In addition, beginning in 2017, the County elected to base the assessed values on 100% of fair market value. Hearings on assessment appeals resulting from the reassessment concluded in October of 2016, and the values to be used beginning in 2017 were certified on November 15, 2016. Some of the values are still unresolved at this time as certain taxpayers have appealed the revised values to the Court of Common Pleas. The School District millage rate for the school year 2017-2018 was adjusted so that taxes levied would be revenue neutral.

SOURCE: School District Administrative Officials.

Major Employers

Major employers located within or near the School District are listed below:

Employer	Product/Service
Washington Hospital	Health Care
Crown Castle USA Inc.	Infrastructure
Washington Trotting Association	Entertainment
Monongahela Valley Hospital Inc.	Health Care
Live Nation Worldwide	Entertainment Company
Wal-Mart Associates Inc.	Retail
Washington County	Government
Giant Eagle Inc.	Retail
Canon-McMillan School District	Education
PA State System of Higher Education	Education

SOURCE: Center for workforce Information & Analysis, Quarterly Census of Employment and Wages, Q2 of 2018.

The School District is part of the Pittsburgh Metropolitan Statistical Area ("MSA") with respect to employment and unemployment data. Presented below are certain statistical comparisons relating to employment and earnings in the MSA, the County of Washington, the Commonwealth of Pennsylvania, and the United States.

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APPENDIX B

REGIONAL DEMOGRAPHIC AND ECONOMIC INFORMATION

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REGIONAL DEMOGRAPHIC AND ECONOMIC INFORMATION

The text, charts and tables within this Appendix (unless otherwise footnoted) set forth regional demographic and economic data and descriptions which were obtained from recognized published statistical and governmental reporting services. While the School District does not guarantee the accuracy of such data, it does confirm that the same has been obtained from sources deemed to be reliable and that the School District has no information which would suggest such data is inaccurate or misleading.

Population Composition – 2000, 2010 and 2017 Estimates

	2000	2010	2000-2010 % Change	2018 Estimates
Beallsville Borough	511	466	-8.81%	451
Centerville Borough	3,390	3,263	-3.75%	3,161
Deemston Borough	809	722	-10.75%	704
East Bethlehem Township	2,524	2,354	-6.74%	2,286
Marianna Borough	626	494	-21.09%	472
West Bethlehem Township	1,432	1,460	1.96%	1,421
Total School District:	9,292	8,759	-5.74%	8,495
Washington County	202,897	207,841	2.44%	207,346
Pennsylvania	12,281,054	12,702,379	3.43%	12,807,060

SOURCE: United States Census Bureau and American Community Survey, 5 Year Estimates, 2006 – 2010 and 2018 Estimates as of July 1, 2018.

Per Capita Income – 2000, 2010 and 2017 Estimates

	2000	2010	2000-2010 % Change	2017 Estimates
Beallsville Borough	$15,917	$21,869	37.39%	$30,541
Centerville Borough	$16,648	$24,024	44.31%	$29,767
Deemston Borough	$17,331	$26,016	50.11%	$27,842
East Bethlehem Township	$13,024	$22,248	70.82%	$26,816
Marianna Borough	$11,925	$19,532	63.79%	$20,249
Washington County	$19,935	$26,045	30.65%	$32,828
Pennsylvania	$20,880	$27,049	29.55%	$31,476

SOURCE: United States Census Bureau and American Community Survey, 5 Year Estimates, 2006 – 2010 and 2013 - 2017.

Population, Poverty and Education – 2017 Estimates

	Population		Poverty Level		Education 25 years and Over	
	Total Persons	Total Family Households	Persons Below	Families Below	High School Graduate	College Graduate
Beallsville Borough	506	142	2.8%	2.8%	91.5%	16.7%
Centerville Borough	3,200	816	10.4%	7.8%	92.8%	23.1%
Deemston Borough	792	219	11.9%	6.8%	91.4%	23.9%
East Bethlehem Township	2,280	637	20.9%	19.8%	89.3%	19.2%
Marianna Borough	507	119	36.5%	33.6%	86.9%	3.2%
Washington County	207,661	55,834	9.7%	6.7%	92.3%	29.0%
Pennsylvania	12,790,505	3,217,046	13.1%	8.9%	89.9%	30.1%

SOURCE: United States Census Bureau and American Community Survey, 5 Year Estimates, 2013 - 2017.

Housing Units – 2017 Estimates

	Number	Owner Occupied Median Value	Renter Occupied Median Rent
Beallsville Borough	234	$102,100	$794
Centerville Borough	1,474	$120,400	$730
Deemston Borough	357	$151,000	$628
East Bethlehem Township	1,151	$76,200	$650
Marianna Borough	260	$45,600	N/A
Washington County	95,135	$158,600	$708
Pennsylvania	5,653,599	$170,500	$885

SOURCE: United States Census Bureau and American Community Survey, 5 Year Estimates, 2013 - 2017.

Unemployment Rates

	2012	2013	2014	2015	2016	2017	2018
Washington County							
Civilian Labor Force (000)	107.5	107.0	106.1	106.5	107.4	106.5	106.1
Employment (000)	99.7	99.5	100.0	100.8	100.7	100.9	102.0
Unemployment (000)	7.7	7.4	6.1	5.8	6.6	5.6	4.1
Unemployment Rate	7.2%	7.0%	5.8%	5.4%	6.2%	5.2%	3.9%
Pennsylvania							
Civilian Labor Force (000)	6,487.0	6,460.0	6,391.0	6,424.0	6,472.0	6,425.0	6,424.0
Employment (000)	5,973.0	5,982.0	6,016.0	6,094.0	6,120.0	6,111.0	6,149.0
Unemployment (000)	513.0	478.0	376.0	330.0	352.0	314.0	276.0
Unemployment Rate	7.9%	7.4%	5.9%	5.1%	5.4%	4.9%	4.3%
United States							
Civilian Labor Force (000)	154,975.0	155,389.0	155,922.0	157,130.0	159,187.0	160,320.0	162,075.0
Employment (000)	142,469.0	143,929.0	146,305.0	148,834.0	151,436.0	153,337.0	155,761.0
Unemployment (000)	12,506.0	11,460.0	9,616.0	8,296.0	7,751.0	6,982.0	6,314.0
Unemployment Rate	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%

SOURCE: U.S. Department of Labor and Industry, Pennsylvania Bureau of Employment. Not seasonally adjusted.

APPENDIX C

SCHOOL DISTRICT FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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BETHLEHEM-CENTER SCHOOL DISTRICT

FREDERICKTOWN, PENNSYLVANIA

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

Cypher & Cypher

Accountants | Auditors | Advisors

BETHLEHEM-CENTER SCHOOL DISTRICT

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www.cyphercpa.com

Cypher & Cypher
Accountants | Auditors | Advisors

Independent Auditor's Report

Bethlehem-Center School District
Fredericktown, Pennsylvania

Ladies and Gentlemen:

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 Bethlehem-Center School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 School District'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 School District's internal control.

Canonsburg Office
179 East Pike Street
Canonsburg, PA 15317
Tel 724.745.3543
Fax 724.745.3590

Waynesburg Office
101 N. Woodland Ave.
Waynesburg, PA 15370
Tel 724.852.1501
Fax 724.852.1502

Wexford Office
6000 Babcock Blvd.
Pittsburgh, PA 15237
Tel 412.369.9992
Fax 412.774.2218

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 Bethlehem-Center School District as of June 30, 2018 and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of the District's Proportionate Share of the Net OPEB Liability on Pages i through vi, 42, and 43 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 Bethlehem-Center School District's basic financial statements. The statement of changes in assets and liabilities – agency funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The statement of changes in assets and liabilities – agency funds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of changes in assets and liabilities – agency funds and the schedule of expenditures of federal awards are 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 February 4, 2019 on our consideration of Bethlehem-Center School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bethlehem-Center 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 Bethlehem-Center School District's internal control over financial reporting and compliance.

CYPHER & CYPHER

Cypher & Cypher

CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania
February 4, 2019

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Management's Discussion & Analysis

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BETHLEHEM-CENTER SCHOOL DISTRICT
194 Crawford Road
Fredericktown, PA 15333

Management's Discussion and Analysis (MD&A) **June 30, 2018**

Our discussion and analysis of Bethlehem-Center School District's financial performance provides an overview of the School District financial activities for the fiscal year ending June 30, 2018. The MD&A should be read in conjunction with the financial statements and footnotes.

The MD&A is an element of the new reporting required by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June of 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

The School District

Bethlehem-Center School District is a School District of the Third Class, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth").

The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

Financial Highlights

- Revenues received were $90,149 more than budgeted amounts.
- Expenditures incurred during the year were $1,238,671 more than budgeted amounts.
- General Fund "Fund Balance" decreased $1,500,995.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and its activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. The change in net position provides the reader with a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth and facility conditions in arriving at a conclusion regarding the overall health of the District.

The following table reflects the condensed Statement of Net Position:

Condensed Statement of Net Position
As of June 30, 2018

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and Other Assets	$ 2,386,788	$ 1,459,320	$ (133,671)	$ 41,840	$ 2,253,117	$ 1,501,160
Non Current Assets	5,337,591	4,968,237	6,986	86,915	5,344,577	5,055,152
Deferred Outflows	5,491,717	4,594,258			5,491,717	4,594,258
Total Assets and Deferred Outflows	13,216,096	11,021,815	(126,685)	128,755	13,089,411	11,150,570
Current and Other Liabilities	952,773	1,741,555	4,254	7,610	957,027	1,749,165
Non Current Liabilities	33,483,256	35,296,220			33,483,256	35,296,220
Deferred Inflows	701,000	855,530	9,104	9,937	710,104	865,467
Total Liabilities and Deferred Inflows	35,137,029	37,893,305	13,358	17,547	35,150,387	37,910,852
Net Investment in Capital Assets	4,069,518	3,859,288	6,986	86,915	4,076,504	3,946,203
Restricted	192,229	49,889			192,229	49,889
Unrestricted	(26,182,680)	(30,780,667)	(147,029)	24,293	(26,329,709)	(30,756,374)
Total Net Position	$ (21,920,933)	$ (26,871,490)	$ (140,043)	$ 111,208	$ (22,060,976)	$ (26,760,282)

Assets, Liabilities & Net Position

As of June 30, 2018, the School District had total assets and deferred outflows of $11.1 million. This year's total includes $134 thousand in cash and investments, capital assets of $3.5 million, and deferred outflows of $4.6 million.

