



NEW ISSUE—BOOK-ENTRY ONLY

OFFICIAL STATEMENT

RATING: The Bonds are S&P Global Ratings Rated "AA" (Stable outlook)
BAM Insured
Moody's "A2" Underlying
See **"RATING"** and **"MUNICIPAL BOND INSURANCE"** herein

In the opinion of Bond Counsel, under existing law and assuming continuing compliance by the District with certain covenants to comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on and accruals of original issue discount with respect to the Bonds are excluded from gross income for Federal income tax purposes and are not items of tax preference for purposes of the Federal alternative minimum tax imposed on individuals. (See "TAX EXEMPTION AND OTHER TAX MATTERS" herein.)

In the opinion of Bond Counsel, interest on the Bonds is exempt under present statutory and case law from the Pennsylvania Corporate Net Income Tax and from personal income taxation by the Commonwealth of Pennsylvania, or by any of its political subdivisions, and the Bonds are, under present statutory and case law, exempt from Pennsylvania personal property taxes. (See "TAX EXEMPTION AND OTHER TAX MATTERS" herein.)

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265 of the Code (relating to deduction of interest expense allocable to tax-exempt obligations held by certain financial institutions), and in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" within the meaning of said Section 265.

\$4,290,000

Western Beaver County School District (Beaver County, Pennsylvania) General Obligation Bonds, Series of 2020

Bonds Dated: Date of Delivery
Denominations: Integral multiples of \$5,000
Interest Due: March 1 and September 1

Principal Due: March 1, as shown on inside cover
First Interest Payment: September 1, 2020
Form: Book-Entry Only

The Western Beaver County School District (the "School District") will issue its General Obligation Bonds, Series of 2020 in the aggregate principal amount of \$4,290,000 (the "Bonds"), and will be issued as fully registered bonds. The Bonds, when issued, will be registered in the name of Cede & Co., which is the nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 and integral multiples thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds.

See **"BOOK-ENTRY ONLY SYSTEM"** herein. If, under the circumstances described herein, the Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Western Beaver County School District, a public school district located in Beaver County, Pennsylvania payable from its local taxes, state subsidy and other general revenues. The School District has covenanted in the Resolution adopted by the Board of Directors of the School District on February 12, 2020 (the "Resolution") that authorized the Bonds, that it will budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its legally available revenues or funds, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and all available taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable real property within the School District, to the extent permitted by law, including Act 1 of the Special Session of 2006, as amended. (See **"THE BONDS - Security"** and **"TAXING POWERS OF THE SCHOOL DISTRICT"** herein).

Interest on each of the Bonds is payable initially on September 1, 2020, and thereafter semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Zions Bancorporation, National Association (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its designated corporate trust office, presently located in Pittsburgh, Pennsylvania (or any successor paying agent or other designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date (as defined herein) with respect to the particular interest payment date (See **"THE BONDS,"** herein).

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

Proceeds of the Bonds will be used to provide the School District with the funds required to: (1) currently refund of the School District's outstanding General Obligation Bonds, Series of 2015; and (2) pay the costs of issuing the Bonds.

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

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



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

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of John F. Salopek, Esquire, Bond Counsel, of Ambridge, Pennsylvania, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Alfred L. Steff, Jr., Esquire, Beaver, Pennsylvania, School District Solicitor. It is expected that the Bonds will be available for delivery in New York, New York, on or about April 8, 2020.

BOENNING & SCATTERGOOD

Dated: March 3, 2020

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

\$4,290,000
Western Beaver County School District
(Beaver County, Pennsylvania)
General Obligation Bonds, Series of 2020

Bonds Dated: Date of Delivery
Interest Due: March 1 and September 1

Principal Due: March as shown below
First Interest Payment: September 1, 2020

BOND MATURITY SCHEDULE:

	Principal					CUSIP
Year	Amount	Coupon	Yield	Price		957747 ⁽¹⁾
3/1/2021	\$280,000	2.000%	1.000%	100.890		BK3
3/1/2022	\$390,000	3.000%	1.030%	103.691		BL1
3/1/2023	\$405,000	4.000%	1.050%	108.395		BM9
3/1/2024	\$420,000	4.000%	1.080%	111.113		BN7
3/1/2025	\$435,000	4.000%	1.100%	113.788		BP2
3/1/2026	\$455,000	2.000%	1.350%	103.371*		BQ0
3/1/2027	\$465,000	2.000%	1.450%	102.844*		BR8
3/1/2028	\$470,000	2.000%	1.550%	102.320*		BS6
3/1/2029	\$480,000	2.000%	1.650%	101.799*		BT4
3/1/2030	\$490,000	2.000%	1.750%	101.281*		BU1
* Priced to the optional call date of September 1, 2025						

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

WESTERN BEAVER COUNTY SCHOOL DISTRICT

(Beaver County, Pennsylvania)
343 Ridgemont Drive
Midland, Pennsylvania 15059
Phone: (724) 643-9310
Fax: (724) 643-8048
Website: westernbeaver.org

BOARD OF SCHOOL DIRECTORS

Mr. Patrick McGeehan.....	President
Mr. Hubert Kovalsky	Vice President
Mr. John Nadzam	Treasurer
Mr. Martin Gimbus	Member
Mrs. Ilene McLean	Member
Mr. John Metzler.....	Member
Mr. Joseph Porto	Member
Mr. Michael Vujaklya	Member
Mrs. Paula Kadilak.....	Secretary

SUPERINTENDENT

DR. ROBERT POSTUPAC

DIRECTOR OF BUSINESS & FINANCE

DR. ROBERT POSTUPAC

SOLICITOR

ALFRED L. STEFF JR., ESQUIRE
Beaver, Pennsylvania

BOND COUNSEL

JOHN SALOPEK
Ambridge, Pennsylvania

UNDERWRITER

BOENNING & SCATTERGOOD, INC.
Pittsburgh, Pennsylvania

PAYING AGENT

ZIONS BANCORPORATION, NATIONAL ASSOCIATION
Pittsburgh, Pennsylvania

DISSEMINATION AGENT

DIGITAL ASSURANCE CERTIFICATION LLC
Orlando, Florida

No dealer, broker, salesperson or other person has been authorized by the School District or the Underwriter to give any information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter or, as to information from other sources, by the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof or the earliest date as of which said information is given.

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

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

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

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

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

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

TABLE OF CONTENTS

<u>Page</u>	<u>Page</u>
INTRODUCTION.....	1
PURPOSE OF THE ISSUE	1
Sources and Uses of Bond Proceeds.....	2
THE BONDS	2
Description.....	2
Payment of Principal and Interest.....	2
Transfer, Exchange and Registration of Bonds ...	3
Security	3
Commonwealth Enforcement of Debt Service	
Payments	4
Pennsylvania Budget Adoption.....	4
Act 85 of 2016	4
Sinking Fund.....	5
Actions in the Event of Default on the Bonds	5
MUNICIPAL BOND INSURANCE	6
BOND INSURANCE RISK FACTORS	7
BOOK-ENTRY ONLY SYSTEM.....	8
REDEMPTION OF BONDS.....	9
Optional Redemption.....	9
Mandatory Redemption	10
Notice of Redemption	10
Manner of Redemption	10
THE SCHOOL DISTRICT.....	10
Introduction.....	10
Organization and Central Administration	11
School Facilities.....	11
Enrollment Trends	11
SCHOOL DISTRICT FINANCES	11
Introduction.....	11
Financial Reporting.....	12
Budgeting Process as modified by Act 1 of the	
Special Session of 2006 (Taxpayer Relief Act)....	12
TAXING POWERS OF THE SCHOOL DISTRICT	17
In General.....	17
The Taxpayer Relief Act (Act 1).....	17
Status of the Bonds under Act 1	18
Act 48 of 2003	18
Real Property Tax.....	19
Other Taxes.....	21
COMMONWEALTH AID TO SCHOOL DISTRICTS.....	22
General.....	22
Current Lack of State Appropriations for	
State Subsidies	22
DEBT AND DEBT LIMITS	23
Debt Statement.....	23
Debt Service Requirements.....	26
Future Financing.....	26
LABOR RELATIONS	26
Pension Program.....	27
Other Post-Employment Benefits	28
RISKS OF LOSS	28
Economic Factors Affecting the Financial	
Condition of the School District	29
Uncertainty of Tax Revenues	29
Competing Commonwealth Intercept	
Obligations	29
Commonwealth Funding Adjustments or	
Failure to Appropriate.....	29
Enforcement of Remedies; Public Education	
Duties	29
Actions in the Event of Default	30
Financial Distress/Bankruptcy	30
No Assurance of Secondary Market for	
the Bonds	31
Risk of Audit by the Internal Revenue Service	31
LITIGATION.....	31
DEFAULTS AND REMEDIES	31
TAX EXEMPTION AND OTHER TAX MATTERS	31
Pennsylvania Tax Exemption	31
Federal Tax Exemption	32
Qualified Tax Exemption	32
Original Issue Discount	32
Original Issue Premium	32
Other Tax Matters	33
Information Reporting.....	33
Backup Wlthholding	33
Change in Law; Adverse Determinations	33
Circular 230.....	34
CONTINUING DISCLOSURE UNDERTAKING	34
COMPLIANCE WITH PREVIOUS CONTINUING	
DISCLOURE UNDERTAKING.....	36
RATINGS.....	36
UNDERWRITING	37
LEGAL OPINION	37
MISCELLANEOUS	37
APPENDIX A - DEMOGRAPHIC AND ECONOMIC	
INFORMATION RELATING TO WESTERN BEAVER	
COUNTY SCHOOL DISTRICT	
APPENDIX B - AUDITED FINANCIAL STATEMENTS	
FISCAL YEAR ENDING JUNE 30, 2019	
APPENDIX C - SPECIMEN MUNICIPAL BOND	
INSURANCE POLICY	

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

\$4,290,000

**Western Beaver County School District
(Beaver County, Pennsylvania)
General Obligation Bonds, Series of 2020**

INTRODUCTION

This Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by the Western Beaver County School District (the "School District"), a public school district located in Beaver County, Pennsylvania, in connection with the offering of \$4,290,000 aggregate principal amount of its General Obligation Bonds (the "Bonds"). The Bonds are being issued pursuant to, and are secured by, a Resolution of the Board of School Directors of the School District adopted on February 12, 2020 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa.C.S. Chs. 80-82, as amended (the "Debt Act").

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds can be made in book-entry only form and purchasers will not receive certificates representing their interest in the Bonds. So long as DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See **"THE BONDS--Description"** AND **"BOOK-ENTRY ONLY SYSTEM"** herein.

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

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to provide the School District with the funds required to: (1) currently refund the School District's outstanding General Obligation Bonds, Series of 2015; and (2) pay the costs of issuing the Bonds.

Sources and Uses of Bond Proceeds

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

Sources of Funds		Total
Bond Principal Amount		\$4,290,000.00
Net Original Premium		211,917.80
Total		\$4,501,917.80
Uses of Funds		Total
Refund, Series of 2015		\$4,390,625.68
Costs of Issuance (1)		98,803.02
Contingency		12,489.10
Total		\$4,501,917.80

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

THE BONDS

Description

The Bonds will be issued in registered form, without coupons, in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$4,290,000 and will be dated the date of delivery, which is also the date upon which interest begins to accrue. The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on each of the Bonds will be payable initially on September 1, 2020, and thereafter, semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC, and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:

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

Interest will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding September 1, 2020, in which event such Bond shall bear interest from April 8, 2020, 2020, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth calendar day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books

maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such certificated Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

Transfer, Exchange and Registration of Bonds

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

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

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

Security

The Bonds are general obligations of the School District and are payable from its local taxes, state subsidies and other general revenues. The School District has covenanted in the Resolution that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and all available taxing power, which taxing power presently includes *ad valorem* taxes on all taxable property within the School District, subject to the limitations of Act 1 (See, "**TAXING POWERS OF THE SCHOOL DISTRICT**" herein). The Debt Act presently provides for enforcement of debt service payments (see "**DEFAULTS AND REMEDIES**" herein), and the Public School Code, as hereinafter defined, presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see "**Commonwealth Enforcement of Debt Service Payments**" hereinafter).

Commonwealth Enforcement of Debt Service Payments

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

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally (see "**Pennsylvania Budget Adoption**" hereinafter).

Pennsylvania Budget Adoption

In the recent past, the Commonwealth of Pennsylvania has started its fiscal year (July 1) without a fully adopted state budget. In the 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 state budget became law, known as Act 16A of 2016, on July 12, 2016 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on July 1, 2016. On July 13, 2016, the General Assembly adopted and Governor signed into law an additional tax and revenue package, known as Act 85 of 2016, which was needed to balance the 2016-17 state budget.

For the 2017-18 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. Act 1A of 2017 did not have any accompanying legislation regarding the potential revenue that would be needed to fund the balance of the 2017-18 budget at the time of its enactment. On October 25, 2017, the General Assembly adopted House Bill 542 which contained the necessary revenue to fund the balance of the previously adopted Act 1A of 2017. On October 30, 2017 the Governor approved and signed House Bill 542 and it became known as Act 43 of 2017. The budget for the 2018-19 fiscal year was adopted on a timely basis.

During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. **Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the 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" hereinafter.**

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 School District's general obligation bonds, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts that may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Commonwealth 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.

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.

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Western Beaver County School District Sinking Fund, General Obligation Bonds, Series of 2020" (the "Sinking Fund"), has been created in accordance with the Resolution and will be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

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

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

Actions in the Event of Default on the Bonds

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

MUNICIPAL BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$534.9 million, \$132.5 million and \$402.4 million, respectively. BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions. BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available from BAM

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

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

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content. BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

BOND INSURANCE RISK FACTORS

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

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

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

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

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

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

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as the securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

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

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

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

REDEMPTION OF BONDS

Optional Redemption

The Bonds stated to mature on or after March 1, 2026, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on September 1, 2025, or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

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

Mandatory Redemption

The Bonds are not subject to mandatory redemption.

Notice of Redemption

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

If at time of mailing of a notice of redemption the School District shall not have deposited with the Paying Agent (or, in the case of a refunding, with another bank or depository acting as refunding escrow agent) money sufficient to redeem all Bonds called for redemption, the notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such money is so deposited.

Notice of any redemption shall be given not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

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

Manner of Redemption

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

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

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

THE SCHOOL DISTRICT

Introduction

The Western Beaver County School District was established in 1963 and receives students from the boroughs of Ohioville, Industry, and Glasgow. These boroughs are in a rural locality covering 34.5 square miles.

Approximately 717 students are enrolled in our schools. There are two school buildings in our district, all designated as single-floor structures. These buildings include Fairview Elementary (housing grades Pre K-5 and Western Beaver Junior/Senior High School housing grades 6 – 12).

Organization and Central Administration

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

School District Facilities

The School District provides education for children in kindergarten (k) through twelfth grade (12). It presently operates one elementary school and one junior/senior high school as described in the following table.

TABLE 1

School District Facilities

	<u>Original Construction</u>	<u>Most Recent Addition or Renovation</u>	<u>Grades</u>	<u>2019-20 Enrollment</u>
<u>Elementary:</u>				
Fairview Elementary	1954	1968, 2011	Pre K-5	348
<u>Secondary:</u>				
Western Beaver Jr/Sr High School	1961	2011	6-12	369
TOTAL				717

Source: School District Officials.

TABLE 2

<u>Actual Enrollments</u>				<u>Projected Enrollments</u>			
<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2014-15	338	388	726	2020-21	353	236	589
2015-16	352	404	756	2021-22	334	369	703
2016-17	352	384	736	2022-23	327	368	695
2017-18	346	371	717				
2018-19	353	360	713				
2019-20	348	369	717				

Source: School District Officials and Pennsylvania Department of Education

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

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

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

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

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

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act (Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act No. 25 of 2011 ("Act 1") all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

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

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

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

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, Act 1 requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

For further information regarding Act 1, see “**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS-- The Taxpayer Relief Act, as Amended (Act 1)**” herein.

Status of 2019-20 Budget Under Act 1. The Index applicable to the School District in the 2019-20 fiscal year is 3.3%. The School District increased its tax rate by 2.59%, which was above the applicable Act 1 index in conjunction with certain exceptions approved by PDE.

Annual Financial Statements

The School District’s annual financial statements for the fiscal years ended June 30, 2015 through 2019, inclusive, have been filed by the School District on EMMA (as hereinafter defined) (<http://emma.msrb.org>). Such financial statements are incorporated herein by reference.

The Tables 3, 4 and “General Fund Budget Summary for the Fiscal Year June 30, 2015 through June 30, 2019 are summaries only and are not intended to be a complete report. For more complete information, the individual financial statements and the 2019-20 budget of the School District should be reviewed at the Business Office, Western Beaver County School District, Midland, Pennsylvania.

Summary and Discussion of Financial Results

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

[THIS SECTION LEFT INTENTIONALLY BLANK]

TABLE 3									
WESTERN BEAVER COUNTY SCHOOL DISTRICT									
BALANCE SHEET - GENERAL FUND									
AS OF JUNE 30,									
ASSETS				2015	2016	2017	2018	2019	
Cash and Cash Equivalents				\$1,682,596	\$2,002,155	\$2,552,960	\$ 2,350,763	\$2,784,668	
Taxes Receivable:					587,193	648,160	669,497	611,675	
Due from Other Funds				0	355,933	390,695	409,054	440,742	
Property Taxes				458,151	0	0	0	0	
Earned Income Taxes				72,340	0	0	0	0	
Due from Other Governmental Units				0	432,408	502,334	675,712	758,291	
Other Receivables				0	45,196	21,499	5,437	7,038	
Prepaid Expenses				0	148,731	65,550	65,037	65,475	
Interfund Receivables				335,789	0	0	0	0	
Intergovernmental Receivables				376,080	0	0	0	0	
TOTAL ASSETS				\$2,924,956	\$3,571,616	\$4,181,198	\$ 4,175,500	\$4,667,889	
LIABILITIES									
Due to Other Governments				\$0	\$0	\$0	\$756	\$361	
Accounts Payable				69,785	\$171,132	281,895	120,892	98,189	
Accrued Salaries & Benefits				1,274,536	1,274,816	1,214,358	1,271,480	1,836,406	
Payroll Deductions and Withholdings				0	45,933	68,837	67,596	59,083	
TOTAL LIABILITIES				\$1,344,321	\$1,491,881	\$1,565,090	\$ 1,460,724	\$1,994,039	
DEFERRED INFLOWS OF RESOURCES									
Unavailable Revenue - Property Taxes				\$375,106	\$390,025	\$408,031	\$424,759	\$439,725	
FUND BALANCES									
Nonspendable:				0	148,731	65,550	65,037	65,475	
Restricted				0	0	1,000	0	0	
Assigned for Capital Reserve				866	0	0	0	3,173	
Unassigned				1,204,663	1,540,979	2,141,527	2,224,980	2,165,477	
TOTAL FUND BALANCES				\$1,205,529	\$1,689,710	\$2,208,077	\$2,290,017	\$2,234,125	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				\$2,924,956	\$3,571,616	\$4,181,198	\$ 4,175,500	\$4,667,889	
Source: Western Beaver County School District Financial Statements for years ending June 30, 2015 through 2019.									

TABLE 4									
WESTERN BEAVER COUNTY SCHOOL DISTRICT									
STATEMENT OF REVENUES, EXPENDITURES, CHANGES IN FUND BALANCE - GENERAL FUND									
FOR THE YEAR ENDED JUNE 30									
REVENUES				2015	2016	2017	2018	2019	
Local Sources				\$ 4,096,479	\$ 4,208,787	\$ 4,343,376	\$ 4,350,238	\$ 4,677,713	
State Sources				7,862,482	8,201,428	8,385,442	8,667,772	9,228,956	
Federal Sources				272,634	153,600	244,971	191,831	129,483	
TOTAL REVENUES				\$12,231,595	\$12,563,815	\$12,973,789	\$ 13,209,841	\$14,036,152	
EXPENDITURES									
Instruction				\$ 7,428,088	\$ 7,680,379	\$ 7,736,504	\$ 7,964,371	\$ 8,685,749	
Support Services				3,883,831	3,791,686	4,166,562	4,249,947	4,442,005	
Non-Instructional Services				260,182	195,603	207,832	291,008	297,281	
Capital Outlay				37,082	9,985	0	23,034	65,018	
Debt Services				338,594	431,981	628,418	534,504	525,520	
TOTAL EXPENDITURES				\$11,947,777	\$12,109,634	\$12,739,316	\$ 13,062,864	\$14,015,573	
Excess (Deficiency) of Revenues Over Expenditures				\$ 283,818	\$ 454,181	\$ 234,473	\$ 146,977	\$ 20,579	
OTHER FINANCING SOURCES (USES)									
Proceeds from Other Extended Term Financing				\$0	\$100,000	\$103,894	\$0	\$0	
Sale of Assets				0	0	225,000	0	0	
Operating Transfers Out					(70,000)	(45,000)	(65,037)	(75,000)	
Refund of Prior Year Receipts				(13,031)	0	0	0	(1,471)	
Refund of Prior Year Expenditures				130,595	0	0	0	0	
Refunding Bond Principal Payments				(5,880,000)	0	0	0	0	
Refunding Bond Proceeds				6,120,000	0	0	0	0	
Refunding Bond Premium/(Discount)				(26,707)	0	0	0	0	
Tax Anticipation Note Proceeds				2,647,459	0	0	0	0	
Tax Anticipation Note Principle Payment				(2,647,459)	0	0	0	0	
Interfund Transfers				(30,000)	0	0	0	0	
TOTAL OTHER FINANCING SOURCES (USES)				\$ 300,857	\$ 30,000	\$ 283,894	\$ (65,037)	\$ (76,471)	
NET CHANGE IN FUND BALANCES				\$ 584,675	\$ 484,181	\$ 518,367	\$ 81,940	\$ (55,892)	
FUND BALANCE - JUNE 30,				620,854	1,205,529	1,689,710	2,208,077	2,290,017	
FUND BALANCE - JUNE 30,				\$ 1,205,529	\$ 1,689,710	\$ 2,208,077	\$ 2,290,017	\$ 2,234,125	
Source: Western Beaver County School District Financial Statements for years ending June 30, 2015 through 2019 .									

FINAL GENERAL FUND BUDGET				
WESTERN BEAVER COUNTY SCHOOL DISTRICT				
FISCAL YEAR 2019-2020				
			2019-20	
	Nonspendable Fund Balance			
	Assigned Fund Balance		\$1,480,000	
	Unassigned Fund Balance		784,000	
	Total Estimated Beginning Unreserved Fund Balance Available			
	for Appropriation and Reserves Scheduled for Liquidation			
	During the Fiscal Year		\$2,264,000	
	Estimated Revenues And Other Financing Sources			
	Revenues from Local Sources		\$4,729,008	
	Revenues from State Sources		9,042,304	
	Revenues from Federal Sources		181,916	
	Other Financing Sources		0	
	Total Estimated Revenues And Other Financing Sources		\$13,953,228	
	Total Estimated Fund Balance, Revenues, and Other Financing Sources			
	Available for Appropriation		\$16,217,228	
	Instruction		\$8,528,686	
	Support Services		4,380,832	
	Operation of Non-Instructional Services		337,264	
	Facilities Acquisition, Construction and Improvement Services		40,000	
	Other Expenditures and Financing Uses			
	Debt Service/Other Expenditures and Financing Uses		526,435	
	Interfund Transfers - Out		140,000	
	Total Other Expenditures and Financing Uses		\$666,435	
	Total Estimated Expenditures and Other Financing Uses		\$13,953,217	
	Source: Western Beaver County School District General Fund Budget for Fiscal Year End June 30, 2020			

[THIS SECTION LEFT INTENTIONALLY BLANK]

TAXING POWERS OF THE SCHOOL DISTRICT

In General

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

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – "STEB") multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

Under the Taxpayer Relief Act, a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the Commonwealth Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index applicable to the School District in the current and previous fiscal years (not including exemptions) are as follows:

Fiscal Year	Index %
2019-20	2.3%
2018-19	2.8%
2017-18	2.9%
2016-17	2.9%
2015-16	2.3%

In accordance with Act 1, the School District put a referendum question on the ballot at the May, 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax ("EIT") or a personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was **NOT** approved by the voters.

Set forth above is a summary of Act 1 and its impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor a legal interpretation of any provision of Act 1, and a prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.

Status of the Bonds under Act 1

The Bonds constitute indebtedness incurred after the effective date of Act 1 and, therefore, no exception to the referendum requirement is currently available for new taxes to pay the debt service on the Bonds if a tax increase greater than the Index is required.

Act 48 of 2003

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

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

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

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

*Applicable to the School District.

TABLE 6

**WESTERN BEAVER COUNTY SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAXES
(Mills on Assessed Value*)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
School District.....	51	54	56	57	58	59.5	59.5
Beaver County	22.2	22.2	22.2	26	26	26	26
Glasgow Borough	10	10	10	10	10	10	10
Industry Borough.....	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Ohioville Borough.....	13	13	13	13	13	13	13

*Includes library tax.

Source: School District Officials

Real Property Tax

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

TABLE 7

**WESTERN BEAVER COUNTY SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

<u>Year</u>	<u>Real Estate Taxes Levied</u>	<u>Real Estate Taxes Collected*</u>	<u>Collection Percentage</u>
2014-15	\$3,144,957	\$2,998,444	99.34%
2015-16	3,373,411	3,352,697	99.38%
2016-17	3,532,792	3,470,059	98.22%
2017-18	3,613,419	3,538,795	97.93%
2018-19	3,979,760	3,660,623	91.98%
2019-20	4,091,842	**3,471,953	84.85%

Source: School District

*Includes delinquent taxes and interim collections.

**Year-to-Date figure as of 12/31/19

TABLE 8

**WESTERN BEAVER COUNTY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value ⁽¹⁾	Assessed Value ⁽²⁾	Ratio
2014.....	\$239,805,051	\$67,535,570	28.16%
2015.....	\$240,010,829	\$67,589,455	28.16%
2016.....	\$246,900,952	\$68,113,043	27.59%
2017.....	\$247,599,434	\$68,291,010	27.58%
2018.....	\$260,526,797	\$68,616,555	26.34%

Sources:

⁽¹⁾ Pennsylvania State Tax Equalization Board

⁽²⁾ Beaver County Assessment Office.