Current liabilities are $1.7 million, representing an increase of $792 thousand from the prior year. Current liabilities this year include $815 thousand in accounts payable and $704 thousand in accrued salaries and benefits. Accounts payable balances are primarily the result of expenditures incurred to June 30, 2018 and paid subsequent to June 30, 2018 and deficit cash balances. Accrued salaries and benefits are primarily the result of salaries earned by teachers as of June 30, 2018 and paid during July and August 2018.

Non current liabilities now include an amount of $29.9 million which represents the District's share of the unfunded PSERS liability. This is the third year in which this figure is required to be reported with the implementation of GASB Statement #68.

The resulting deficit $(26.7) million in net position include a net $3.9 million investment in capital assets, combined restricted assets of $50 thousand including reserves for capital improvements, and a deficit $(30.7) million of unrestricted funds.

Fiscal year ended June 30, 2018

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
Program Revenues:	2017	2018	2017	2018	2017	2018
Charges for Services	$ 57,313	$ 61,460	$ 225,035	$ 214,481	$ 282,348	$ 275,941
Operating Grants and Contributions	6,625,293	6,036,204	424,290	447,687	7,049,583	6,483,891
General Revenues:						
Property Taxes	3,515,076	3,540,764			3,515,076	3,540,764
Other Taxes	1,061,243	978,224			1,061,243	978,224
Grants Subsidies and Contributions	8,215,208	8,778,343			8,215,208	8,778,343
Governmental Transfers	(75,000)	(427,483)	75,000	427,483	-	-
Other	17,382	172,428	112	222	17,494	172,650
	19,416,515	19,139,940	724,437	1,089,873	20,140,952	20,229,813
Expenditures:						
Depreciation	328,489	328,489			328,489	328,489
Instruction	12,803,789	13,831,448			12,803,789	13,831,448
Instructional Student Support	976,920	1,108,312			976,920	1,108,312
Administrative and Financial Support	1,653,911	1,646,828			1,653,911	1,646,828
Operation and Maintenance of Plant	1,499,620	1,598,836			1,499,620	1,598,836
Pupil Transportation	2,512,941	2,636,894			2,512,941	2,636,894
Student Activities	396,439	417,706			396,439	417,706
Community Services	3,412	4,721			3,412	4,721
Debt Service	121,134	151,693			121,134	151,693
Food Service			764,382	838,622	764,382	838,622
Other			5,880		5,880	-
	20,296,655	21,724,927	770,262	838,622	21,066,917	22,563,549
Change in Net Position	$ (880,140)	$ (2,584,987)	$ (45,825)	$ 251,251	$ (925,965)	$ (2,333,736)

Revenues

The School District's general fund revenues for 2017-18 totaled $19.7 million, an increase of $656 thousand from the prior year. The School District's general fund received 26% of its funding from local sources, 72% from state sources and 2% from federal sources.

Real estate tax receipts continue to be the primary source of revenue for the general fund. The property assessments, from which real estate tax receipts are based, continue to increase approximately one (1%) percent annually, but not at a rate sufficient to maintain millage rates. Earned Income Tax is the second most significant local revenue source funding general fund operations, and it has increased modestly during these difficult economic times. However, the strength of the diverse local tax base has allowed each of these necessary funding mechanisms to continue to increase instead of decline. The School District continues to exist in poverty areas due to the closing of the mining industry that kept the District solvent for many years. There is no indication that the mines will reopen. The financial health of the local economy does not appear to have much, if any, growth in the foreseeable future. The communities, which comprise the School District, have experienced only minor improvements to the infrastructure and local highways.

State sources are the second most significant revenue source funding general fund operations and have increased only modestly in recent years. Without a significant increase in state funding it is anticipated that future annual millage rate increases are likely.

Expenditures

Total general fund spending for 2017-18 totaled $20.7 million, an increase of $1.6 million from the prior year. Instructional program expenditures amounted to $13.4 million or 65% of all general fund spending. Support services totaled $6.7 million or 32%, student activities and athletics totaled $416 thousand or 2%, and debt service totaled $201 thousand or 1% of all general fund expenditures.

Actual general fund expenditures were 105% of budgeted expenditures for the year.

Explanation of Expenditure Category Content

Instruction – Activities designed to provide students in grades K-12 with learning experiences to prepare them for activities as citizens, family members, and non-vocational workers as contrasted with programs designed to improve or overcome physical, mental, social and/or emotional handicaps.

Instructional Student Support – Activities that provide students in grades K-12 with learning experiences not covered under regular programs such as Drivers' Education, Summer School, Homebound Instruction, Nonpublic School Programs, Adult Education Programs, and Adult Vocational Education.

Administrative and Financial Support – Activities related to establishing and administering policy in connection with the operations of the School District. Such items include: Board Services, Board Treasurer Services, Tax Assessment and Collection Services, Legal Services, Office of the Superintendent, Community Relations Services, Office of the Principal Services and other Administration Services. Also included in this category are activities concerned with the fiscal operations of the School District. These include expenditures related to Supervision of Fiscal Services, Budgeting Services, Payroll Services, Financial Accounting Services, Internal Auditing Services, Property Accounting Services and other fiscal services.

Operation and Maintenance of Plant – Activities here are concerned with keeping the physical plant open, comfortable and safe for use, and keeping the grounds, buildings and equipment in effective working condition and in a state of repair. Expenditures posted here include the purchase of original or replacement equipment used to maintain buildings and grounds, as well as routine costs incurred to maintain the safety and operational efficiency of buildings and grounds.

Pupil Transportation - Expenditures include those activities concerned with the conveyance of students to and from school, as provided by State and Federal Law. It includes transportation costs for trips between home and school and from school to home.

Student Activities – School sponsored activities, under the guidance and supervision of School District staff, designed to provide students such experiences as motivation, enjoyment and improvement skills. These include, but are not limited to, programs such as: band, chorus, speech and PJAS. Expenses relating to athletic events are also recorded here.

Community Services-Activities concerned with providing community services to students, staff or other community participants.

Debt Service-Interest payments on outstanding bonds, other debt obligations and refund of prior year revenues.

Fund Balance Analysis – Governmental Funds

	General Fund	Capital Projects Fund
June 30, 2017	$ 1,066,387	$ 192,229
Increase (Decrease)	(1,500,995)	(142,340)
June 30, 2018	$ (434,608)	$ 49,889

The decrease in general fund "fund balance" is a result of actual expenditures being higher than budgeted amounts, with the largest overage being in special education, as well as a transfer being made to the cafeteria to write off an uncollectible balance in that fund. The decrease in the capital projects fund "fund balance" is the result of capital outlay expenditures being paid with cash reserves.

Debt Administration

The following table reflects the District's long-term debt obligations:

Extended Term Financing	Bonds Payable	Compensated Absences	OPEB Obligations	Pension Liability	Total
$266,493	$842,456	$262,235	$4,208,859	$29,885,000	$35,465,043

Principal debt payments of $74,803 were made on lease purchase agreements that were incurred for the purchase of an energy management system. Principal debt payments of $84,321 were made on the bonds payable that represent the School District's portion of the State Public Building Authority Bonds issued for the Mon Valley Career & Technology Center.

General Fixed Assets

The following table reflects the District's fixed assets:

	6/30/2016	6/30/2017	6/30/2018
Fixed Assets, Net Book Value	$ 3,964,149	$ 3,696,175	$ 3,373,788

The District purchased $35,067 of capital assets during the year and recorded $357,454 of depreciation expense.

Technology

Bethlehem-Center School District uses technology resources extensively to support teaching and learning at all grade levels and has invested considerable funding into technology including a new Media Center and a newly outfitted CADD Lab in the High School. New iPads and video equipment in Elementary Art classes introduce students to photography and video editing. A subscription to the Microsoft EES program allows the School District to stay current with Microsoft's Operating Systems and Office Applications.

The degree of technology and curriculum integration at the classroom level varies widely across BCSD. The use of word processing for writing, the internet for research, spreadsheets for collection, manipulation, and analysis of data, graphic organizers for planning and project development, and multimedia tools for creating presentations, songs, and movies are found in varying degrees across the District.

The Microsoft Office productivity suite is one application included as a part of the District-wide software load for BCSD computers. This software package provides, at a minimum, word processing, spreadsheet, and presentation applications for instructional use. Remediation programs such as Apangea and Study Island are used as intervention strategies to support middle and high school students. Learning systems like Study Island, Ed City Math K-2, Reading Eggs K-2, Accelerated Reader and Renaissance Place continue to be used in the Elementary and Study Island and Accelerated Reader at the Middle schools to support English language development and reading. Other applications such as Starry Night, Typing Tutors and Music software help integrate technology into Science, Business and Music class.

Revenue Uncertainty

The stability of revenue to meet the operational needs of the District is immediately fiscally sound considering the comparative tax burden on the School District with other school districts in this region. The political environment at the state legislature may result in changes to funding levels for this school district that could positively impact subsidy revenue, but also limit its taxing power.

Pennsylvania School Employees' Retirement System

The extended decline in the stock market resulted in prolonged negative returns on investments for the state wide retirement system. It is anticipated that the fund will require significantly increased contributions from the school systems within the State. Projections from the retirement system have indicated that the rate charged to school systems may increase to more than 36% within the next 5 years. The impact to the District would be an additional cost of more than a hundred thousand dollars annually. This is the District's biggest current financial burden and concern.

Contacting the School Board's Financial Management

Our financial report is designed to provide citizens, taxpayers, students, investors and creditors and other interested parties with a general overview of the School Board's finances and to illustrate the School Board's accountability for the funds it receives. Questions concerning this report or a request for additional information should be addressed to Bethlehem-Center School District, 194 Crawford Road, Fredericktown, PA 15333, telephone number (724) 267-4910.