**TABLE 9
WESTERN BEAVER COUNTY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2017 Market Value	2017 Assessed Value	2018 Market Value	2018 Assessed Value
School District.....	\$247,599,434	\$68,291,010	\$260,526,797	\$68,616,555
Glasgow Borough	1,356,867	378,419	1,210,917	378,419
Industry Borough	78,947,056	23,399,467	83,602,085	23,666,367
Ohioville Borough	167,295,511	44,513,124	175,713,795	44,571,769

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

**TABLE 10
WESTERN BEAVER COUNTY SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2014	2015	2016	2017	2018
Residential	\$45,360,165	\$45,379,730	\$45,577,637	\$45,764,449	\$49,281,006
Trailers.....	2,501,600	2,537,200	2,932,500	2,932,700	2,560,095
Lots.....	1,537,820	1,542,470	1,733,458	1,737,958	1,473,481
Industrial	2,088,925	2,088,925	1,359,350	1,359,350	2,683,450
Commercial.....	6,111,225	6,111,225	6,734,545	6,710,995	5,599,190
Agriculture.....	8,768,515	8,768,515	8,499,958	8,509,213	6,106,838
Mineral/Oil.....	61,900	50,880	4,530	4,530	0
Land.....	1,105,420	1,110,510	1,271,065	1,271,815	912,495
Total.....	\$67,535,570	\$67,589,455	\$68,113,043	\$68,291,010	\$68,616,555

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

TABLE 11

**WESTERN BEAVER COUNTY SCHOOL DISTRICT
LARGEST REAL PROPERTY TAXPAYERS, 2019**

The ten largest real estate taxpayers in the School District and 2019 assessed valuation of their real estate are as follows:

<u>Taxpayer</u>	<u>2019 Assessed Valuation</u>
Seven Oaks Country Club	\$1,270,900.00
MPLX Terminals LLC	899,850.00
Bell SH Company	790,800.00
Watco Transloading, LLC	374,500.00
Watco Transloading, LLC	325,500.00
Shell Oil Company	295,750.00
AKN Properties, LLC	289,250.00
Betters Acquisition Group	195,650.00
Peglow Real Estate	177,700.00
Space Limited, Inc.	152,750.00
TOTAL ASSESSED VALE	\$4,772,650.00

Source: School District Officials

Other Taxes

Under Act 511, the School District expects to collect, based on the 2019-20 budget, \$605,000 in other taxes. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Wage and Other Earned Income Tax (including net profits), Per Capita Tax, Local Services Tax and Amusement Tax are levied by the School District.

Real Estate Transfer. The School District collects a tax of 0.5% of the value of real estate transfers. It expects to collect, based on the 2019-20 budget \$45,000 or less than 0.32% of School District revenues*.

Earned Income Tax. A tax of one percent (1.0%) (subject to sharing with Borough) is levied on the earned income of residents. It expects to collect, based on the 2019-20 budget \$560,000 or 4.01% of School District revenues*.

* Total 2019-20 estimated revenues \$13,953,228.

[THIS SECTION LEFT INTENTIONALLY BLANK]

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.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>

School districts may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") or the wealth based Market Value Aid Ratio ("MVAR") whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

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

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considered amendments to the PlanCon reimbursement program. This moratorium went into effect on June 1, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year and a retroactive effective date of July 1, 2017. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017 and November 6, 2017, and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law, if made available by the Commonwealth. On June 22, 2018, the Governor approved and signed House Bill 1448, known as Act 39 of 2018, extending the PlanCon moratorium through the end of the 2018-2019 fiscal year.

To date, the CFA has issued \$1,559,680,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Notes, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Notes, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, as well as its Revenues Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional notes in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

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

DEBT AND DEBT LIMITS

Debt Statement

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

TABLE 12

**WESTERN BEAVER COUNTY SCHOOL DISTRICT
DEBT STATEMENT
(As of Date of Delivery)**

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2020 (this issue)	\$4,290,000.00
Subtotal	\$4,290,000.00
TOTAL NONELECTORAL DEBT	\$4,290,000.00
LEASE RENTAL DEBT	0
.....	\$
TOTAL PRINCIPAL OF DIRECT DEBT	\$4,290,000.00
.....	

[THIS SECTION LEFT INTENTIONALLY BLANK]

TABLE 13

**WESTERN BEAVER COUNTY SCHOOL DISTRICT
INDEBTEDNESS AND DEBT RATIOS
(As of Date of Delivery – Includes this Issue)**

	Gross Outstanding	Net Outstanding
DIRECT DEBT		
General Obligation Bonds, Series of 2020 (this issue)	\$4,290,000.00	\$4,290,000.00
Gross Direct Debt	<u>\$4,290,000.00</u>	<u>\$4,290,000.00</u>
Overlapping Debt		
Industry Borough	\$0	\$0
Beaver County	\$3,534,490.00	\$3,534,490.00
Total Overlapping Debt	<u>\$3,534,490.00</u>	<u>\$3,534,490.00</u>
Total Direct and Overlapping Debt	<u><u>\$7,824,490.00</u></u>	<u><u>\$7,824,490.00</u></u>

DEBT RATIOS

Direct Debt to:		
Market Value	1.65%	1.65%
Assessed Value	6.25%	6.25%
Per Capita	\$790.35	\$790.35
Direct and Overlapping Debt to:		
Market Value	3.00%	3.00%
Assessed Value	11.40%	11.40%
Per Capita	\$1,441.51	\$1,441.51
Beaver County Assessed Value (2018)	\$2,193,699,826	
Western Beaver County SD Assessed Value (2018)	\$68,616,555	
Western Beaver County SD Market Value (2018)	\$260,526,797	
Population (2010)	5,428	

Source: DCED Web-site, U.S. Census Bureau, School District and the Pennsylvania State Tax Equalization Board.

[THIS SECTION LEFT INTENTIONALLY BLANK]

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Debt Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2016-17	\$12,973,789
Total Revenues for 2017-18	\$13,209,841
Total Revenues for 2018-19	\$14,036,152
Total	\$40,219,782
Annual Arithmetic Average (Borrowing Base).....	\$13,406,594

Under the Debt Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following product:

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity*</u>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base	\$30,164,836	\$4,290,000	\$25,874,836

*Includes the estimated principal amount of the Bonds. Does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth aid.

[THIS SECTION LEFT INTENTIONALLY BLANK]

Debt Service Requirements

Table 14 presents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

Table 15 presents data on the extent to which Commonwealth aid provides coverage for debt service and lease rental requirements.

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

**TABLE 14
WESTERN BEAVER COUNTY SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

30-Jun	Outstanding	Series of 2020			Total
Year	Debt	Principal	Interest	Subtotal	Requiriments
2021	\$0	\$280,000	\$103,091	\$383,091	\$383,091
2022	0	390,000	109,300	499,300	499,300
2023	0	405,000	97,600	502,600	502,600
2024	0	420,000	81,400	501,400	501,400
2025	0	435,000	64,600	499,600	499,600
2026	0	455,000	47,200	502,200	502,200
2027	0	465,000	38,100	503,100	503,100
2028	0	470,000	28,800	498,800	498,800
2029	0	480,000	19,400	499,400	499,400
2030	0	490,000	9,800	499,800	499,800
Total	\$0	\$4,290,000	\$599,291	\$4,889,291	\$4,889,291

*Totals may not add due to rounding.

**TABLE 15
WESTERN BEAVER COUNTY SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY COMMONWEALTH AID***

2019-20 (estimated) State Aid Received	\$9,042,000
2019-20 (estimated) Debt Service Requirements	\$526,435
Maximum Future Debt Service Requirements after Issuance of Bonds.....	\$526,435
Coverage of 2019-20 (estimated) Debt Service Requirements.....	17 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	17 times

*Assumes current Commonwealth Aid Ratio. See "COMMONWEALTH AID TO SCHOOL DISTRICTS".

Future Financing

The School District does not anticipate issuing any additional debt in the next three years.

LABOR RELATIONS

According to officials of the Western Beaver County School District, the 58 member professional staff of the School District is represented by the Western Beaver Education Association under a contract, which expires June 30, 2020. The 48 member secretarial clerical employees, maintenance employees, cafeteria workers and aides are represented by the Western Beaver Educational Support Personnel Association under a contract which expires June 30, 2021. Both are part of the Pennsylvania State Education Association. The two principals and administrators are not unionized.

Pension Program

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

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 33.43% for the fiscal year 2018-19. Current financial projections indicate the possibility of increases in the contribution rate in the next five years.

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

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

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

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

[THIS SECTION LEFT INTENTIONALLY BLANK]

Fiscal year	Contributions
2014-15	\$1,112,112
2015-16	1,274,046
2016-17	1,580,894
2017-18	1,699,014
2018-19	1,884,687
2019-20 (Budgeted)	1,925,019

Source: School District officials.

The time-weighted rate of return on investments was 6.68% for FY 2019, 9.27% for the fiscal year ended June 30, 2018 (FY 2018), and 10.14% for the fiscal year ended June 30, 2017. The return for the ten-year period ended June 30, 2019 was 9.02%, which exceeded the 7.25% actuarial investment rate of return assumption. Unless otherwise noted, all rates of return are net of fees.

PSERS' total net position increased by \$2.4 billion from \$56.7 billion at June 30, 2018 to \$59.1 billion at June 30, 2019. The change in total net position from June 30, 2017 to June 30, 2018 was an increase of \$3.2 billion from \$53.5 billion at June 30, 2017 to \$56.7 billion at June 30, 2018. The increase in both years was due mostly to net investment income plus member and employer contributions exceeding deductions for benefit and administrative expenses.

After increasing for many years, PSERS' unfunded liability on a market value basis (Net Pension Liability) declined for the third year in a row from \$49.6 billion at June 30, 2016 to \$46.8 billion at June 30, 2019 due to the Fund receiving actuarially required contributions and earning investment returns above the assumed rate of return for the three-year period.

Total employer contributions increased from \$4.4 billion in FY 2018 to \$4.6 billion in FY 2019. This increase was primarily attributable to an increase in the total employer contribution rate from 32.57% in FY 2018 to 33.43% in FY 2019 in accordance with Act 120 of 2010. The increase in the employer contribution rate was the smallest since FY 2010. PSERS' employers fully funded the actuarially required contributions in FY 2019, FY 2018 and FY 2017 and these contributions are make a positive difference in PSERS' funding.

PSERS' total benefit expense slightly increased from \$7.1 billion in FY 2018 to \$7.2 billion in FY 2019. The average monthly benefit and the number of members receiving benefits increased in FY 2019. This growth was partially offset by a decrease in lump sum payments in FY 2019 due to a small decrease in the number of retirees electing to receive lump sums.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

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

The School District annually appropriates funds to meet its obligation to pay such benefits on a "pay-as-you-go" basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years. In the fiscal year ended June 30, 2019, the School District's OPEB cost was \$2,184 and its fiscal year 2019-20 OPEB cost is estimated at \$0.

RISKS OF LOSS

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 and the suitability of investing in the Bonds in light of their particular, individual, circumstances. Prospective purchasers should evaluate their ability bear the risk of a loss from an investment in the Bonds and should carefully consider, among other things, the matters described below, as well as the information 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 negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of special education or the costs of other physical or mental health care mandated by the State or federal governments; loss or reduction of State and federal subsidies and reimbursements for operating and capital costs; 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. For further information regarding recent Commonwealth budget experiences, see **"COMMONWEALTH AID TO SCHOOL DISTRICTS – Current Lack of State Appropriations for Debt Service"** and **"SECURITY FOR THE BONDS – Pennsylvania Budget Adoption"**.

Uncertainty of Tax Revenues

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. The School District's ability to increase its rates of taxation is limited by the provisions of Act 1. (See **"TAXING POWERS AND LIMITS"** and **"PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS—The Taxpayer Relief Act, as Amended (Act 1)"** herein).

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 Beaver County, the boroughs and the several townships.

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

Competing Commonwealth Intercept Obligations

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 local charter schools if the School District fails to transfer required appropriations to the charter school. Additionally, state law authorizes the diversion of state subsidies to the Public School Employees Retirement System ("PSERS") if a school district fails to fully fund its annual contribution to the retirement system. (See **"COMMONWEALTH AID TO SCHOOL DISTRICTS"** and **"PENSION PROGRAM"** herein).

Commonwealth Funding Adjustments or Failure to Appropriate

For the fiscal year ended June 30, 2019, the School District's EXPECTED appropriation from the Commonwealth is \$9,042,304 and such appropriation represented approximately 64% of the revenues of the School District. The School District's annual appropriation is dependent upon the adoption by the Commonwealth of its annual budget and corresponding appropriation legislation, which by law are supposed to be enacted prior to the start of each fiscal year beginning July 1. However, more than one Commonwealth budgets over the last several years have not been fully adopted on time, resulting in delays in the payment of such annual appropriations to school districts. See **"SECURITY FOR THE BONDS – Pennsylvania Budget Adoption"**.

Enforcement of Remedies; Public Education Duties

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.

School District officials are generally charged with the duty of providing for the education, safety and general welfare of their students. Confronted with a choice between providing education services to its students or funding other obligations like debt service on the Bonds, Bond purchasers should consider carefully the risk that such officials might choose to provide educational services to its students from its limited funds available before it pays its other obligations.

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 Beaver County, 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 Debt 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 Debt Act. Such representation by the trustee shall be exclusive.

Financial Distress/Bankruptcy

In the event of financial distress, Pennsylvania school districts are subject to State oversight under the provisions of Act 141. Pursuant to the provisions of Act 141, if a school district is declared in "financial recovery status," a chief recovery officer is appointed, serves at the pleasure of the Secretary of Education, and is compensated by the Pennsylvania Department of Education (the "PDE"). The chief recovery officer is appointed to develop, implement, and administer a financial recovery plan for the school district, coordinate the PDE's provision of technical assistance to the school district; attend regular and executive sessions of the school district's board of school directors; and meet at least monthly with an advisory committee which is also established pursuant to the provisions of Act 141. Chief recovery officers are afforded wide discretion by state courts in developing and implementing financial plans.