Basic Financial Statements

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BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 70,557	$ 25,594	$ 96,151
Investments	38,224		38,224
Taxes Receivable (net)	466,731		466,731
Internal Balances	46,885	(46,885)	
State Revenue Receivable	752,442	2,673	755,115
Federal Revenue Receivable		44,212	44,212
Other Receivables	77,588	6,309	83,897
Inventories	5,000	9,937	14,937
Prepaid Expenses/Expenditures	1,893		1,893
Long Term Receivables	386,854		386,854
Investment in Joint Venture	1,207,595		1,207,595
Capital Assets (net)	3,373,788	86,915	3,460,703
Total Assets	6,427,557	128,755	6,556,312
Deferred Outflows of Resources			
Pension and OPEB Related	4,594,258		4,594,258
Total Deferred Outflows of Resources	4,594,258		4,594,258
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 11,021,815	$ 128,755	$ 11,150,570
LIABILITIES			
Intergovernmental Payables	$ 44,637	$ -	$ 44,637
Accounts Payable	812,724	1,876	814,600
Accrued Salaries and Benefits	704,324		704,324
Interest Payable	9,874		9,874
Other Current Liabilities	1,173	5,734	6,907
Long-Term Liabilities:			
Portions Due or Payable Within One Year:			
Bonds Payable - Net of Related Premiums/Discounts	85,827		85,827
Extended Term Financing Agreements Payable	82,996		82,996
Portions Due or Payable After One Year:			
Bonds Payable - Net of Related Premiums/Discounts	756,629		756,629
Extended Term Financing Agreements Payable	183,497		183,497
Net Pension Liability	29,885,000		29,885,000
OPEB - Health Insurance Premium Share Liability	1,233,000		1,233,000
Long-term Portion of Compensated Absences	262,235		262,235
OPEB Obligation	2,975,859		2,975,859
Total Liabilities	37,037,775	7,610	37,045,385
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB Related	849,349		849,349
Unearned Revenue	6,181	9,937	16,118
Total Deferred Inflows of Resources	855,530	9,937	865,467
NET POSITION			
Net Investment in Capital Assets	3,859,288	86,915	3,946,203
Restricted for:			
Capital Projects	49,889		49,889
Unrestricted	(30,780,667)	24,293	(30,756,374)
TOTAL NET POSITION	(26,871,490)	111,208	(26,760,282)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 11,021,815	$ 128,755	$ 11,150,570

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
Governmental Activities						
Depreciation - Unallocated	$ 328,489	$ -	$ -	$ (328,489)	$ -	$ (328,489)
Instruction	13,831,448		4,842,458	(8,988,990)		(8,988,990)
Instructional Student Support	1,108,312		602,041	(506,271)		(506,271)
Administrative and Financial Support	1,646,828		168,514	(1,478,314)		(1,478,314)
Operation and Maintenance of Plant	1,598,836	16,514	149,917	(1,432,405)		(1,432,405)
Pupil Transportation	2,636,894			(2,636,894)		(2,636,894)
Student Activities	417,706	44,946	84,169	(288,591)		(288,591)
Community Services	4,721			(4,721)		(4,721)
Interest on Long-Term Debt	151,693		189,105	37,412		37,412
Total Governmental Activities	21,724,927	61,460	6,036,204	(15,627,263)		(15,627,263)
Business Type Activities						
Food Service	838,622	214,481	447,687		(176,454)	(176,454)
Total Business Type Activities	838,622	214,481	447,687		(176,454)	(176,454)
Total Government	$ 22,563,549	$ 275,941	$ 6,483,891	$ (15,627,263)	$ (176,454)	$ (15,803,717)
General Revenues, Special and Extraordinary Items and Transfers						
Taxes						
Property Taxes				3,540,764		3,540,764
Other Taxes				978,224		978,224
Grants, Subsidies and Contributions, Unrestricted				8,778,343		8,778,343
Investment Earnings				16,393	222	16,615
Miscellaneous Income				156,035		156,035
Transfers Between Governmental and Business Type Activities				(427,483)	427,483	
Total General Revenues, Special and Extraordinary Items and Transfers				13,042,276	427,705	13,469,981
Change in Net Position				(2,584,987)	251,251	(2,333,736)
Net Position - Beginning - Restated				(24,286,503)	(140,043)	(24,426,546)
Net Position - Ending				$ (26,871,490)	$ 111,208	$ (26,760,282)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	Governmental Funds		
	General Fund	Capital Projects Fund	Totals
ASSETS			
Cash and Cash Equivalents	$ -	$ 70,557	$ 70,557
Investments (At Fair Value)	38,224		38,224
Taxes Receivable (Net)	191,731		191,731
Due From Other Funds	67,931		67,931
State Revenue Receivable	752,442		752,442
Other Receivables (Net)	77,308		77,308
Inventories	5,000		5,000
Prepaid Expenditures	1,893		1,893
Total Assets	$ 1,134,529	$ 70,557	$ 1,205,086
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Due to Other Funds	$ 99	$ 20,668	$ 20,767
Intergovernmental Payables	44,637		44,637
Accounts Payable	812,723		812,723
Accrued Salaries and Benefits	704,324		704,324
Other Current Liabilities	1,173		1,173
Total Liabilities	1,562,956	20,668	1,583,624
Deferred Inflows of Resources:			
Unearned Revenue	6,181		6,181
Total Deferred Inflows of Resources	6,181		6,181
Fund Balances:			
Nonspendable:			
Inventory	5,000		5,000
Prepaid Expenditures	1,893		1,893
Committed to:			
Capital Projects		49,889	49,889
Unassigned:	(441,501)		(441,501)
Total Fund Balances	(434,608)	49,889	(384,719)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,134,529	$ 70,557	$ 1,205,086

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Balance - Governmental Funds	$	(384,719)
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds. The cost of the assets is $17,359,933 and the accumulated depreciation is $13,986,145.		3,373,788
Long-term state subsidies receivable on future principal debt payments on long-term bonds payable are not assets in the funds.		386,854
Delinquent property taxes receivable will be collected, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		275,000
Accrued interest expense on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.		(9,874)
Net Investments in Joint Ventures are not financial resources and are not reported as assets in the governmental funds.		1,207,595
Long-term liabilities, including notes and bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.		(1,108,949)
Long-term liabilities, including post retirement liabilities, are not due and payable in the current period and are not reported as liabilities in the funds.		(4,471,094)
Net Pension Obligations are not due and payable in the current period and, therefore, are not reported in the funds.		(29,885,000)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources.		4,594,258
Deferred inflows of resources.		(849,349)
Total Net Position - Governmental Activities	$	(26,871,490)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Governmental Funds		
	General	Capital Projects Fund	Totals
Revenues			
Local Sources			
Taxes	$ 4,593,988	$ -	$ 4,593,988
Other Local Revenues	579,447	538	579,985
State Sources	14,164,848		14,164,848
Federal Sources	350,568		350,568
Total Revenues	19,688,851	538	19,689,389
Expenditures			
Instruction	13,393,781		13,393,781
Support Services	6,750,310	142,878	6,893,188
Operation Of Non-Instructional Services	416,990		416,990
Debt Service			
Principal and Interest	201,282		201,282
Total Expenditures	20,762,363	142,878	20,905,241
Excess (Deficiency) of Revenues Over Expenditures	(1,073,512)	(142,340)	(1,215,852)
Other Financing Sources (Uses)			
Interfund Transfers In			
Interfund Transfers (Out)	(427,483)		(427,483)
Total Other Financing Sources	(427,483)		(427,483)
Net Change in Fund Balances	(1,500,995)	(142,340)	(1,643,335)
Fund Balances - July 1, 2017	1,066,387	192,229	1,258,616
Fund Balances - June 30, 2018	$ (434,608)	$ 49,889	$ (384,719)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds		$ (1,643,335)
Depreciation Expense		(357,454)
Capital outlays are reported governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		35,067
Long-term receivable adjustment for amounts received from the state in debt service subsidies that are applicable to principal payments made.		(46,967)
Some delinquent property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year.		(75,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest recognized as the interest accrues regardless of when it is due. The additional interest reported in the statement of activities is the result of accrued interest payable.		1,613
In the statement of activities, compensated absences and other post employment benefits are measured by the amounts earned during the year. In the governmental funds, these items are measured by the amounts paid.		(26,210)
Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the statement of net position.		159,124
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is		
District pension contributions	138,175	
Cost of benefits earned net of employee contributions	(770,000)	(631,825)
Change in Net Position - Governmental Activities		$ (2,584,987)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET VS ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual (budgetary basis)	Over (Under) Budget - Final
Revenues				
Local Sources				
Taxes	$ 4,480,986	$ 4,659,500	$ 4,593,988	$ (65,512)
Other Local Revenues	513,281	855,837	579,447	(276,390)
State Sources	13,695,485	13,973,274	14,164,848	191,574
Federal Sources	312,950	360,400	350,568	(9,832)
Total Revenues	19,002,702	19,849,011	19,688,851	(160,160)
Expenditures				
Instruction				
Regular Programs	8,542,455	8,832,580	8,981,744	149,164
Special Programs	3,070,054	3,143,877	3,712,577	568,700
Vocational Education	679,019	639,193	685,085	45,892
Other Instructional Programs	13,714	16,970	14,375	(2,595)
Nonpublic School Programs	1,050			
Total Instruction	12,306,292	12,632,620	13,393,781	761,161
Support Services				
Pupil Personnel	260,628	293,604	293,295	(309)
Instructional Staff	572,346	588,153	564,636	(23,517)
Administration	1,266,563	1,112,512	1,184,670	72,158
Pupil Health	236,106	215,157	234,715	19,558
Business	348,451	293,505	383,389	89,884
Operation & Maintenance of Plant Services	1,396,846	1,501,308	1,444,570	(56,738)
Student Transportation Services	2,549,990	2,604,022	2,636,894	32,872
Other Support Services	9,000	(10,000)	8,141	18,141
Total Support Services	6,639,930	6,598,261	6,750,310	152,049
Operation of Non-Instructional Services				
Student Activities	368,419	408,758	412,269	3,511
Community Services	4,051	1,051	4,721	3,670
Total Non-Instructional Services	372,470	409,809	416,990	7,181
Debt Service				
Principal and Interest	205,000	115,202	201,282	86,080
Total Expenditures	19,523,692	19,755,892	20,762,363	1,006,471
Excess (Deficiency) of Revenues Over Expenditures	(520,990)	93,119	(1,073,512)	(1,166,631)
Other Financing Sources (Uses)				
Interfund Transfers In				
Interfund Transfers (Out)	(75,000)	75,000	(427,483)	(502,483)
Budgetary Reserve		(168,109)		168,109
Other Financing Sources	596,000			
Total Other Financing Sources & (Uses)	521,000	(93,109)	(427,483)	(334,374)
Net Change in Fund Balances	10	10	(1,500,995)	(1,501,005)
Fund Balances - July 1, 2017	1,066,387	1,066,387	1,066,387	
Fund Balances - June 30, 2018	$ 1,066,397	$ 1,066,397	$ (434,608)	$ (1,501,005)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2018