The chief recovery officer is required to develop a financial recovery plan for a school district in financial recovery status within 90 days of appointment, subject to extension by PDE. The school board must approve the financial recovery plan, which is subject to final approval by PDE. The financial recovery plan shall provide for the payment of lawful financial obligations of the school district and may include, among other things, recommendations for balancing the budget through tax or fee changes, and for enhancing the ability of the school district to negotiate new debt.

Following PDE's approval of the financial recovery plan, the chief recovery officer is required to oversee implementation of the plan by "directly controlling the implementation process," including directing employees and elected or appointed officials of the school district to take or refrain from taking certain actions. The school board is required to comply with all directives of the chief recovery officer and may take no action that is inconsistent with the plan, not specifically identified in the recovery plan or not directed by the chief recovery officer as necessary to implement the plan. If the school board fails to comply with the foregoing, the school district shall be subject to the appointment of a receiver pursuant to the School Code.

Any receiver is required to assume the powers and duties of the chief recovery officer and the board of school directors and shall have the powers and duties to implement the financial recovery plan including the power to direct the board of school directors to levy and raise taxes. A receiver, however, may not unilaterally levy or raise taxes or unilaterally abrogate, alter, or otherwise interfere with a lien, charge, covenant or relative priority held by a holder of a debt obligation of a school district. Section 672-(AXc)(3) of Article VI-A of the School Code further provides that nothing in the financial recovery provisions of such article or financial recovery plan shall be construed to authorize a receiver to "unilaterally impair or modify existing bonds, notes, school district securities or other lawful contractual or legal obligations of the school district, except as otherwise ordered by a court of competent jurisdiction or as provided in Section 642-A(A)(3)" of Article VI-A of the School Code which authorizes the receiver to "cancel or renegotiate any contract to which the board of school directors or the school district is a party, if the cancellation or renegotiation of contract will effect needed economies in the operation of the district's schools." Collective bargaining agreements are, however, specifically exempted from such clause.

Owing to the existence of Act 141, the Commonwealth of Pennsylvania has *not* authorized Pennsylvania school districts to utilize Chapter 9 of the Bankruptcy Code, and so the rights and remedies of Bond purchasers with respect to the School District's obligations are *not* subject to the provisions of the U.S. Bankruptcy Code under current Pennsylvania law. If Pennsylvania law were to change on this issue, and the School District were to file for bankruptcy, Bond purchasers could become subject to the provisions of Chapter 9, and the remedies provided under the Debt Act might not be available to Bond purchasers. Although the Bonds represent a general obligation indebtedness of the School District, for which it has pledged its full faith, credit and available taxing power, some judicial decisions have held that general obligation indebtedness constitutes an unsecured obligation of the debtor, with a correspondingly lower priority for payment and satisfaction, in the event of bankruptcy. In such an event, holders of the Bonds should not expect to receive any payment of debt service prior to confirmation of a plan of adjustment or dismissal of the case. Moreover, holders of the Bonds, as unsecured creditors, generally would not be entitled to a claim for interest accruing during the pendency of the proceeding.

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. Neither the School District, the Underwriter nor 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.

LITIGATION

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

DEFAULTS AND REMEDIES

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

TAX EXEMPTION AND OTHER TAX MATTERS

Pennsylvania Tax Exemption

In the opinion of Bond Counsel, under existing law, both the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from the Pennsylvania corporate net income tax and from personal income taxation by the Commonwealth of Pennsylvania or any of its political subdivisions.

Federal Tax Exemption

As of the date of closing, Bond Counsel will issue an opinion to the effect that under existing law, the interest on the Bonds (including any original issue discount property allocable to the owner of a Bond) is excluded from gross income for Federal income tax purposes and that, furthermore, interest on the Bonds is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals. For the purpose of rendering the opinion set forth in this paragraph, Bond Counsel has assumed compliance by the District with requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be met subsequent to the issuance of the Bonds in order that interest thereon be and remain excluded from gross income for Federal income tax purposes. Failure to comply with such requirements could cause the interest on Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Bond Counsel expresses no opinion regarding other Federal tax consequences arising with respect to the Bonds.

Qualified Tax Exemption

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code and, in the case of certain financial institutions (within the meaning of Section 265 (b)(5) of the Code), a deduction is allowed for 80 percent of that portion of such financial institutions' interest expense allocable to interest on the Bonds.

Original Issue Discount

Those Bonds whose initial reoffering prices are listing as less than 100% on the inside front cover hereof (the Bonds") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bondhouses, brokers to similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For Federal income tax purposes, OID on each Bond will accrue over the term of the Bond, and for the Bonds, the amount of the accrual will be based upon a single rate of interest, compounded semiannually (the "Yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Bond at its issue 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 bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for Federal income tax purposes.

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

Original Issue Premium

"Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for Bonds that have one or more call dates, the amount payable at the next earliest call date. Those Bonds whose initial reoffering prices are listed as more than 100% on the inside front cover hereof (the "Premium Bonds") are being initially offered and sold to the public at an Acquisition Premium Bond, the interest on which is excludable from gross income, must be amortized and will reduce the bondholder's basis in that Premium Bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining a bondholder's taxable income for Federal income tax purposes. The amount of any Acquisition Premium Bond paid on the Bonds that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's basis in such Bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Bonds should consult their tax advisors as to the actual effect of such Acquisition Bonds with respect to the holder's tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Other Tax Matters

Except as expressly stated above, Bond Counsel will express no opinion regarding any other state or Federal income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market discount or premium, taxation upon sale, redemption or other disposition and various withholding requirements which may apply to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain "S" corporations with "excess net passive income," foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds.

Information Reporting

Prospective purchasers should be aware that interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. This reporting requirement does not, in and of itself, affect or alter the excludability of such interest from gross income for Federal tax purposes or any other Federal tax consequences of purchasing, holding or selling tax-exempt obligations. The Paying Agent on behalf of the District will report annually (or more frequently if required) to owners of record and to the Internal Revenue Service in respect of interest paid on the Bonds.

Backup Withholding

Payments of interest on the Bonds may under certain circumstances be subject to "backup withholding" at rates provided in the Code. This withholding generally applies if the owner (i) fails to furnish the Paying Agent such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes to the Paying agent an incorrect TIN, (iii) fails to properly report interest, dividends or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the Paying Agent or such owner's securities broker with a certified statement signed under penalties of perjury, that the TIN is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds should consult their own tax advisors as to their qualifications for exemption for backup withholding and the procedures for obtain the exemption.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL TAX LAW WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE EFFECT ON THEIR AFFAIRS, OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON INCLUDING, BUT NOT LIMITED TO THE EFFECT ON STATE AND LOCAL TAXES.

For example, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. 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, and denying an interest expense deduction to certain financial institutions under Section 265 of the Code (unless, and in the circumstance when, the Bonds have been designated by the issuer 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, including some that carry retroactive effective dates, that, if, enacted, could alter or amend the federal 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 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.

Circular 230

This Official Statement contains tax advice written to assist the marketing, distribution, sale and placement of the Bonds. Whether authored by Bond Counsel, the District, the Financial Advisor, the Underwriter, counsel to any of the foregoing, or any other tax practitioner, such advice is not intended to be used, and may not be used, by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer.

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.

CONTINUING DISCLOSURE UNDERTAKING

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

- (A) Annually, not later than **270 days** following the end of each fiscal year, beginning with the fiscal year ending June 30, 2020, the following financial information and operating information for the School District:
 - (1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units; and
 - (2) a summary of the budget for the current fiscal year (i.e. the fiscal year following the fiscal year of the financial statements being provided)
- (B) If not submitted as part of the annual financial information, then when and if available, audited financial statements for the School District;
- (C) In a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
 - (7) modifications to rights of holders of the Bonds, if material;
 - (8) bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the School District;
 - (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (15) incurrence of a financial obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the School District, any of which reflect financial difficulties.

- (D) in a timely manner, notice of a failure of the School District to provide the required annual financial information specified above, on or before the date specified above.

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

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

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

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

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

[THIS SECTION LEFT INTENTIONALLY BLANK]

COMPLIANCE WITH PREVIOUS CONTINUING DISCLOSURE UNDERTAKINGS

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

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

		Financial Statements		Budget		Operating Data	
Fiscal Year Ending	Filing Deadline ⁽¹⁾	Filing Date	EMMA ID ⁽²⁾	Filing Date	EMMA ID ⁽²⁾	Filing Date	EMMA ID ⁽²⁾
6/30/2015	3/27/2016	3/21/2016	ES628709	3/21/2016	ES628733	N/A	N/A
6/30/2016	3/27/2017	3/22/2017	EP775428	3/23/2017	EP776079	N/A	N/A
6/30/2017	3/27/2018	3/14/2018	ES870230	3/14/2018	ES870237	N/A	N/A
6/30/2018	3/27/2019	2/22/2019	ES960508	2/22/2019	ES960507	N/A	N/A
6/30/2019	3/26/2020	2/22/2020	ER1009724	2/10/2020	ES1031627	N/A	N/A

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

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

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

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

RATINGS

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

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate price of \$4,465,452.80, (which represents par, less underwriter's discount of \$36,465.00, plus net original issue premium of \$211,917.80.) The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

LEGAL OPINION

The issuance and delivery of the Bonds is subject to the unqualified approving legal opinion of John F. Salopek Esquire, of Ambridge, Pennsylvania, Bond Counsel, and to the delivery at settlement of a certificate that there is no litigation pending affecting the validity of the Bonds. Certain legal matters will be passed upon for the School District by Alfred L. Steff, Jr. Esquire, Beaver, Pennsylvania, School District Solicitor.

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

MISCELLANEOUS

This Official Statement has been prepared under the direction of the School District by Boenning & Scattergood, Inc., Pittsburgh, Pennsylvania, in its capacity as Underwriter to the School District. The information set forth in this Official Statement has been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Underwriter upon request. The information assembled in this Official Statement is not to be construed as a contract with holders of the Bonds.

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

WESTERN BEAVER COUNTY SCHOOL DISTRICT
Beaver County, Pennsylvania

By: /s/ Patrick McGeehan
President, Board of School Directors

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

Demographic and Economic Information Relating to Western Beaver County School District

[THIS PAGE INTENTIONALLY LEFT BLANK]

Population

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

TABLE A-1
RECENT POPULATION TRENDS

<u>Geographic Area</u>	<u>2000</u>	<u>2010</u>	<u>Average Percentage Change</u>
Glasgow Borough	63	60	-4.8%
Industry Borough	1,921	1,835	-4.5%
Ohioville Borough	3,759	3,533	-6.0%
<i>School District</i>	18,358	18,080	-1.5%
<i>Beaver County</i>	181,412	170,539	-5.99%
<i>Pennsylvania</i>	12,281,054	12,702,379	3.4%

Source: U.S. Bureau of the Census 2010

TABLE A-2
AGE COMPOSITION

<u>Area</u>	<u>18 Years +</u>	<u>21 Years+</u>	<u>65 Years+</u>
Beaver County	76.1%	70.8%	12.8%
Pennsylvania	77.5%	73.0%	15.3%

Source: U.S Bureau of the Census 2010

Table A-4 shows recent trends in labor force, employment, and unemployment for Beaver County and the Commonwealth.

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019⁽¹⁾</u>
Beaver County							
Civilian Labor Force	86,500	85,900	85,800	85,300	84,900	84,100	84,900
Employment	80,300	80,400	80,600	80,100	80,200	80,200	81,100
Unemployment	6,300	5,600	5,200	5,300	4,700	3,800	3,800
Unemployment Rate.....	7.2%	6.5%	6.0%	6.2%	5.5%	4.5%	4.4%
Pennsylvania							
Civilian Labor Force (000)	6,442.0	6,392.0	6,416.0	6,450.0	6,425.0	6,424.0	6,542.0
Employment (000)	5,968.0	6,018.0	6,076.0	6,103.0	6,111.0	6,149.0	6,264.0
Unemployment (000)	475.0	374.0	340.0	347.0	314.0	276.0	279.0
Unemployment Rate.....	7.4%	5.9%	5.3%	5.4%	4.9%	4.3%	4.3%

⁽¹⁾As of November 2019

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

Leading Employers

The largest employers located within the County or near the School District include the following:

Beaver County's major employers run the gamut from sophisticated pharmaceutical and electronics production facilities to educational facilities training the kids that will provide the brain power for our future. What all these employers have in common is their awareness that our diverse and committed labor pool provides a foundation on which their companies' futures can be built.

PRINCIPAL EMPLOYERS IN BEAVER COUNTY

Employer

Great Arrow Builders LLC
Valley Medical Facilities Inc.
Passavant Memorial Homes
Wal-Mart Associates Inc.
Beaver County
Beaver Valley Nuclear Plant
IPSCO Koppel Tubular Corp
Lindy Paving Inc.
Giant Eagle Inc.
McGuire Memorial

Source: Center for Workforce Information & Analysis – December 2019 2nd Quarter, 2019

Income

The data in Table A-5 shows recent trends in per capita income for the School District, Beaver County, and the Commonwealth over the 2000-2010 period. Per capita income in the School District is higher than average per capita income in Beaver County and the Commonwealth.

TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME*

Geographic Area	<u>2000</u>	<u>2010</u>	<u>Percentage Change</u> <u>2000-2010</u>
Beaver County	20,011	24,938	2.23%
Pennsylvania	20,880	26,374	2.63%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: 2000 and 2010 Census.

Medical Facilities

The Heritage Valley Health System, Beaver Campus, a \$54,000,000 500-bed teaching hospital, serves the majority of Beaver County residents. The Heritage Valley Health System, Sewickley Campus located in Allegheny County, serves the Southern end of Beaver County. Skilled and intermediate level nursing care is available in the 676-bed Beaver Valley Geriatric Center which is located near the Medical Center.

Transportation

For air services, the School District is ten minutes from the Greater Pittsburgh International Airport by means of a four-lane, limited access highway, the Beaver Valley Expressway, which connects to Interstate 376 and 22/30.

The Pittsburgh and Lake Erie and Conrail are the two major railroads which service the area.

Approximately 80 major transport lines operate within Beaver County.

Utilities

Two gas companies service the County: Columbia Gas Co. of Pennsylvania, Inc. and Dominion Peoples Gas Co. The water companies are Center Township Water Authority and Monaca Borough Water Department.

Education Facilities

In addition to educational facilities provided by the Western Beaver County School District described herein, the area is served by several colleges within a 20 mile radius of the School District. They include Robert Morris University, Geneva College, a four-year college located in Beaver Falls, and the Beaver Campus of the Pennsylvania State University and Beaver County Community College, both two-year colleges, located directly in the School District and Slippery Rock University in Butler County. Major colleges and universities located in Pittsburgh are within 30 to 60 minutes of automobile travel time from all Beaver County locations.

Industrial

Shell recently announced it will build a major petrochemical complex along the Ohio River right off Interstate 376, just 30 miles from downtown Pittsburgh, and located in the middle of the Western Beaver County School District.

The plant will be one of the largest of its kind in North America – the largest single “from the ground up” industrial investment in the Pittsburgh region in a generation – and the first major U.S. Project of its type to be built outside the Gulf Coast region in 20 years.

It is expected the plant likely will spur manufacturing and industrial activity near the sprawling site in Potter and Center Townships as well as additional office, commercial, restaurant and hotel development throughout the region. Shell said construction will take approximately 18 months, requiring 6,000 construction workers to be hired in the region to build the new facility. After that, some 600 permanent jobs will be located at the plant.

The cracker facility – named after a process to break down or crack certain chemicals – will use low cost ethane from shale gas producers to produce 1.6 million tons of polyethylene each year. Polyethylene is used in countless products, from food packaging to plastic containers to automotive parts.

[THIS SECTION LEFT INTENTIONALLY BLANK]

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDING JUNE 30, 2019**

[THIS PAGE INTENTIONALLY LEFT BLANK]