	Food Service Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 25,594
State Revenue Receivable	2,673
Federal Revenue Receivable	44,212
Other Receivables	6,309
Inventories	9,937
Total Current Assets	88,725
Noncurrent Assets:	
Food Service Equipment (Net of Depreciation)	86,915
Total Noncurrent Assets	86,915
TOTAL ASSETS	$ 175,640
LIABILITIES	
Current Liabilities:	
Due to Other Funds	$ 46,885
Accounts Payable	1,876
Other Current Liabilities	5,734
Total Liabilities	54,495
DEFERRED INFLOWS OF RESOURCES	
Unearned Revenue	9,937
Total Deferred Inflows of Resources	9,937
NET POSITION	
Net Investment in Capital Assets	86,915
Unrestricted	24,293
Total Net Position	111,208
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 175,640

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Food Service
Operating Revenues	
Food Service Revenue	$ 214,481
Total Operating Revenue	214,481
Operating Expenses	
Personal Services - Salaries	256,080
Personal Services - Benefits	155,309
Purchased Professional and Technical Services	56,186
Purchased Property Services	425
Other Purchased Services	314,200
Supplies	40,748
Other Objects	2,489
Depreciation Expense	13,185
Total Operating Expenses	838,622
Operating Income (Loss)	(624,141)
Nonoperating Revenues (Expenses)	
Operating Subsidies	
State Subsidies	67,791
Federal Subsidies	
Lunch and Breakfast Subsidies	342,028
Value of Donated Commodities Received	37,868
Earnings on Investments	222
Total Nonoperating Revenue and Expense	447,909
Income (Loss) Before Transfers	(176,232)
Contributions and Transfers	
Transfers from Other Funds	427,483
Change in Net Position	251,251
Net Position - July 1, 2017	(140,043)
Net Position - June 30, 2018	$ 111,208

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Food Service
Cash Flows from Operating Activities:	
Cash Received from Customers	$ 218,001
Cash Payments to Employees for Services	(411,389)
Cash Paid to Suppliers for Goods and Services	(177,465)
Net Cash Provided (Used) by Operating Activities	(370,853)
Cash Flows from Noncapital Financing Activities:	
Grants and Subsidies Received for Non-Operating Activities	
State Subsidies	65,118
Federal Subsidies	297,816
Net Cash Provided (Used) by Noncapital Financing Activities	362,934
Cash Flows from Investing Activities:	
Earning on Investments	222
Net Cash Provided (Used) by Investing Activities	222
Net Increase (Decrease) in Cash and Cash Equivalents	(7,697)
Cash and Cash Equivalents - July 1, 2017	33,291
Cash and Cash Equivalents - June 30, 2018	$ 25,594
Reconciliation of Operating Income (Loss) to Net Cash Used By Operating Activities	
Operating Income (loss)	$ (624,141)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:	
Depreciation	13,185
Donated Commodities Used	37,868
Changes in Assets and Liabilities:	
Accounts Receivable	3,520
Inventories	(833)
Due to/Due From Other Funds	195,359
Accounts Payable	1,876
Unearned Revenue	833
Increase (Decrease) in Other Liabilities	1,480
Total Adjustments	253,288
Net Cash Provided (Used) by Operating Activities	$ (370,853)

Noncash Noncapital Financing Activities:
During the year, the District received $38,701 of food commodities from the U.S. Department of Agriculture.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose Trust Funds	Agency Funds Student Activities
ASSETS		
Cash and Cash Equivalents	$ 3,165	$ 132,539
Investments	13,250	
Due from Other Funds		99
TOTAL ASSETS	$ 16,415	$ 132,638
LIABILITIES		
Due to Other Funds	$ -	$ 378
Other Current Liabilities		132,260
Total Liabilities		132,638
NET POSITION		
Unrestricted	16,415	
Total Net Position	16,415	
TOTAL LIABILITIES AND NET POSITION	$ 16,415	$ 132,638

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose Trust Funds
Additions	
Interest Income	$ 1,619
Total Additions	1,619
Deductions	
Scholarship Awards	2,500
Other Deductions	3
Total Deductions	2,503
Change in Net Position	(884)
Net Position - July 1, 2017	17,299
Net Position - June 30, 2018	$ 16,415

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

Bethlehem-Center School District
Notes to the Basic Financial Statements
June 30, 2018

Note 1 - Summary of Significant Accounting Policies

Bethlehem-Center School District (the "School District") is located in Washington County. The School District provides public education services to the residents of Deemston Borough, Mariana Borough, East Bethlehem Township, West Bethlehem Township, Beallsville Borough, and Centerville Borough.

A. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Bethlehem-Center School District, this includes general operations, food service, and student related activities of the School District.

In evaluating the School District as a primary government in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity," management has addressed all potential component units. Consistent with this Statement, the criteria used by the School District to evaluate possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. Upon review of this criteria, the School District determined that there were no potential component units that met the criteria for inclusion in the reporting entity.

B. Basis of Presentation

The financial statements of Bethlehem-Center School District have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Following are the more significant of the School District's accounting policies.

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

1. Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Eliminations have been made to minimize the double-counting of internal activities. The statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and business-type activity. Direct expenses are those that are specifically associated with a service program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

In the process of aggregating data for the statement of net position and the statement of activities, some amounts that are reported as interfund activity and balances are eliminated.

2. Fund Financial Statements

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The General Fund and the Capital Projects are the School District's major governmental funds:

General Fund - The General Fund is the general operating fund of the School District. It is used to account for all financial resources, except for those required to be accounted for in another fund. Normal debt service payments for general long-term debt are recorded in the General Fund by the School District.

Capital Projects Fund – The Capital Projects Fund is a Section 1432 Capital Reserve Fund set up in accordance with the Pennsylvania School Code. The purpose of the fund is to set aside excess monies available in the General Fund for future use in the area of capital outlay and improvements.

The other governmental fund of the School District is used to account for other resources. This is an expendable trust fund which is a special revenue fund whose use is restricted to a particular purpose.

Expendable Trust Fund – The Mary Buber Scholarship Fund is a special revenue fund that was established to provide income for a continuing scholarship. This fund currently does not have any assets and is not shown on the School District's financial statements.

2. Proprietary Funds

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

Enterprise Fund

The Enterprise Fund may be used to account for any activity for which a fee is charged to external users for goods or services.

Food Service

The Food Service Fund accounts for the financial transactions related to the food service operations of the School District. This fund is the School District's only enterprise fund and it is reported as a major fund.

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

3. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for various student-managed activities.

Private Purpose Trust Funds

Brighter Days Scholarship Fund – This is a non-expendable trust fund established to provide income for a continuing scholarship. The basis of accounting for non-expendable trust funds is full accrual.

Barry Miller Scholarship Fund – This is a non-expendable trust fund established to provide income for a continuing scholarship. The basis of accounting for non-expendable trust funds is full accrual.

Finley-Pryor Family Scholarship Fund - This is a non-expendable trust fund established to provide income for a continuing scholarship. The basis of accounting for non-expendable trust funds is full accrual.

JEN Scholarship Fund - This is a non-expendable trust fund established to provide income for a continuing scholarship. The basis of accounting for non-expendable trust funds is full accrual.

BCIBL Scholarship Fund - This is a non-expendable trust fund established to provide income for a continuing scholarship. The basis of accounting for non-expendable trust funds is full accrual.

Agency Funds

Student Activity Fund - This fund is utilized to account for monies authorized by Section 511 of the Public School Code of 1949 for student activities, publications and organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These organizations exist with the explicit approval of and are subject to revocation by the Board.

D. Measurement Focus, Basis of Accounting

1. Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

2. Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. The statement of revenues, expenditures and changes in fund balances reflects the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

3. Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition and student fees.

4. Unearned Revenues

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2018 but which were levied to finance fiscal year 2019 operations, are recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

On governmental fund financial statements, receivables that will not be collected within the available period are reported as unearned revenue.

5. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

Generally accepted accounting principles serve as the budgetary basis of accounting. In accordance with state law, an annual budget prepared by function and object is formally adopted for the General Fund. The School District does not formally adopt budgets for other funds.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the budget when the original appropriations were adopted.

The appropriation resolution is subject to budget transfer amendments between functions, as allowed by the Public School Code, throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts in the budgetary financial statement reflect the first appropriation resolution for the General Fund that covered the entire fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation and include budget transfer amendments as passed by the Board during the fiscal year. The measurement level of control over expenditures for all budgeted funds is the surplus or deficit of the fund as a whole.

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

- ◈ - Prior to May of the preceding fiscal year, the School District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- ◈ - A meeting of the Board of School Directors is then called for the purpose of adopting the proposed budget. The meeting may only be held after 30 days of public notification.
- ◈ - Prior to July 1, the Board of School Directors legally enacts the budget through passage of a resolution.
- ◈ - The budget must be filed with the Pennsylvania Department of Education by July 31 of the fiscal year.