**WESTERN BEAVER COUNTY
SCHOOL DISTRICT**

~~~~~

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**WESTERN BEAVER COUNTY  
SCHOOL DISTRICT**  
BEAVER COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS  
WITH REPORT OF  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED  
JUNE 30, 2019**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**BEAVER COUNTY, PENNSYLVANIA**  
**TABLE OF CONTENTS**

|                                                                                                                                                                  | <b><u>PAGE</u></b> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| INDEPENDENT AUDITOR'S REPORT .....                                                                                                                               | i-ii               |
| MANAGEMENT'S DISCUSSION AND ANALYSIS .....                                                                                                                       | iii-xiii           |
| EXHIBIT A – STATEMENT OF NET POSITION .....                                                                                                                      | 1                  |
| EXHIBIT B – STATEMENT OF ACTIVITIES .....                                                                                                                        | 2                  |
| EXHIBIT C – BALANCE SHEET – Governmental Funds.....                                                                                                              | 3                  |
| EXHIBIT D – RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET<br>TO THE STATEMENT OF NET POSITION .....                                                     | 4                  |
| EXHIBIT E - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN<br>IN FUND BALANCES- Governmental Funds .....                                                     | 5                  |
| EXHIBIT F – RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF<br>REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES<br>TO THE STATEMENT OF ACTIVITIES ..... | 6                  |
| EXHIBIT G - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN<br>IN FUND BALANCES, BUDGET AND ACTUAL – General Fund .....                                       | 7                  |
| EXHIBIT H– STATEMENT OF NET POSITION – Proprietary Funds .....                                                                                                   | 8                  |
| EXHIBIT I- STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND<br>NET POSITION – Proprietary Funds .....                                                         | 9                  |
| EXHIBIT J - STATEMENT OF CASH FLOWS – Proprietary Funds.....                                                                                                     | 10                 |
| EXHIBIT K– STATEMENT OF NET POSITION – Fiduciary Funds.....                                                                                                      | 11                 |
| NOTES TO THE FINANCIAL STATEMENTS .....                                                                                                                          | 12-39              |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**BEAVER COUNTY, PENNSYLVANIA**  
**TABLE OF CONTENTS**

|                                                                                                                       | <b><u>PAGE</u></b> |
|-----------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>                                                                             |                    |
| SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS –<br>DEFINED BENEFIT PENSION PLAN.....             | 40                 |
| SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET<br>PENSION LIABILITY – DEFINED BENEFIT PENSION PLAN..... | 41                 |
| SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB<br>CONTRIBUTIONS – PSERS PLAN.....                          | 42                 |
| SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET<br>OPEB LIABILITY – PSERS PLAN.....                      | 43                 |
| SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS<br>DISTRICT POST-RETIREMENT HEALTHCARE PLAN.....   | 44                 |
| NOTES TO REQUIRED SUPPLEMENTARY INFORMATION.....                                                                      | 45-47              |

**To the Board of Directors  
Western Beaver County School District**

## **Independent Auditor's Report**

### **Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Beaver County School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Western Beaver County School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Western Beaver County 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 Western Beaver County School District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

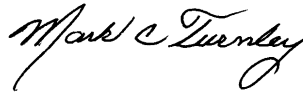
## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Beaver County School District as of June 30, 2019 and the respective changes in financial position and the 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 on pages iii-xiii and the other required supplementary information on pages 40-47, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.



Mark C. Turnley, CPA

February 12, 2020  
New Brighton, Pennsylvania

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2019**

**Required Supplementary Information (RSI)**

Our discussion and analysis of Western Beaver County School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2019. Please review in conjunction with School District's financial statements that begin on page 3.

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

**FINANCIAL HIGHLIGHTS**

The District's total governmental activities liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources as of June 30, 2019 by \$15,447,469 (net position - deficit). This was a decrease in the deficit of \$180,946 from June 30, 2018. The deficit is due mainly as of the result of the District's implementation of GASB 68 'Accounting and Financial Reporting for Pensions' implemented at June 30, 2015. The District is now required to recognize their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net pension obligation. For the Western Beaver County School District, this liability stands at \$19,394,000 as of June 30, 2019, a decrease of \$510,000 from the 2017-2018 fiscal year.

Total net position increased in total by \$177,643. Net position of the governmental activities increased by \$180,946 and net position in business-type activities decreased by \$3,303.

Total revenues for governmental activities on the statement of activities were \$14,051,119. General revenues (net of transfers) accounted for \$10,244,704 or 72.9% of all revenues. Program specific revenues in the form of charges for services and grants accounting for \$3,806,415, or 27.1% of total revenues.

The School District had \$13,795,173 in expenses related to governmental activities; \$3,806,415 of these expenses were offset by program specific charges for services and grants. General revenue (primarily taxes and basic subsidy) of \$10,244,704 covered the remaining net cost of program expenses.

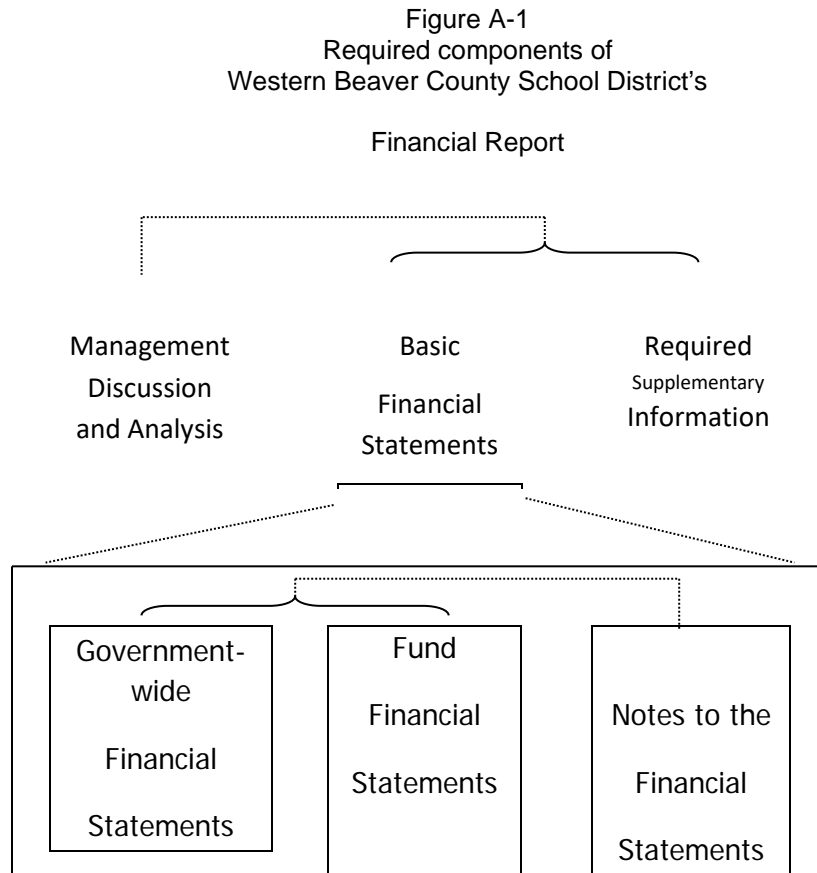
The General fund balance decreased by \$55,892 to \$2,234,125. This was due to actual revenue exceeding anticipated revenue.

**USING THE BASIC FINANCIAL STATEMENT REPORT**

This Basic Financial Statement Report consists of Management's Discussion and Analysis and a series of financial statements and notes to those statements. The Statement of Net Position and Statement of Activities, on pages 3 and 4, provide information about the activities of the School District as a whole and present a longer-term view of the School District's financial position. Fund Financial Statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The Fund Financial Statements also look at the School District's most significant funds with all other non-major funds presented in total on one column. For Western Beaver County School District, the General Fund is the most significant fund. Lastly, the financial statements include notes that explain some of the information in the financial statements and provide more detailed data.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2019**

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another.



## **REPORTING THE SCHOOL DISTRICT AS A WHOLE**

### **Statement of Net Position and the Statement of Activities**

This document contains all funds used by the School District to provide programs and activities. The view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the Fiscal Year Ended June 30, 2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader, for the School District as a whole, whether or not the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax law in Pennsylvania restricting revenue growth, facility conditions, required educational programs, and other factors.

**WESTERN BEAVER COUNTY SCHOOL DISTRICTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2019**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Government-Wide Statements**

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets and liabilities, is one way to measure the School District's financial health or position.

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

To assess the overall health of the School District, you need to consider additional non-financial factors, such as changes in the School District's property tax base (growth) and the academic achievement of the students.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** – Most of the School District's basic services are included here, such as instruction, support services, operation and maintenance of plant, pupil transportation services, and administrative services. Property taxes, state and federal subsidies and grants finance most of these activities.
- **Business-type activities** – The School District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service and catering operations.

**REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

Fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required by state law and by bond requirements.

**Government funds** – Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected in reconciliations on page 4 and 6.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2019**

Proprietary fund – This fund is used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is concerned with determining net income, financial position, and a significant portion of funding through the user charges. When the School District charges for services it provides – whether to outside customers or to units in the School District – these services are generally reported in proprietary funds. The Food Service Fund is the School District's only major proprietary fund and uses the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The School District's total net position was (\$16,374,296) at June 30, 2019.

Table A-1  
Fiscal Year ended June 30, 2019 and June 30, 2018  
Net Position

|                                  | <u>2018</u>                   |                            |                               | <u>2019</u>                   |                            |                               |
|----------------------------------|-------------------------------|----------------------------|-------------------------------|-------------------------------|----------------------------|-------------------------------|
|                                  | Governmental                  | Business-Type              |                               | Governmental                  | Business-Type              |                               |
|                                  | <u>Activities</u>             | <u>Activities</u>          | <u>Total</u>                  | <u>Activities</u>             | <u>Activities</u>          | <u>Total</u>                  |
| Current and other assets         | \$ 4,175,500                  | \$ (393,751)               | \$ 3,781,749                  | \$ 4,667,889                  | \$ 24,075                  | \$ 4,691,964                  |
| Capital assets                   | 4,748,350                     | 13,493                     | 4,761,843                     | 4,460,756                     | 31,138                     | 4,491,894                     |
| Total assets                     | <u>\$ 8,923,850</u>           | <u>\$ (380,258)</u>        | <u>\$ 8,543,592</u>           | <u>\$ 9,128,645</u>           | <u>\$ 55,213</u>           | <u>\$ 9,183,858</u>           |
| Deferred Outflows of Resources   | <u>\$ 3,458,183</u>           | <u>\$ 106,333</u>          | <u>\$ 3,564,516</u>           | <u>\$ 2,951,831</u>           | <u>\$ 90,625</u>           | <u>\$ 3,042,456</u>           |
| Current and other liabilities:   | \$ 1,902,752                  | \$ 3,963                   | \$ 1,906,715                  | \$ 2,444,282                  | \$ 446,767                 | \$ 2,891,049                  |
| Long-term liabilities            | 25,247,453                    | 622,776                    | 25,870,229                    | 24,381,439                    | 607,688                    | 24,989,127                    |
| Total liabilities                | <u>\$ 27,150,205</u>          | <u>\$ 626,739</u>          | <u>\$ 27,776,944</u>          | <u>\$ 26,825,721</u>          | <u>\$ 1,054,455</u>        | <u>\$ 27,880,176</u>          |
| Deferred Inflow of Resources     | <u>\$ 860,243</u>             | <u>\$ 22,860</u>           | <u>\$ 883,103</u>             | <u>\$ 702,224</u>             | <u>\$ 18,210</u>           | <u>\$ 720,434</u>             |
| Net Investment in Capital Assets | \$ (428,574)                  | \$ 13,493                  | \$ (415,081)                  | \$ (316,676)                  | \$ 31,138                  | \$ (285,538)                  |
| Unrestricted                     | <u>(15,199,841)</u>           | <u>(937,017)</u>           | <u>(16,136,858)</u>           | <u>(15,130,793)</u>           | <u>(957,965)</u>           | <u>(16,088,758)</u>           |
| Total Net Position               | <u><u>\$ (15,628,415)</u></u> | <u><u>\$ (923,524)</u></u> | <u><u>\$ (16,551,939)</u></u> | <u><u>\$ (15,447,469)</u></u> | <u><u>\$ (926,827)</u></u> | <u><u>\$ (16,374,296)</u></u> |

A portion of the School District's net assets are invested in capital assets (buildings, land, and equipment).



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2019**

The results of this year's operations as a whole are reported in the Statement of Activities on page 4. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see your total revenues for the year. This table also compares the prior year to the current year.

Table A-2  
Fiscal Year ended June 30, 2019 and June 30, 2018  
Changes in Net Position

|                                                   | <b><u>2018</u></b>   |                   |                      | <b><u>2019</u></b>   |                   |                      |
|---------------------------------------------------|----------------------|-------------------|----------------------|----------------------|-------------------|----------------------|
|                                                   | Governmental         | Business-Type     |                      | Governmental         | Business-Type     |                      |
|                                                   | <u>Activities</u>    | <u>Activities</u> | <u>Total</u>         | <u>Activities</u>    | <u>Activities</u> | <u>Total</u>         |
| <b>Revenues</b>                                   |                      |                   |                      |                      |                   |                      |
| <b><u>Program revenues:</u></b>                   |                      |                   |                      |                      |                   |                      |
| Charges for services                              | \$ 147,622           | \$ 132,826        | \$ 280,448           | \$ 94,781            | \$ 167,102        | \$ 261,883           |
| Operating grants and contributions                | 3,104,024            | 272,347           | 3,376,371            | 3,711,634            | 259,587           | 3,971,221            |
| <b><u>General revenues:</u></b>                   |                      |                   |                      |                      |                   |                      |
| Property taxes                                    | 3,555,523            | -                 | 3,555,523            | 3,675,589            | -                 | 3,675,589            |
| Other taxes                                       | 628,394              | -                 | 628,394              | 708,246              | -                 | 708,246              |
| Property tax reduction                            | 293,417              | -                 | 293,417              | 293,086              | -                 | 293,086              |
| Grants, subsidies and contributions, unrestricted | 5,467,364            | -                 | 5,467,364            | 5,475,872            | -                 | 5,475,872            |
| Investment earnings                               | 9,923                | 84                | 10,007               | 24,868               | 229               | 25,097               |
| Transfers                                         | (65,037)             | 65,037            | -                    | (75,000)             | 75,000            | -                    |
| Gain/Loss on Fixed Assets                         | -                    | -                 | -                    | -                    | -                 | -                    |
| Miscellaneous                                     | 4,272                | -                 | 4,272                | 67,043               | -                 | 67,043               |
| Refund of prior year expenses                     | 16,030               | -                 | 16,030               | -                    | -                 | -                    |
| <b>Total revenues</b>                             | <b>\$ 13,161,532</b> | <b>\$ 470,294</b> | <b>\$ 13,631,826</b> | <b>\$ 13,976,119</b> | <b>\$ 501,918</b> | <b>\$ 14,478,037</b> |

(Table continued on following page)

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2019**

|                                                      | <b>2018</b>            |                     |                        | <b>2019</b>            |                     |                     |
|------------------------------------------------------|------------------------|---------------------|------------------------|------------------------|---------------------|---------------------|
|                                                      | Governmental           | Business-Type       |                        | Governmental           | Business-Type       |                     |
|                                                      | <u>Activities</u>      | <u>Activities</u>   | <u>Total</u>           | <u>Activities</u>      | <u>Activities</u>   | <u>Total</u>        |
| <b>Expenses</b>                                      |                        |                     |                        |                        |                     |                     |
| Instruction                                          | \$ 8,277,560           | \$ -                | \$ 8,277,560           | \$ 8,836,971           | \$ -                | 8,836,971           |
| Pupil personnel                                      | 371,903                | -                   | 371,903                | 404,704                | -                   | 404,704             |
| Instructional student support                        | 141,461                | -                   | 141,461                | 168,382                | -                   | 168,382             |
| Administrative & financial support                   | 1,092,662              | -                   | 1,092,662              | 1,080,767              | -                   | 1,080,767           |
| Pupil health                                         | 159,492                | -                   | 159,492                | 159,152                | -                   | 159,152             |
| Operation & maintenance of plant                     | 1,252,264              | -                   | 1,252,264              | 1,347,839              | -                   | 1,347,839           |
| Business services                                    | 120,053                | -                   | 120,053                | 111,118                | -                   | 111,118             |
| Pupil transportation services                        | 1,175,123              | -                   | 1,175,123              | 1,172,312              | -                   | 1,172,312           |
| Other support services                               | 5,198                  | -                   | 5,198                  | 5,301                  | -                   | 5,301               |
| Student activities                                   | 316,317                | -                   | 316,317                | 318,609                | -                   | 318,609             |
| Community services                                   | -                      | -                   | -                      | -                      | -                   | -                   |
| Interest on long-term debt                           | 137,104                | -                   | 137,104                | 125,000                | -                   | 125,000             |
| Refund Prior Year Receipts                           | -                      | -                   | -                      | -                      | -                   | -                   |
| Capital Outlay (not subject to capitalization)       | 23,034                 | -                   | 23,034                 | 65,018                 | -                   | 65,018              |
| Food services                                        | -                      | 495,068             | 495,068                | -                      | 505,221             | 505,221             |
| <b>Total expenses</b>                                | <b>\$ 13,072,171</b>   | <b>\$ 495,068</b>   | <b>\$ 13,567,239</b>   | <b>\$ 13,795,173</b>   | <b>\$ 505,221</b>   | <b>14,300,394</b>   |
| Increase (decrease) in net position before Transfers | \$ 154,398             | \$ (89,811)         | \$ 64,587              | \$ 255,946             | \$ (78,303)         | 177,643             |
| Transfers In (Out)                                   | \$ (65,037)            | \$ 65,037           | \$ -                   | \$ (75,000)            | \$ 75,000           | -                   |
| Net Position, Beginning                              | (15,717,776)           | (898,750)           | (16,616,526)           | (15,628,415)           | (923,524)           | (16,551,939)        |
| Net Position, Ending                                 | <u>\$ (15,628,415)</u> | <u>\$ (923,524)</u> | <u>\$ (16,551,939)</u> | <u>\$ (15,447,469)</u> | <u>\$ (926,827)</u> | <u>(16,374,296)</u> |

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the School District.

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

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2019**

Table A-3  
Fiscal Year ended June 30, 2019 and 2018  
Government Activities

| <u>Functions/Programs</u>                      | <u>2018</u>                             |                                       | <u>2019</u>                             |                                       |
|------------------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|---------------------------------------|
|                                                | <u>Total Cost</u><br><u>of Services</u> | <u>Net Cost</u><br><u>of Services</u> | <u>Total Cost</u><br><u>of Services</u> | <u>Net Cost</u><br><u>of Services</u> |
| Instruction                                    | \$ 8,277,560                            | \$ 6,062,588                          | \$ 8,836,971                            | \$ 6,204,059                          |
| Instruction Student Support                    | 672,856                                 | 555,595                               | 732,238                                 | 579,949                               |
| Administrative                                 | 1,217,913                               | 1,080,423                             | 1,197,186                               | 1,050,738                             |
| Operation and Maintenance of Plant             | 1,252,264                               | 1,138,455                             | 1,347,839                               | 1,184,068                             |
| Pupil Transportation Services                  | 1,175,123                               | 543,689                               | 1,172,312                               | 511,004                               |
| Student Activities                             | 316,317                                 | 279,637                               | 318,609                                 | 268,922                               |
| Interest on Long-Term Debt                     | 137,104                                 | 137,104                               | 125,000                                 | 125,000                               |
| Capital Outlay (Not subject to capitalization) | 23,034                                  | 23,034                                | 65,018                                  | 65,018                                |
| Total Governmental Activities                  | <u>\$ 13,072,171</u>                    | <u>\$ 9,820,525</u>                   | <u>\$ 13,795,173</u>                    | <u>\$ 9,988,758</u>                   |
| Less:                                          |                                         |                                       |                                         |                                       |