F. Encumbrances

Encumbrances at year-end are reported in the fund financial statements as reservations of fund balance since they do not constitute expenditures or liabilities, but serve as authorization for expenditures in the subsequent year. As of June 30, 2018, the School District has no encumbrances.

G. Cash and Investments

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with maturity of three months or less when purchased and pooled funds investments subject to daily withdrawal to be cash equivalents.

Deposits

Below is a summary of the School District's deposits which are insured by the Federal Depository Insurance Company, and those which are not insured or collateralized in the School District's name, but collateralized in accordance with Act 72 of the Pennsylvania State Legislature, which requires the financial institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name.

	FDIC Insured	Pooled Collateral	Bank Balance	Carrying Amount
Cash and Deposits	$ 256,277	$ 265,268	$ 521,545	$ 231,855

Investments

The District's investments at June 30, 2018 consist of:

	Carrying Amount	Fair Value
Pennsylvania Treasurer's Invest Program	$ 19,366	$ 19,366
Pennsylvania Local Government Investment Trust	227	227
Pennsylvania School District Liquid Asset Fund	18,631	18,631
Certificate of Deposit	13,250	13,250
Total	$ 51,474	$ 51,474

The Pennsylvania School District Liquid Asset Fund and the Pennsylvania Local Government Investment Trust are investment pools. The fair value of the investment pool is the same as the value of the pool shares owned. Although the pools seek to maintain the net assets value of $1 per share, there can be no guarantee that the net asset values will not vary from this price.

For PSDLAF, internal oversight resides with a Board of Trustees consisting of local school board members, school business officials and the Executive Directors of PASBO and PSBA. For outside oversight, the Fund is monitored on a weekly basis by Standard & Poor's, which has rated PSDLAF AAAm, the highest rating available for a money market fund.

For PLGIT, regulatory oversight resides with the Board of Trustees and Trust Administration. The participants of the trust annually select an independent auditing firm to examine, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The Trust is not registered with the Securities and Exchange Commission. Contacts with prospective investors relating to the shares of the pool are conducted through the Investment Adviser's wholly owned subsidiary, PFMAM, Inc., member NASD.

When applicable, the School District measures investments at fair value. The fair value measurement guidelines, set forth by generally accepted accounting principals, recognize a three-tiered fair value hierarchy as follows:

• Level 1 inputs: Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price for an identical asset or liability in an active market (e.g., an equity security traded on a major exchange) provides the most reliable fair value measurement and, if available, should be used to measure the fair value in that particular market.

• Level 2 inputs: The categorization of an asset/liability as Level 1 requires that it is traded in an active market. If an instrument is not traded in an active market, it may fall to Level 2. Level 2 inputs are inputs that are observable, either directly or indirectly, but do not qualify as Level 1.

• Level 3 inputs: Reporting entities may use unobservable inputs to measure fair value if relevant observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at the measurement date. These unobservable inputs are considered Level 3.

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investment Risks

Custodial Credit Risk - Custodial credit risk is the risk of loss resulting from the failure of the custodian such that the custodian would not be able to recover the value of its investments or collateral securities in the possession of the custodian. The School District is permitted to invest funds consistent with sound business practices in the following types of investments, certain money market mutual funds, and deposit accounts:

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

Act 20, a Pennsylvania law enacted in June of 1995, expands the allowable investment vehicles to include certain money market mutual funds rated as "AAA" whose investments are limited to those mentioned in the previous paragraph.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a fixed income investment. 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.

Concentration of Credit Risk – Credit risk concentration is the risk of loss attributed to investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represented 5 percent or more of the plan's net position. The School District places no limit on the amount it may invest in any one issue.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

H. Taxes Receivable

Taxes receivable consist of delinquent real estate taxes due at June 30, 2018, less an allowance for the amount of these delinquencies not expected to be collected within the next fiscal year.

I. Interfund Receivables/Payables

During the course of operations, transactions sometime occur between individual funds for goods provided or services rendered. These receivables and payables, to the extent they exist, are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

J. Inventories

On government-wide financial statements, inventories are presented at cost 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. The inventories in the General Fund are equally offset by a fund balance reserve, which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. The General Fund did not have a material inventory balance as of June 30, 2018.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2018. The inventory consisted of government donated commodities (valued using USDA values) using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2018 are reported as unearned revenue.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) 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 $1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $1,500 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.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

Description	Estimated Lives
Land Improvements	10 - 15 years
Buildings and Building Improvements	20 - 50 years
Vehicles	6 - 10 years
Machinery and Equipment	6 - 10 years

L. Long-Term Liabilities

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

M. Estimates

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

N. Fund Balances

In accordance with Governmental Accounting Standards Board Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies governmental fund balances as follows:

- Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at June 30, 2018 by the School District are nonspendable in form.
- Restricted – includes amounts that are restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

- Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of School Directors, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of School Directors.
- Assigned – includes amounts that the School District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance.
- Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

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

Fund balances in the School District's major funds are a deficit $(434,608) for the General Fund, comprised of nonspendable inventory and prepaid balances of $5,000 and $1,893, and unassigned amounts totaling a deficit $(441,501). In addition, $49,889 is a committed fund balance for the Capital Projects Fund.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Note 2 - Real Estate and Unearned Revenue

Property taxes attach as an enforceable lien on property as of July 1st of the year following levy. Taxes are levied on July 1. The School District bills and collects its own property taxes through locally elected tax collectors. Collection of delinquent property taxes is contracted to a private collection agency. The tax levy for fiscal 2018 was based on assessed values on January 1, 2017 of $426,188,460. The School District tax rate for the year ended June 30, 2018 was 9.56 mills as levied by the School Board.

Taxes may be paid at a 2% discount until September 30th, at face until November 30th, and at a 10% penalty until the lien date.

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements. This balance, net of allowances, is $191,731.

Note 3 - Changes in Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities				
Non-Depreciable Assets:				
Land	$ 18,739	$	$	$ 18,739
Depreciable assets				
Buildings	14,781,989			14,781,989
Equipment	2,524,138	35,067		2,559,205
Totals at historical cost	17,324,866	35,067	-	17,359,933
Less:				
Accumulated depreciation	(13,628,691)	(357,454)		(13,986,145)
Total accumulated depreciation	(13,628,691)	(357,454)	-	(13,986,145)
Governmental activities capital assets, net	$ 3,696,175	$ (322,387)	$ -	$ 3,373,788
Business-type Activities				
Depreciable Assets:				
Equipment	$ 604,513	$ 93,114	$	$ 697,627
Totals at historical cost	604,513	93,114		697,627
Less accumulated depreciation for:				
Equipment	(597,527)	(13,185)		(610,712)
Total accumulated depreciation	(597,527)	(13,185)		(610,712)
Business-type activities capital asset, net	$ 6,986	$ 79,929	$	$ 86,915

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 23,423
Support	3,476
Plant	2,066
Unallocated-Governmental Funds	328,489
Total depreciation expense	$ 357,454

In the 2017-2018 school year, building renovations added $35,067 to the historical cost of governmental activities and $93,114 to the historical cost of business activities. Depreciation expense was $357,454 for the governmental activities and $13,185 for the business activities, resulting in a net book value decrease of $322,387 and an increase $79,929 for the governmental activities and business activities respectively.

Note 4 - General Long-Term Debt

Changes in the School District's long-term obligations during fiscal year June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, loans & leases payable					
General Improvement bonds	$ 926,777	$ -	$ (84,321)	$ 842,456	$ 85,827
General Obligation Loans	341,296		(74,803)	266,493	82,996
	1,268,073	-	(159,124)	1,108,949	168,823
Total bonds, loans and leases payable	1,268,073	-	(159,124)	1,108,949	168,823
Other liabilities:					
Compensated absences	280,790	87,642	(106,197)	262,235	
Pension Liability	30,136,000	3,170,000	(3,421,000)	29,885,000	
OPEB Liability - Health Premium Share	1,310,000	53,000	(130,000)	1,233,000	
OPEB Obligation	3,017,077	254,543	(295,761)	2,975,859	
Total other liabilities	34,743,867	3,565,185	(3,952,958)	34,356,094	-
Governmental activities long-term liabilities	$ 36,011,940	$ 3,565,185	$ (4,112,082)	$ 35,465,043	$ 168,823

General Obligation Bonds consist of:

School Building (General Obligation Secured) Bonds, Series of 2012, variable rate interest from 0.65% to 2.75% with final payment due in 2026.

The amounts necessary to amortize the outstanding bonds payable for the next five years and to maturity are:

	Principal	Interest	Total
2019	$ 85,827	$ 18,263	$ 104,090
2020	87,332	16,531	103,863
2021	89,591	14,762	104,353
2022	91,097	12,933	104,030
2023	93,355	10,972	104,327
2024-2027	395,254	20,771	416,025
Total	$ 842,456	$ 94,232	$ 936,688

The General Fund is used to liquidate the long-term liability for post-retirement benefits and compensated absences. The current portion of post retirement benefits is recorded as a current liability in the general fund on the statement of net position.

During 2006/2007, the School District entered into a lease purchase agreement with Governmental Capital Corporation in the amount of $1,004,530 for the purchase of a TAC Energy Management System at the District's elementary, middle and high school.

The amounts necessary to amortize the outstanding lease purchase agreements for the next five years and to maturity are:

	Principal	Interest	Total
2019	$ 82,996	$ 14,001	$ 96,997
2020	87,422	9,575	96,997
2021	96,075	4,912	100,987
Total	$ 266,493	$ 28,488	$ 294,981

During the fiscal year ended June 30, 2018, the following short term financing occurred:

June 30, 2017	Increases	Decreases	June 30, 2018
$ -0-	$ 2,400,000	$ 2,400,000	$ -0-

A tax anticipation note assists with the cash flow demands of the District. The short term financing had an original balance of $2,400,000, interest at the rate of 1.58% with final payment due June 30, 2018.

Note 5 - Pension Plan

1. 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 addition 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.

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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.

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.

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 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contribute at 10.3% (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, 2018 was 31.74% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $2,537,892 for the year ended June 30, 2018.

2. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2018, the District reported a liability of $29,885,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2016 to June 30, 2017. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2018, the District's proportion was 0.0605 percent, which was a decrease of 0.0003 from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of $3,088,000. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 312,000	$ 181,000
Changes in Assumptions	812,000	
Net difference between projected and actual investment earnings	692,000	
Changes in proportions	173,000	438,000
Contributions subsequent to the measurement date	2,537,892	
	$ 4,526,892	$ 619,000

$2,537,892 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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,		
2018	$	388,000
2019		688,000
2020		418,000
2021		(124,000)

Actuarial assumptions

The total pension liability as of June 30, 2017 was determined by rolling forward the System's total pension liability as of June 30, 2016 to June 30, 2017 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.
- 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 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 a long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	20.0%	5.1%
Fixed Income	36.0%	2.6%
Commodities	8.0%	3.0%
Absolute return	10.0%	3.4%
Risk parity	10.0%	3.8%
Infrastructure/MLPs	8.0%	4.8%
Real estate	10.0%	3.6%
Alternate investments	15.0%	6.2%
Cash	3.0%	0.6%
Financing (LIBOR)	-20.0%	1.1%
	100.0%	

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, 2017.

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, 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.

	1% Decrease 6.25%	Current Discount rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	$ 29,880,000	$ 36,780,000	$ 24,055,000

Pension plan fiduciary net position

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

Schedule of Employer Contributions

	2017	2016	2015	2014
Actuarially Determined Contribution	$ 2,314,069	$ 2,152,505	$ 2,032,982	$ 1,844,675
Contributions in relation to the actuarially determined contributoion	2,314,069	1,934,314	1,595,746	1,239,076
Contribution Deficiency	-	218,191	437,236	605,598
Covered Payroll	8,054,172	7,868,306	7,955,403	7,938,351
Contribution as a percentage of covered payroll	28.73%	24.58%	20.06%	15.61%

Note 6 – OPEB Liability – Health Insurance Premium Share

OPEB Plan

1. Summary of Significant Account Policies

Other Postemployment 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.

General Information about the Health Insurance Premium Assistance Program

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, 2017 there were no assumed future benefit increases to participating eligible retirees.

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
- Area a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Pension Plan Description

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

Benefits provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2017 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2017 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 District were $67,000 for the year ended June 30, 2017.

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

At June 30, 2018, the District reported a liability of $1,233,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, 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, 2016 to June 30, 2017. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2018, the District's proportion was 0.0605%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized OPEB expenses of $52,000. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ -	$ 57,000
Net difference between projected and actual investment earnings	1,000	
Changes in proportions		6,000
Contributions subsequent to the measurement date	66,366	
	$ 67,366	$ 63,000

$66,366 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. 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,	
2018	$ (10,000)
2019	(10,000)
2020	(10,000)
2021	(10,000)
2022	(10,000)
Thereafter	(10,000)

Actuarial assumptions

The total OPEB liability as of June 30, 2017 was determined by rolling forward the System's total OPEB liability as of June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal – level % of pay.
- Investment return – 3.13% - 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.
- 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 @ 50%
  - Eligible retirees will elect to participate Post age 65 @ 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015 determined the employer contribution rate for fiscal year 2017.
- 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.

OPEB Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	76.4%	0.6%
Fixed Income	23.6%	1.5%
	100.0%	

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, 2017.

Discount Rate

The discount rate used to measure the total pension liability was 3.13%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserve 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 3.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2017, retiree 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, 2016, 91,797 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2016, 1,354 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 for June 30, 2017, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
System net OPEB Liability (in thousands)	$ 2,315,996	$ 2,037,412	$ 1,805,991

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability, calculated using the discount rate of 3.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13%) or 1-percentage-point higher (4.13%) than the current rate.

	1% Decrease 2.13%	Current Discount Rate 3.13%	1% Increase 4.13%
District's proportionate share of the net OPEB liability	$ 1,401,000	$ 1,233,000	$ 1,093,000

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.

Schedule of Employer Premium Assistance Contributions

	2017	2016
Actuarially Determined Contribution	$ 76,045	$ 78,732
Contributions in relation to the actuarially determined contribution	66,888	68,435
Contribution Deficiency	9,157	10,298
Covered Payroll	8,054,172	7,868,306
Contribution as a percentage of covered payroll	0.83%	0.87%

Note 7 - Compensated Absences & Retirement Incentives

The School District has made early retirement benefits available to certain employees. The benefits are (1) payment for unused sick days at retirement and (2) retirement incentive payments. The payable for declared retirements is recorded as a current liability in the General Fund at the time of retirement. With respect to other employees that do not meet the criteria established by the School District for early retirement, these employees are not eligible to receive payment for their unused sick days at retirement. The General Fund has been used to liquidate the accumulated liability for retirement benefits. The dollar amounts of the benefits are as follows:

	Sick Day Liability	Retirement Incentive	Total
June 30, 2017 Balance	$ 240,790	$ 40,000	$ 280,790
Increases	81,642	6,000	87,642
Decreases	(70,197)	(36,000)	(106,197)
June 30, 2018 Balance	$ 252,235	$ 10,000	$ 262,235

Note 8 – Other Post Employment Benefits

The District maintains a single-employer defined benefit healthcare plan. The plan provides health insurance for eligible retirees and their spouses through the District's health insurance plan.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by the Board of School Directors.

Funded Status and Funding Progress. As of June 30, 2018, the actuarial accrued liability for benefits was $2,975,859, all of which was unfunded.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized expense of $143,395. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 167,349
	$ -	$ 167,349

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

Year Ended June 30,	
2019	$ (16,836)
2020	(16,836)
2021	(16,836)
2022	(16,836)
2023	(16,836)
Thereafter	(83,169)

Sensitivity of the Net OPEB liability to changes in the discount rate

The following presents the net OPEB liability to the District, calculated using the discount rate of 3.87%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Net OPEB Liability	$ 3,233,994	$ 2,975,859	$ 2,739,841

Sensitivity of the Net OPEB liability to Changes in the Medical Inflation Rate

The following presents the net OPEB liability to the District, calculated using the current medical inflation rate as well as what the District's net OPEB liability would be if it were calculated using an inflation rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Medical Inflation Rate	1% Increase
Net OPEB Liability	$ 2,658,628	$ 2,975,859	$ 3,346,964

Schedule of Changes in the Total OPEB Liability and Related Ratios

	2018
Service Cost	$ 143,395
Interest	111,148
Difference between expected and actual	(184,185)
Benefit Payments	(111,576)
Net Change in total OPEB Liability	(41,218)
Total OPEB liability - beginning of year	3,017,077
Total OPEB liability - end of year	$ 2,975,859
Covered-employee payroll	$ 7,815,184
Total OPEB liability as a percentage of covered-employee payroll	38.08%

The following assumptions were also made:

Actuarial Cost Method – Entry Age normal Percentage of Pay

Medical Inflation Rate – 7% increase in the first year, decreasing by 0.5% per year to an ultimate rate of 5%.

Asset Valuation Method – Market value

Inflation – 2.60%

Wage inflation – 3.00%

Salary Increases – 3.00%, average, including inflation.

Long-term investment rate of return – 3.58% (6/30/2017 Bond Buyer Municipal Bond Index AA)
3.87% (6/30/2018 Bond Buyer Municipal Bond Index AA)

Retirement Age – Eligibility for unreduced PSERS benefits (with 10 years for teachers/administrators and 20 years for secretaries.

Mortality – RP-2000 Combined Healthy with Scale BB

Note 9 - Commitments and Contingencies

Bethlehem-Center School District participates in a number of state and federally assisted grant programs. The programs are subject to program compliance audits by the grantor agencies or their representatives. The audits of some of these programs for and including the year ended June 30, 2018 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 that may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts to be immaterial.

Note 10 – Interfund Balances

Individual fund interfund receivable and payable balances at June 30, 2018 were:

Interfund Receivable	Amounts	Interfund Payable	Amounts
General Fund	$ 67,931	Cafeteria Fund	$ 46,885
Student Activities Fund	99	Capital Projects Fund	20,668
		Student Activities Fund	378
		General Fund	99
Total	$ 68,030		$ 68,030

The above amount due to the General Fund is principally the result of expenditures paid by the General Fund that are the responsibility of other funds.

During the fiscal year ended June 30, 2018, the following fund level transfers were made:

Expending fund	Amounts	Receiving fund	Amounts
General Fund	$ 427,483	Cafeteria Fund	$ 427,483
Total	$ 427,483		$ 427,483

The above transfer from the Cafeteria Fund represents principally the writing off of an amount owed to the General Fund. This amount is being written off as a transfer because the amount is deemed to be uncollectible. The Cafeteria Fund does not have the funds available nor the profitability potential going forward that would be required to repay this debt.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to certain torts, thefts, damages, catastrophic loss of assets, errors and omissions, injury to employees and natural disasters. Bethlehem-Center School District manages most of its risk through the general fund with the purchase of commercial insurance coverage. There has been no reduction in insurance coverage from the previous year, nor have amounts of settlements exceeded coverage levels in the past three years.

The School District estimates that the amount of actual or potential claims against the District as of June 30, 2018, will not materially affect the financial condition of the School District and feels the majority of any judgments will be covered under the present insurance coverage.

Note 12 - Jointly Governed Organizations

The School District is one of six member school districts of the Mon Valley Career & Technology Center (Technology Center). The Technology Center is controlled and governed by the Joint Board, which is composed of one member from each school board of the member districts. Direct oversight of Technology Center's operations is the responsibility of the Joint Committee. The School District's share of annual operating and capital costs for the Technology Center fluctuates based on the percentage enrollment in the school. The Mon Valley Career & Technology Center prepares financial statements, which have been separately audited. The audit report may be obtained by calling the business office of the School District.

Note 13 – Investment in Joint Venture

As disclosed in Note 11, the School District is a member school district of the Mon Valley Career & Technology Center. During 2011/2012, the Technology Center issued school building authority bonds with the prorated principal amounts allocated among the member school districts. This investment by the School District in the renovation of the Technology Center is accounted for as a joint venture. The amount shown on the statement of net position represents only amounts invested by the School District since July 1, 2011.

Note 14 – Health Insurance Consortium

The Intermediate Unit I Health Insurance Consortium Trust (Trust) was formed September 1, 1991, to provide a program of health coverage for its subscribing school districts and vocational-technical schools. All school districts and vocational-technical schools serviced by the Intermediate Unit I of Fayette, Greene and Washington Counties are eligible to participate in the Trust. The Trust's general objectives are to formulate, develop, and administer, on behalf of its subscribers, a program of insurance, to obtain lower costs for the coverage, to reward subscribers for lower usage of the coverage, to establish a continuing voice with Blue Cross/Blue Shield, and to manage the Trust's healthcare dollar most effectively.

Each subscriber is entitled to designate a representative to vote on the election of five trustees to administer the Trust (collectively referred to as the "Trustee"). The Trustee shall determine the costs of the group plan and shall fix the amount of monthly contributions due from each subscriber to cover both the costs of the insurance and the administration of the plan. Any subscriber may withdraw from the Trust by giving written notice to the Trustee prior to March 31st of the year they intend to withdraw. All withdrawals will be effective as of June 30th. Subscribers currently include twenty-two school districts and four career & technology centers.

Note 15 – New Accounting Pronouncement

GASB Statement #75 was implemented in the 2017/2018 year. This statement addresses accounting and financial reporting for post-employment benefits other than pensions. The Statement establishes standards for recognizing and measuring liabilities, deferred outflows, deferred inflows, and expenditures. The application of this Statement has resulted in the School District including the total unfunded post retirement liability within its financial statements. The beginning balance of the School District's long term net position was restated as of July 1, 2017 to comply with this Statement.

Note 16 – Subsequent Event

During July 2018, the School District issued a tax anticipation note in the amount of $1,800,000 with an interest rate of 2.58%.

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Required Supplementary Information

BETHLEHEM-CENTER SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
District's Proportion of the Net Pension Liability	0.0605%	0.0608%	0.0618%	0.0622%	0.0603%
District's Proportionate Share of the Net Pension Liability	$ 29,880,000	$ 30,131,000	$ 26,769,000	$ 24,619,000	$ 24,685,000
District's Covered-employee Payroll	$ 8,054,172	$ 7,868,306	$ 7,955,403	$ 7,938,351	$ 7,737,921
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	370.99%	382.94%	336.49%	310.13%	319.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.84%	50.14%	54.36%	57.24%	54.49%

BETHLEHEM-CENTER SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

	6/30/2017	6/30/2016
District's Proportion of the Net OPEB Liability	0.0605%	0.0608%
District's Proportionate Share of the Net OPEB Liability	$ 1,233,000	$ 1,310,000
District's Covered-employee Payroll	$ 8,054,172	$ 7,868,306
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-employee Payroll	15.31%	16.65%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.73%	5.47%

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Supplementary Information

BETHLEHEM-CENTER SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Student Activity Fund

	June 30, 2017	Additions	Reductions	June 30, 2018
Assets				
Cash and Cash Equivalents	$ 123,888	$ 214,394	$ 205,743	$ 132,539
Due From Other Funds	99			99
Total Assets	$ 123,987	$ 214,394	$ 205,743	$ 132,638
Liabilities				
Due To Other Funds	$ -	$ 378	$ -	$ 378
Other Current Liabilities	123,987	214,016	205,743	132,260
Total Liabilities	$ 123,987	$ 214,394	$ 205,743	$ 132,638

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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*

Bethlehem-Center School District
Fredericktown, 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 Bethlehem-Center School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Bethlehem-Center School District's basic financial statements, and have issued our report thereon dated February 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bethlehem-Center 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 Bethlehem-Center School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bethlehem-Center School District's internal control.

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Financial Statement Finding #2018-001 that we consider to be a material weakness.

Compliance and Other Matters

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

Bethlehem-Center School District's Response to Findings

Bethlehem-Center School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Bethlehem-Center 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CYPHER & CYPHER

Cypher & Cypher

CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania
February 4, 2019

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

Bethlehem-Center School District
Fredericktown, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Bethlehem-Center 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 Bethlehem-Center School District's major federal programs for the year ended June 30, 2018. Bethlehem-Center 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 Bethlehem-Center 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 Bethlehem-Center 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 Bethlehem-Center School District's compliance.

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Opinion on Each Major Federal Program

In our opinion, Bethlehem-Center 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, 2018.

Report on Internal Control over Compliance

Management of Bethlehem-Center 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 Bethlehem-Center 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 Bethlehem-Center 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.

CYPHER & CYPHER

Cypher & Cypher

CERTIFIED PUBLIC ACCOUNTANTS

Canonsburg, Pennsylvania
February 4, 2019

Bethlehem-Center School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section 1 – Summary of Auditor's Results

Financial Statements:		
i.	Type of auditor's report issued:	Unmodified
ii.	Internal control over financial reporting:	
	Material weakness(es) identified?	Yes
	Significant deficiencies identified?	None reported
iii.	Noncompliance material to financial statements noted?	No

Federal Awards:		
iv.	Internal control over major programs:	
	Material weakness(es) identified?	No
	Significant deficiencies identified?	None reported
v.	Type of auditor's report issued on compliance for major programs:	Unmodified
vi.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

vii.	Major Programs:	
	CFDA Number(s)	Name of Federal Program or Cluster
	84.027 84.173	Special Education Cluster
	10.555 10.553	Child Nutrition Cluster
viii.	Dollar threshold used to distinguish between type A and type B programs:	$750,000
ix.	Auditee qualify as low-risk auditee?	No

Section 2 – Findings Related to Financial Statements Required to Be Reported Under GAGAS

Financial Statement Finding #2018-001		
Criteria		Finding Criteria – A component of internal control relating to financial reporting is to verify the accuracy of ledger account balances.
Condition		Condition Found – Various account balances were not in balance at year end. The reconciliation process that verifies transactions recorded to the books and records was not performed on certain cash, accounts receivable, accounts payable, and fund balance accounts.
Cause/Effect		Cause of the Finding – Change in the superintendent and business manager positions lead to a four - six month vacancy in key personnel positions of the administration. During this transition period, temporary and existing staff maintained daily operations. During the transition period, the reconciliation process was not performed on ledger account balances. Once the business manager was hired, it took time to organize the state of the office. The matter was further compounded with understanding the role of the position, lack of oversight during the transition and limited working knowledge of the accounting software. Effect of the Finding – Misstatement of income and expense occurred within the accounting records without being detected in a timely manner. In addition the District was not aware of the deficit it operated until the financial audit was completed. Questioned Costs – No questioned costs.

District's Response and Corrective Action Plan		The District's administration is in agreement with this finding. Procedures are in the process of being implemented to assure the items listed above are not repeated.

Section 3 – Findings and Questioned Costs for Federal Awards

None.

Section 4 – Summary Schedule of Prior Audit Findings

Compliance Finding #2017-001 Child Nutrition Cluster		
Criteria		**Finding Criteria** – The Child Nutrition Cluster regulations require the School District to select families participating in the program for the verification process. The verification process requires the family to send in proof of income to substantiate the information provided on the application.
Condition		**Condition Found** – Procedures noted the school district used the net income to determine eligibility for these families. Per the Child Nutrition Cluster regulations, the district is required to use gross income to determine eligibility.
Cause/Effect		**Cause of the Finding** – The District employee responsible for performing the verification process used the net income amount provided by the families chosen for verification rather than the gross income amount. **Effect of the Finding** – Using the net income amount rather than the gross income amount resulted in one family, as a result of the verification process, being kept at reduced status rather than being changed from reduced status to paid status. **Questioned Costs** – The questioned cost for this finding is $766.30.
Recommendations		The employee responsible for performing the verification process should use gross income rather than net income to determine eligibility.
School District's Response and Corrective Action Plan		The School District agrees with the finding and the recommendations will be implemented.
Status of This Finding as of June 30, 2018		This issue has been corrected and is not included as a finding in the current audit.

Corrective Action Plan
For the Year Ended June 30, 2018

Financial Statement Finding #2018-001

Name of contact person:	Joseph Gudac, Business Manager
Corrective Action:	Processes will be modified to ensure that account balances within the District's general ledger are verified and reconciled regularly.
Anticipated Completion Date:	The District will implement the above procedure immediately.

Bethlehem-Center School District
Schedule of Expenditure of Federal Awards
for the Year Ended June 30, 2018