| Unrestricted grants, subsidies                 |                                         | (5,467,364)                           |                                         | (5,475,872)                           |
| Total needs from local taxes                   |                                         |                                       |                                         |                                       |
| other revenues                                 |                                         | <u>\$ 4,353,161</u>                   |                                         | <u>\$ 4,512,886</u>                   |

The dependence upon tax revenues for governmental activities is apparent. Approximately 44% of instructional activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for Western Beaver County School District students.

**BUSINESS-TYPE ACTIVITY**

The only major business-type activity of the School District is the food service operations. As noted on the Statement of Revenues, Expenses, and Changes in Fund Net Position on page 9, this program had revenues of \$501,918 and expenses of \$505,221 for the Fiscal Year ended June 30, 2019.

Business-type activities receive no support from local tax revenues. The Statement of Revenues, Expenses and Changes in Fund Net Position for this proprietary fund will further detail the actual results of operations.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2019**

**THE SCHOOL DISTRICT'S FUNDS**

The General Fund, which accounts for the School District's operations, represents the School District's most significant major fund. All governmental funds had a fund balance of \$2,234,125 as noted on page 5.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Pennsylvania law and based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Operating Fund.

During the fiscal year, the School Board of Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. The budgeting systems are designed to tightly control budgets by administrators responsible for their individual areas. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided on page 7.

Local and State revenues were higher than budgeted amounts by \$267,231 and \$807,179 respectively. Total actual revenues exceeded budgeted amounts by \$1,042,977 (excluding other financing sources).

Expenditures were budgeted at \$12,993,175 while actual expenditures were \$14,092,044. The difference in total expenditures is \$1,098,869. In a review of expenditures Pre-K Programs, specifically were \$463,797 over budgeted costs.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2019, the School District's Governmental Activities had \$4,460,756 invested in a broad range of capital assets, including land, site improvements, buildings, furniture and equipment.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2019**

Table A-4  
Governmental Activities  
Capital assets – net of depreciation (if applicable)

|                          | <u><b>2018</b></u>         | <u><b>2019</b></u>         |
|--------------------------|----------------------------|----------------------------|
| Land                     | \$ 56,585                  | \$ 56,585                  |
| Site Improvements        | 119,129                    | 79,143                     |
| Buildings & Improvements | 2,187,504                  | 1,898,004                  |
| Furniture and Equipment  | 2,385,132                  | 2,427,024                  |
| Totals                   | <u><u>\$ 4,748,350</u></u> | <u><u>\$ 4,460,756</u></u> |

**Debt Administration**

As of June 30, 2019, the School District had total outstanding bond principal of \$4,765,000 and note principal of \$31,424 as listed in Note 8 in the notes to the financial statements.

Table A-5  
Outstanding Debt

|                                | <u><b>2018</b></u>         | <u><b>2019</b></u>         |
|--------------------------------|----------------------------|----------------------------|
| General Obligation Notes/Bonds |                            |                            |
| GOB, Series of 2015            | \$ 5,140,000               | \$ 4,765,000               |
| Note - First National Bank     | 57,696                     | 31,424                     |
| Total Outstanding Debt         | <u><u>\$ 5,197,696</u></u> | <u><u>\$ 4,796,424</u></u> |

Other obligations include accrued and compensated vacation pay, sick leave pay, and post-employment benefits for qualifying employees who retire from the School District.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The School District continues to realize little growth in population.

The expected inflationary increases in expenses within the Western Beaver County School District puts additional burden on local taxpayers to meet student needs and demand. Facilities must continually be updated and expanded. The School District saw an increase in wages and benefits in order to maintain the facilities and infrastructure. In addition, more secure front doors were installed and maintenance to the roof were completed. There are plans to continue to upgrade facilities structures.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2019**

In addition to decline in growth, both health care insurance rates and retirement contribution rates continue to grow. The School District experienced an increase in the retirement contribution rate from 32.57% in 2018 to 33.43% in 2019, with projected annual increases through the next 3-5 years. Total retirement expense rose from \$1,803,617 in 17-18 to \$1,948,509 in 18-19. Additionally, we added new programs within the Western Beaver region for Pre-K instruction.

**Budget Comparison**

The comparison of revenue and expenditures categories is as follows:

Table A-6  
BUDGETED REVENUES

|                         | <u>2018-2019</u>     | <u>2017-2018</u>     |
|-------------------------|----------------------|----------------------|
| Local                   | \$ 4,410,482         | \$ 4,331,221         |
| State                   | 8,421,777            | 7,981,417            |
| Federal/Other           | 160,916              | 389,000              |
| Other Financial Sources | -                    | -                    |
| Total Budgeted Revenues | <u>\$ 12,993,175</u> | <u>\$ 12,701,638</u> |

BUDGETED EXPENDITURES

|                             | <u>2019-2020</u>     | <u>2018-2019</u>     |
|-----------------------------|----------------------|----------------------|
| Instruction                 | \$ 8,528,686         | \$ 8,052,773         |
| Support Services            | 4,380,832            | 4,103,227            |
| Non-Instruction/Community   | 337,264              | 212,675              |
| Facilities                  | 40,000               | 58,000               |
| Debt Service                | 526,435              | 506,500              |
| Interfund Transfers         | 140,000              | 60,000               |
| Budgetary Reserve           | -                    | -                    |
| Total Budgeted Expenditures | <u>\$ 13,953,217</u> | <u>\$ 12,993,175</u> |

The Western Beaver County School District has committed itself to financial excellence for many years.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2019**

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District’s finances and to show the School Board of Director’s accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the business office at Western Beaver County School District, 343 Ridgemont Drive, Midland, PA 15059.

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

**EXHIBIT A**

|                                                                           | Governmental<br>Activities | Business-Type<br>Activities | Total                  |
|---------------------------------------------------------------------------|----------------------------|-----------------------------|------------------------|
| <b>ASSETS</b>                                                             |                            |                             |                        |
| <b>Current Assets:</b>                                                    |                            |                             |                        |
| Cash and Cash Equivalents                                                 | \$ 2,784,668               | \$ 19,292                   | \$ 2,803,960           |
| Taxes Receivable, net                                                     | 611,675                    | -                           | 611,675                |
| Due From Other Governments                                                | 758,291                    | -                           | 758,291                |
| Internal Balances                                                         | 440,742                    | (440,742)                   | -                      |
| Other Receivables                                                         | 7,038                      | 1,349                       | 8,387                  |
| Prepaid Expenses                                                          | 65,475                     | -                           | 65,475                 |
| Inventories                                                               | -                          | 3,434                       | 3,434                  |
| <b>Total Current Assets</b>                                               | <b>\$ 4,667,889</b>        | <b>\$ (416,667)</b>         | <b>\$ 4,251,222</b>    |
| <b>Noncurrent Assets:</b>                                                 |                            |                             |                        |
| Land                                                                      | \$ 56,585                  | \$ -                        | \$ 56,585              |
| Site Improvements                                                         | 79,143                     | -                           | 79,143                 |
| Building & Building Improvements (net)                                    | 1,898,004                  | -                           | 1,898,004              |
| Furniture & Equipment (net)                                               | 2,427,024                  | 31,138                      | 2,458,162              |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 4,460,756</b>        | <b>\$ 31,138</b>            | <b>\$ 4,491,894</b>    |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 9,128,645</b>        | <b>\$ (385,529)</b>         | <b>\$ 8,743,116</b>    |
| <b>Deferred Outflows of Resources:</b>                                    |                            |                             |                        |
| Deferred Outflows Related Pension                                         | \$ 2,840,534               | \$ 87,852                   | \$ 2,928,386           |
| Deferred Outflows Related OPEB                                            | 111,297                    | 2,773                       | 114,070                |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 2,951,831</b>        | <b>\$ 90,625</b>            | <b>\$ 3,042,456</b>    |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 12,080,476</b>       | <b>\$ (294,904)</b>         | <b>\$ 11,785,572</b>   |
| <b>LIABILITIES</b>                                                        |                            |                             |                        |
| <b>Current Liabilities:</b>                                               |                            |                             |                        |
| Accounts Payable                                                          | \$ 98,189                  | \$ 977                      | \$ 99,166              |
| Due to Other Governmental Units                                           | 361                        | -                           | 361                    |
| Bonds Payable - Current Portion                                           | 385,000                    | -                           | 385,000                |
| Lease Obligation - Current Portion                                        | 26,931                     | -                           | 26,931                 |
| Accrued Interest                                                          | 38,312                     | -                           | 38,312                 |
| Accrued Salaries and Benefits                                             | 1,836,406                  | -                           | 1,836,406              |
| Payroll Deductions and Withholdings                                       | 59,083                     | -                           | 59,083                 |
| Other Current Liabilities                                                 | -                          | 5,048                       | 5,048                  |
| <b>Total Current Liabilities</b>                                          | <b>\$ 2,444,282</b>        | <b>\$ 6,025</b>             | <b>\$ 2,450,307</b>    |
| <b>Noncurrent Liabilities:</b>                                            |                            |                             |                        |
| Bonds Payable - Long Term Portion (Net)                                   | \$ 4,361,008               | \$ -                        | \$ 4,361,008           |
| Lease Obligations - Long Term Portion                                     | 4,493                      | -                           | 4,493                  |
| Net OPEB Obligation                                                       | 1,090,039                  | 25,260                      | 1,115,299              |
| Net Pension Liability                                                     | 18,812,180                 | 581,820                     | 19,394,000             |
| Compensated Absences                                                      | 113,719                    | 608                         | 114,327                |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 24,381,439</b>       | <b>\$ 607,688</b>           | <b>\$ 24,989,127</b>   |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 26,825,721</b>       | <b>\$ 613,713</b>           | <b>\$ 27,439,434</b>   |
| <b>Deferred Inflows of Resources:</b>                                     |                            |                             |                        |
| Deferred Inflows Related to Pension                                       | \$ 557,750                 | \$ 17,250                   | \$ 575,000             |
| Deferred Inflows Related to OPEB                                          | 144,474                    | 960                         | 145,434                |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 702,224</b>          | <b>\$ 18,210</b>            | <b>\$ 720,434</b>      |
| <b>NET POSITION</b>                                                       |                            |                             |                        |
| Net Investment in Capital Assets                                          | \$ (316,676)               | \$ 31,138                   | \$ (285,538)           |
| Unrestricted                                                              | (15,130,793)               | (957,965)                   | (16,088,758)           |
| <b>TOTAL NET POSITION (Deficit)</b>                                       | <b>\$ (15,447,469)</b>     | <b>\$ (926,827)</b>         | <b>\$ (16,374,296)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 12,080,476</b>       | <b>\$ (294,904)</b>         | <b>\$ 11,785,572</b>   |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT B**

| Functions/Programs                                | Expenses             | Program Revenues        |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                        |
|---------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|------------------------|
|                                                   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total                  |
| <b>Governmental Activities:</b>                   |                      |                         |                                          |                                        |                                                      |                             |                        |
| Instruction                                       | \$ 8,836,971         | \$ 23,963               | \$ 2,608,949                             | \$ -                                   | \$ (6,204,059)                                       |                             | \$ (6,204,059)         |
| Instructional Student Support                     | 732,238              | 46,087                  | 106,202                                  | -                                      | (579,949)                                            |                             | (579,949)              |
| Administrative and Financial Support Services     | 1,197,186            | -                       | 146,448                                  | -                                      | (1,050,738)                                          |                             | (1,050,738)            |
| Operation and Maintenance of Plant Services       | 1,347,839            | 1,835                   | 161,936                                  | -                                      | (1,184,068)                                          |                             | (1,184,068)            |
| Pupil Transportation                              | 1,172,312            | -                       | 661,308                                  | -                                      | (511,004)                                            |                             | (511,004)              |
| Student Activities                                | 318,609              | 22,896                  | 26,791                                   | -                                      | (268,922)                                            |                             | (268,922)              |
| Capital Outlay                                    | 65,018               | -                       | -                                        | -                                      | (65,018)                                             |                             | (65,018)               |
| Interest on Long-Term Debt/Refunds Prior Year     | 125,000              | -                       | -                                        | -                                      | (125,000)                                            |                             | (125,000)              |
| <b>Total Governmental Activities</b>              | <b>\$ 13,795,173</b> | <b>\$ 94,781</b>        | <b>\$ 3,711,634</b>                      | <b>\$ -</b>                            | <b>\$ (9,988,758)</b>                                |                             | <b>\$ (9,988,758)</b>  |
| <b>Business-Type activities:</b>                  |                      |                         |                                          |                                        |                                                      |                             |                        |
| Food Service                                      | \$ 505,221           | \$ 167,102              | \$ 259,587                               | \$ -                                   | \$ -                                                 | \$ (78,532)                 | \$ (78,532)            |
| <b>Total Business-Type Activities</b>             | <b>\$ 505,221</b>    | <b>\$ 167,102</b>       | <b>\$ 259,587</b>                        | <b>\$ -</b>                            | <b>\$ -</b>                                          | <b>\$ (78,532)</b>          | <b>\$ (78,532)</b>     |
| <b>Total Primary Government</b>                   | <b>\$ 14,300,394</b> | <b>\$ 261,883</b>       | <b>\$ 3,971,221</b>                      | <b>\$ -</b>                            | <b>\$ (9,988,758)</b>                                | <b>\$ (78,532)</b>          | <b>\$ (10,067,290)</b> |
| <b>General Revenues:</b>                          |                      |                         |                                          |                                        |                                                      |                             |                        |
| Taxes:                                            |                      |                         |                                          |                                        |                                                      |                             |                        |
| Property Taxes, Levied for General Purposes (net) |                      |                         |                                          |                                        | \$ 3,675,589                                         | \$ -                        | \$ 3,675,589           |
| Other Taxes, Levied for General Purposes          |                      |                         |                                          |                                        | 708,246                                              | -                           | 708,246                |
| Property Tax Relief Payment                       |                      |                         |                                          |                                        | 293,086                                              | -                           | 293,086                |
| Grants and Contributions - Unrestricted           |                      |                         |                                          |                                        | 5,475,872                                            | -                           | 5,475,872              |
| Investment Earnings                               |                      |                         |                                          |                                        | 24,868                                               | 229                         | 25,097                 |
| Transfers                                         |                      |                         |                                          |                                        | (75,000)                                             | 75,000                      | -                      |
| Miscellaneous Income                              |                      |                         |                                          |                                        | 67,043                                               | -                           | 67,043                 |
| <b>Total General Revenues</b>                     |                      |                         |                                          |                                        | <b>\$ 10,169,704</b>                                 | <b>\$ 75,229</b>            | <b>\$ 10,244,933</b>   |
| <b>Change in Net Position</b>                     |                      |                         |                                          |                                        | <b>\$ 180,946</b>                                    | <b>\$ (3,303)</b>           | <b>\$ 177,643</b>      |
| Net Position (Deficit) - July 1, 2018             |                      |                         |                                          |                                        | (15,628,415)                                         | (923,524)                   | (16,551,939)           |
| <b>Net Position (Deficit) - June 30, 2019</b>     |                      |                         |                                          |                                        | <b>\$ (15,447,469)</b>                               | <b>\$ (926,827)</b>         | <b>\$ (16,374,296)</b> |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

**EXHIBIT C**

|                                                                                | <b>GENERAL<br/>FUND</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------------------------|-------------------------|-----------------------------------------|
| <b>ASSETS:</b>                                                                 |                         |                                         |
| Cash and Cash Equivalents                                                      | \$ 2,784,668            | \$ 2,784,668                            |
| Taxes Receivable, net                                                          | 611,675                 | 611,675                                 |
| Due from Other Funds                                                           | 440,742                 | 440,742                                 |
| Due from Other Governmental Units                                              | 758,291                 | 758,291                                 |
| Other Receivables                                                              | 7,038                   | 7,038                                   |
| Prepaid Expenses                                                               | 65,475                  | 65,475                                  |
| <b>TOTAL ASSETS</b>                                                            | <b>\$ 4,667,889</b>     | <b>\$ 4,667,889</b>                     |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES,<br/>AND FUND BALANCES:</b>      |                         |                                         |
| <b>LIABILITIES:</b>                                                            |                         |                                         |
| Due to Other Governments                                                       | \$ 361                  | \$ 361                                  |
| Accounts Payable                                                               | 98,189                  | 98,189                                  |
| Accrued Salaries and Benefits                                                  | 1,836,406               | 1,836,406                               |
| Payroll Deductions and Withholdings                                            | 59,083                  | 59,083                                  |