Project Title Or Grant Name	Funding Source	Federal CFDA #	Pass Through Grantor #	Program Years	Program Grant Award	Cash Received In 17/18	Accrued/ Deferred Revenue 7/1/17	Revenues Recognized 17/18	Expenditures Recognized 17/18	Accrued/ Deferred Revenue 6/30/18	Carryover To 18/19
Title I, Part A Cluster											
Department of Education											
Passed from Pennsylvania Department of Education											
Title I	I	84.010	013-170035	16/17	$ 311,814.00	$ 41,575.06	$ 41,573.06	$ 2.00	$ 2.00	$	$
				17/18	265,041.00	265,041.00	-	265,041.00	265,041.00	-	-
Total Title I, Part A Cluster					$ 576,855.00	$ 306,616.06	$ 41,573.06	$ 265,043.00	$ 265,043.00	$	$
Special Education Cluster (IDEA)											
Department of Education											
Passed from Allegheny Intermediate Unit #3											
Education of Handicapped - IDEA Program	I	84.027		17/18	$ 288,943.00	$ 288,943.00	$	$ 288,943.00	$ 288,943.00	$	$
IDEA-B, Section 619	I	84.173		17/18	1,128.00	1,128.00		1,128.00	1,128.00		
Total Special Education Cluster (IDEA)					$ 290,071.00	$ 290,071.00	$	$ 290,071.00	$ 290,071.00	$	$
Child Nutrition Cluster											
U.S. Department of Agriculture											
Passed from Pennsylvania Department of Education											
School Breakfast Program	I	10.553		17/18	$ 73,888.34	$ 63,557.58	$	$ 73,888.34	$ 73,888.34	$ 10,330.76	$
National School Lunch Program	I	10.555		17/18	268,139.66	233,484.25		268,139.66	268,139.66	34,655.41	
Passed From Pennsylvania Department Of Agriculture											
National School Lunch Program -	I	10.555									
Donated Commodities				16/17	42,330.41	- a	(9,103.70)	9,103.70	9,103.70 c	- d	-
				17/18	38,701.48	38,701.48	- b	28,764.57	28,764.57 c	(9,936.91) d	-
Subtotal CFDA #10.555					349,171.55	272,185.73	(9,103.70)	306,007.93	306,007.93	24,718.50	0.00
Total Child Nutrition Cluster					$ 423,059.89	$ 335,743.31	$ (9,103.70)	$ 379,896.27	$ 379,896.27	$ 35,049.26	$ -
Department of Education											
Passed through the PA Department of Education											
Title II - Improving Teacher Quality	I	84.367	020-170035	16/17	$ 109,274.00	$ 36,338.06	$ 21,267.28	$ 15,070.78	$ 15,070.78	$ -	$ -
			020-160035	17/18	43,051.00	43,909.00	-	43,051.00	43,051.00	(858.00)	
Subtotal CFDA #84.367					152,325.00	80,247.06	21,267.28	58,121.78	58,121.78	(858.00)	0.00
Department of Education											
Passed through the PA Department of Education											
Title IV - Student Support and Academic Enrichment	I	84.424	144-180035	17/18	$ 10,000.00	$ 10,000.00	$	$ 4,677.42	$ 4,677.42	$ (5,322.58)	$ 5,322.58
Subtotal CFDA #84.367					10,000.00	10,000.00	0.00	4,677.42	4,677.42	(5,322.58)	5,322.58
Total Department of Education					$ 162,325.00	$ 90,247.06	$ 21,267.28	$ 62,799.20	$ 62,799.20	$ (6,180.58)	$ 5,322.58
Grand Total					$ 1,452,310.89	$ 1,022,677.43	$ 53,736.64	$ 997,809.47	$ 997,809.47	$ 28,868.68	$ 5,322.58

Footnotes:
(a) Total amount of Commodities received from Dept of Agriculture
(b) Beginning inventory at July 1
(c) Total amount of Commodities Used
(d) Ending inventory at June 30

Bethlehem-Center School District
Notes to Schedule of Expenditures of Federal Awards
for the Year Ended June 30, 2018

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes federal award activity of Bethlehem-Center School District (the "School District") under programs of the federal government for the year ended June 30, 2018. 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 Bethlehem-Center School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Bethlehem-Center School District.

Note 2 – 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2018, the District had food commodities totaling $9,937 in inventory.

Note 4 – Indirect Cost Rates

The School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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$3,740,000
BETHLEHEM-CENTER SCHOOL DISTRICT
(Washington County, Pennsylvania)
Dated October 15, 2019 - Final Maturity October 1, 2049
GENERAL OBLIGATION (LIMITED TAX) BONDS, SERIES OF 2019

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Bethlehem-Center School District (Washington County, Pennsylvania) (the "Issuer"), in connection with the issuance of its $3,740,000 General Obligation (Limited Tax) Bonds, Series of 2019 (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the Issuer on December 3, 2018 (as amended April 23, 2019, the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Certificate***. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to comply with, and constitutes the written undertaking for the benefit of the holders of the Bonds required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule").

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

"*Annual Report*" means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

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

"*Disclosure Representative*" means the Business Manager of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

"*Dissemination Agent*" means any person or entity so designated by the Issuer as being responsible, in whole or in part, for the duties and obligations of the Issuer set forth herein.

"*EMMA*" means the continuing disclosure service of the MSRB's Electronic Municipal Market Access system, as established by SEC Release No. 34-58256, as amended, and approved by SEC Release No. 34-59061.

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

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate, if such event is material with respect to the Bonds.

"Offering Document" means the Preliminary Official Statement relating to the Bonds, dated September 19, 2019, and the Official Statement relating to the Bonds, dated September 26, 2019.

"Operating Data" shall mean an update of the operating data contained in the Offering Document under the heading(s) and subheading(s) "BETHLEHEM-CENTER SCHOOL DISTRICT – Enrollment History and Projections,"; "TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT – Major Real Estate Taxpayers," and "– Real Estate Tax Collection Data"; and "REAL PROPERTY VALUES TREND."

"*Tax-exempt*" means that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

Section 3. ***Provision of Annual Reports***. The Issuer shall provide the Annual Report, consistent with the requirements and descriptions set forth in Section 4 of this Disclosure Certificate, to EMMA no later than March 31 of each year, in respect of the fiscal year ending the previous June 30 (the "Report Date"), beginning with the fiscal year ended June 30, 2019. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate, and the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

Section 4. ***Content of Annual Reports***. The Issuer's Annual Report shall contain or incorporate by reference the Issuer's audited financial statements, prepared in accordance with generally accepted accounting practices, and a summary of the Issuer's adopted budget for the next fiscal year, together with the Operating Data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board or EMMA. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. ***Reporting of Listed Events***. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events or circumstances:

(i) principal and interest payment delinquencies;

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

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

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

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

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue

(IRS Form 5701-TEB) or other similar events affecting the tax-exempt status of the security;

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

(viii) bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;

(ix) tender offers and defeasances;

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

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event, such as determination of distressed status, affecting the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition of the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) the incurrence of a Financial Obligation of the Issuer, if material, or the agreement, in connection with a Financial Obligation, to new, or additional, covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event the Issuer shall as soon as practicable determine if such event is material information for holders of Bonds, provided, that any event under subsection (a)(xi) will always be deemed to be material.

(c) If the Issuer has determined that knowledge of the occurrence of a Listed Event is material, the Issuer shall promptly notify the Paying Agent in writing and report the event pursuant to subsection (d).

(d) If the Issuer determines to report the occurrence of any one or more Listed Events pursuant to subsection (c) above, then the Issuer shall file a notice of such occurrence with EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

Section 6. ***Termination of Reporting Obligation***. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. ***Dissemination Agent***. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. If no replacement Dissemination Agent is appointed, the Issuer shall undertake all obligations thereof hereunder.

Section 8. ***Amendment; Waiver***. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. ***Additional Information***. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information on a voluntary basis, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall not incur an obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event, simply by reason of such voluntary disclosure.

Section 10. ***Default***. In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Certificate any holder of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Resolution or the Bonds and the rights and remedies provided by the Resolution or the Bonds upon the occurrence of a default shall not apply to any such failure. The sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. ***Immunities of Individuals***. No recourse shall be had for any claim based hereon against any member, officer or employee, past, present or future, of the Issuer or the officers of the Issuer or of any successor body, as such.

Section 12. ***Beneficiaries.*** This Disclosure Certificate shall inure solely to the benefit of the Issuer, PNC Capital Markets, LLC (the initial purchaser of the Bonds) and the holders from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. ***Notices***.

Any notices or communications to or with the Issuer may be given as follows:

Bethlehem-Center School District
194 Crawford Road
Fredericktown, Pennsylvania 15333
Attention: Business Manager

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Certificate as of this day, October 15, 2019.

BETHLEHEM-CENTER SCHOOL DISTRICT

By:__________________________________
Vice President, Board of School Directors

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

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<u>FORM OF OPINION OF BOND COUNSEL</u>

The form of the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Bond Counsel has no duty, and has assumed no obligation, to revise, update or supplement its opinion to address or reflect a change or changes in such circumstances subsequent to the date of delivery of the Bonds, whether or not it has notice or obtains knowledge of the same, and whether or not this Official Statement shall be recirculated. The approving legal opinion of Bond Counsel represents its considered professional judgment, following a comparison of relevant factual certifications to applicable law. Such opinion is not a guarantee of a particular result, nor is such opinion binding on any administrative or judicial tribunal.

We have served as Bond Counsel to Bethlehem-Center School District (Washington County, Pennsylvania) (the “Local Government Unit”) and do hereby undertake to advise you in connection with the issuance, sale and delivery of its $3,740,000, aggregate principal amount, General Obligation (Limited Tax) Bonds, Series of 2019 (the “Bonds”), issued in fully registered form, dated and bearing interest from October 15, 2019, maturing on various annual dates ending October 1, 2049, and subject to redemption at the option of the Local Government Unit prior to maturity beginning October 1, 2027.

In that capacity, we have examined the Constitution of the Commonwealth of Pennsylvania; the Public School Code of 1949, Act of March 10, 1949, P.L. 30, No. 14, as amended (the “School Code”); the Local Government Unit Debt Act, 53 Pa.C.S.A. §8001 *et seq.*, as amended (the “Debt Act”); the formal action of the Governing Body of the Local Government Unit authorizing the incurrence of nonelectoral debt evidenced by the Bonds (the “Debt Ordinance”); the corresponding Certificate of Approval of the Department of Community and Economic Development; the Internal Revenue Code of 1986, as amended (the “Tax Code”); and such other proceedings and law as we deemed necessary in order to render this opinion. We have reviewed the Federal Income Tax Certificate of an authorized officer of the Local Government Unit, along with other closing certificates of the Local Government Unit and other parties to the issuance and sale of the Bonds. Unless separately noted, we have relied upon, but have not independently verified, factual certifications made to us by the Local Government Unit, its officers and agents, and by said other parties, both in such certificates and otherwise during the course of our engagement.

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

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.

We have not been engaged nor undertaken to review the adequacy of disclosure in the Official Statement nor in any other securities offering material produced in respect of the Bonds and, except as to matters set forth in this opinion and described as such in said Official Statement, we express no opinion or belief with respect thereto.

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

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

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

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

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

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

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

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

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

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

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

7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds (including, in the case of Bonds sold at an original issue discount, the difference between initial offering price and par) is excludable from gross income for Federal income tax purposes, pursuant to the Tax Code. Furthermore, interest on the 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. Due to the designation of the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Tax Code, certain financial institutions may be able to deduct 80% of the interest expense incurred in purchasing or carrying the Bonds. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the 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.

This opinion is rendered as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter be brought to our attention, or any changes in law that may hereafter arise.

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