| <b>TOTAL LIABILITIES</b>                                                       | <b>\$ 1,994,039</b>     | <b>\$ 1,994,039</b>                     |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                          |                         |                                         |
| Delinquent Real Estate Taxes                                                   | 439,725                 | 439,725                                 |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                     | <b>\$ 439,725</b>       | <b>\$ 439,725</b>                       |
| <b>FUND BALANCES:</b>                                                          |                         |                                         |
| Nonspendable                                                                   | 65,475                  | 65,475                                  |
| Assigned                                                                       | 3,173                   | 3,173                                   |
| Unassigned                                                                     | 2,165,477               | 2,165,477                               |
| <b>TOTAL FUND BALANCES</b>                                                     | <b>\$ 2,234,125</b>     | <b>\$ 2,234,125</b>                     |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b>\$ 4,667,889</b>     | <b>\$ 4,667,889</b>                     |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

**Total Fund Balances - Governmental Funds** \$ 2,234,125

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$12,675,063 and the accumulated depreciation is \$8,214,307. 4,460,756

Property and wage taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 439,725

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 related to pensions 2,840,534

Deferred outflows of resources related to OPEB 111,297

Deferred inflows of resources related to pensions (557,750)

Deferred inflows of resources related to OPEB (144,474)

Long term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

|                              |              |              |
|------------------------------|--------------|--------------|
| Bonds Payable                | \$ 4,765,000 |              |
| Unamortized Bond Discount    | (41,344)     |              |
| Bond Premium                 | 22,352       |              |
| Note Obligation Payable      | 31,424       |              |
| Accrued Interest on Debt     | 38,312       |              |
| Net Pension Liability        | 18,812,180   |              |
| Accrued Compensated Absences | 113,719      |              |
| Net OPEB Obligation          | 1,090,039    | (24,831,682) |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** **\$(15,447,469)**

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                                              | <b><u>GENERAL FUND</u></b>        | <b><u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|--------------------------------------------------------------|-----------------------------------|------------------------------------------------|
| <b><u>REVENUES</u></b>                                       |                                   |                                                |
| Local Sources                                                | \$ 4,677,713                      | \$ 4,677,713                                   |
| State Sources                                                | 9,228,956                         | 9,228,956                                      |
| Federal Sources                                              | 129,483                           | 129,483                                        |
| <b>Total Revenue</b>                                         | <b><u>\$ 14,036,152</u></b>       | <b><u>\$ 14,036,152</u></b>                    |
| <b><u>EXPENDITURES</u></b>                                   |                                   |                                                |
| Instruction                                                  | \$ 8,685,749                      | \$ 8,685,749                                   |
| Support Services                                             | 4,442,005                         | 4,442,005                                      |
| Noninstructional Services                                    | 297,281                           | 297,281                                        |
| Capital Outlay                                               | 65,018                            |                                                |
| Debt Service                                                 | 525,520                           | 525,520                                        |
| <b>Total Expenditures</b>                                    | <b><u>\$ 14,015,573</u></b>       | <b><u>\$ 13,950,555</u></b>                    |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b><u>\$ 20,579</u></b>           | <b><u>\$ 85,597</u></b>                        |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                                   |                                                |
| Refund of Prior Year Receipts                                | \$ (1,471)                        | \$ (1,471)                                     |
| Operating Transfers Out                                      | (75,000)                          | (75,000)                                       |
| <b>Total Other Financing Sources (Uses)</b>                  | <b><u>\$ (76,471)</u></b>         | <b><u>\$ (76,471)</u></b>                      |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b><u>\$ (55,892)</u></b>         | <b><u>\$ (55,892)</u></b>                      |
| FUND BALANCE - JULY 1, 2018                                  | <u>2,290,017</u>                  | <u>2,290,017</u>                               |
| <b>FUND BALANCE - JUNE 30, 2019</b>                          | <b><u><u>\$ 2,234,125</u></u></b> | <b><u><u>\$ 2,234,125</u></u></b>              |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                                               |           |                 |
|---------------------------------------------------------------|-----------|-----------------|
| <b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b> | <b>\$</b> | <b>(55,892)</b> |
|---------------------------------------------------------------|-----------|-----------------|

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

|                                                                                                                                                                                                                                                                                                                                        |  |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$369,528) exceeded capital outlays (\$81,934) during the fiscal year. |  | (287,594) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|

|                                                                                                                                                                                                                      |  |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|
| 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 reported as pension expense. |  | 112,879 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|

|                                                                                                                                                                                       |  |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|
| Repayment of bond, note and lease obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. |  | 401,271 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|

|                                                                                                                                                                                                                     |  |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|
| Bond issuance costs are reported in governmental funds as expenditures. However, in the statement of activities, these costs are capitalized and amortized over the life of the bond issue as amortization expense. |  | (3,876) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|

|                                                                                                                                                                                                        |  |       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|
| Bond premiums are reported in governmental funds as revenues. However, in the statement of activities, this amount is capitalized and is accreted over the life of the bond issue as interest expense. |  | 2,096 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|

|                                                                                                                                                                  |  |       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|
| In the statement of activities, interest is accrued on outstanding bonds and notes, whereas in governmental funds, an interest expenditure is reported when due. |  | 2,500 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------|

|                                                                                                                                                                                                                                                                                              |  |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|
| In the statement of activities, certain operating expenses - compensated absences and retiree benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). |  | (5,405) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|

|                                                                                                                                                                                                                                                                                                |  |        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------|
| Because certain property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues, net of a provision for doubtful accounts, increased by this amount this year. |  | 14,967 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------|

|                                                          |           |                       |
|----------------------------------------------------------|-----------|-----------------------|
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b> | <b>\$</b> | <b><u>180,946</u></b> |
|----------------------------------------------------------|-----------|-----------------------|

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS-GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                                               | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------------|----------------------|----------------------|----------------------|---------------------------------------------------------|
|                                                               | Original             | Final                | (Budgetary Basis)    | (Negative)                                              |
| <b>REVENUES</b>                                               |                      |                      |                      |                                                         |
| Local Sources                                                 | \$ 4,410,482         | \$ 4,410,482         | \$ 4,677,713         | \$ 267,231                                              |
| State Sources                                                 | 8,421,777            | 8,421,777            | 9,228,956            | 807,179                                                 |
| Federal Sources                                               | 160,916              | 160,916              | 129,483              | (31,433)                                                |
| <b>Total Revenues</b>                                         | <b>\$ 12,993,175</b> | <b>\$ 12,993,175</b> | <b>\$ 14,036,152</b> | <b>\$ 1,042,977</b>                                     |
| <b>EXPENDITURES</b>                                           |                      |                      |                      |                                                         |
| Regular Programs                                              | \$ 5,133,052         | \$ 5,132,969         | \$ 5,011,957         | \$ 121,012                                              |
| Special Programs                                              | 1,835,744            | 1,835,744            | 2,130,080            | (294,336)                                               |
| Vocational Programs                                           | 643,378              | 643,378              | 639,620              | 3,758                                                   |
| Other Instructional Programs                                  | 92,054               | 92,054               | 88,508               | 3,546                                                   |
| Non-Public Programs                                           | -                    | -                    | 3,242                | (3,242)                                                 |
| Pre-K Programs                                                | 348,545              | 348,545              | 812,342              | (463,797)                                               |
| Pupil Personnel Services                                      | 379,729              | 379,729              | 409,566              | (29,837)                                                |
| Instructional Staff Services                                  | 105,510              | 105,510              | 164,974              | (59,464)                                                |
| Administrative Services                                       | 1,016,247            | 1,016,247            | 1,096,292            | (80,045)                                                |
| Pupil Health                                                  | 156,573              | 156,573              | 161,305              | (4,732)                                                 |
| Business Services                                             | 111,000              | 111,000              | 111,118              | (118)                                                   |
| Operation & Maintenance of Plant Services                     | 1,283,968            | 1,283,968            | 1,337,760            | (53,792)                                                |
| Student Transportation Services                               | 1,045,000            | 1,045,000            | 1,155,689            | (110,689)                                               |
| Other Support Services                                        | 5,200                | 5,200                | 5,301                | (101)                                                   |
| Student Activities                                            | 212,675              | 212,758              | 297,281              | (84,523)                                                |
| Capital Outlay                                                | 58,000               | 58,000               | 65,018               | (7,018)                                                 |
| Debt Service (Principal & Interest)                           | 506,500              | 506,500              | 525,520              | (19,020)                                                |
| <b>Total Expenditures</b>                                     | <b>\$ 12,933,175</b> | <b>\$ 12,933,175</b> | <b>\$ 14,015,573</b> | <b>\$ (1,082,398)</b>                                   |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ 60,000</b>     | <b>\$ 60,000</b>     | <b>\$ 20,579</b>     | <b>\$ (39,421)</b>                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                      |                      |                      |                                                         |
| Refund of Prior Year Receipts                                 | \$ -                 | \$ -                 | \$ (1,471)           | \$ (1,471)                                              |
| Operating Transfer Out                                        | (60,000)             | (60,000)             | (75,000)             | (15,000)                                                |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (60,000)</b>   | <b>\$ (60,000)</b>   | <b>\$ (76,471)</b>   | <b>\$ (16,471)</b>                                      |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ (55,892)</b>   | <b>\$ (55,892)</b>                                      |
| FUND BALANCE - JULY 1, 2018                                   | 2,205,709            | 2,205,709            | 2,290,017            | 84,308                                                  |
| <b>FUND BALANCE - JUNE 30, 2019</b>                           | <b>\$ 2,205,709</b>  | <b>\$ 2,205,709</b>  | <b>\$ 2,234,125</b>  | <b>\$ 28,416</b>                                        |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

|                                                                               | <b>FOOD<br/>SERVICES</b>   |
|-------------------------------------------------------------------------------|----------------------------|
| <b>ASSETS</b>                                                                 |                            |
| <b>Current Assets:</b>                                                        |                            |
| Cash and Cash Equivalents                                                     | \$ 19,292                  |
| Other Accounts Receivable                                                     | 1,349                      |
| Inventories                                                                   | 3,434                      |
| <b>TOTAL CURRENT ASSETS</b>                                                   | <b><u>\$ 24,075</u></b>    |
| <b>Noncurrent Assets:</b>                                                     |                            |
| Furniture and Equipment (Net)                                                 | \$ 31,138                  |
| <b>TOTAL NONCURRENT ASSETS</b>                                                | <b><u>\$ 31,138</u></b>    |
| <b>TOTAL ASSETS</b>                                                           | <b><u>\$ 55,213</u></b>    |
| <b>Deferred Outflows of Resources:</b>                                        |                            |
| Deferred Outflows Related to Pension                                          | \$ 87,852                  |
| Deferred Outflows Related to OPEB                                             | 2,773                      |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                   | <b><u>\$ 90,625</u></b>    |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>                      | <b><u>\$ 145,838</u></b>   |
| <b>LIABILITIES</b>                                                            |                            |
| <b>Current Liabilities:</b>                                                   |                            |
| Due to Other Funds                                                            | \$ 440,742                 |
| Accounts Payable                                                              | 977                        |
| Due to the Students                                                           | 5,048                      |
| <b>TOTAL CURRENT LIABILITIES</b>                                              | <b><u>\$ 446,767</u></b>   |
| <b>Noncurrent Liabilities:</b>                                                |                            |
| Compensated Absences                                                          | \$ 608                     |
| Net OPEB Liability                                                            | 25,260                     |
| Net Pension Liability                                                         | 581,820                    |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                           | <b><u>\$ 607,688</u></b>   |
| <b>TOTAL LIABILITIES</b>                                                      | <b><u>\$ 1,054,455</u></b> |
| <b>Deferred Inflows of Resources:</b>                                         |                            |
| Deferred Inflows Related to Pension                                           | \$ 17,250                  |
| Deferred Inflows Related to OPEB                                              | 960                        |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b><u>\$ 18,210</u></b>    |
| <b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>                  | <b><u>\$ 1,072,665</u></b> |
| <b>NET POSITION</b>                                                           |                            |
| Net Investment in Capital Assets                                              | \$ 31,138                  |
| Unrestricted                                                                  | (957,965)                  |
| <b>TOTAL NET POSITION (Deficit)</b>                                           | <b><u>\$ (926,827)</u></b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND NET POSITION</b> | <b><u>\$ 145,838</u></b>   |

The accompanying notes are an integral part of these financial statements



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                                |                             |
|------------------------------------------------|-----------------------------|
|                                                | <b><u>FOOD SERVICES</u></b> |
| <b><u>OPERATING REVENUES</u></b>               |                             |
| Food Services Revenue                          | \$ 167,102                  |
| <b>Total Operating Revenues</b>                | <b>\$ 167,102</b>           |
| <b><u>OPERATING EXPENSES</u></b>               |                             |
| Personnel Services - Salaries                  | \$ 192,772                  |
| Personnel Services - Benefits                  | 71,909                      |
| Purchased Property Service                     | 10,951                      |
| Other Purchased Service                        | 365                         |
| Supplies                                       | 224,502                     |
| Other Objects                                  | 1,370                       |
| Depreciation                                   | 3,352                       |
| <b>Total Operating Expenses</b>                | <b>\$ 505,221</b>           |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b>\$ (338,119)</b>         |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                             |
| Earnings on Investments                        | \$ 229                      |
| State Sources                                  | 46,630                      |
| Federal Sources                                | 212,957                     |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b>\$ 259,816</b>           |
| <b><u>TRANSFERS</u></b>                        |                             |
| Operating Transfer In (Out)                    | \$ 75,000                   |
| <b>CHANGE IN NET POSITION</b>                  | <b>\$ (3,303)</b>           |
| NET POSITION - JULY 1, 2018 - (Deficit)        | (923,524)                   |
| <b>NET POSITION - JUNE 30, 2019 (Deficit)</b>  | <b>\$ (926,827)</b>         |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|                                                                                                                  | <b>FOOD<br/>SERVICES</b>   |
|------------------------------------------------------------------------------------------------------------------|----------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                               |                            |
| Cash Received from Users                                                                                         | \$ 166,839                 |
| Cash Payments to Employees for Services                                                                          | (237,023)                  |
| Cash Payments to Suppliers for Goods and Services                                                                | (209,238)                  |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                                          | <b>\$ (279,422)</b>        |
| <b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                                   |                            |
| State Sources                                                                                                    | \$ 46,630                  |
| Federal Sources                                                                                                  | 187,449                    |
| Operating Transfer In                                                                                            | 75,000                     |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                                              | <b>\$ 309,079</b>          |
| <b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>                                           |                            |
| Capital Outlay                                                                                                   | \$ (20,997)                |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>                                      | <b>\$ (20,997)</b>         |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                               |                            |
| Earnings on Investments                                                                                          | \$ 229                     |
| <b>Net Cash Provided (Used) by Investing Activities</b>                                                          | <b>\$ 229</b>              |
| <b>NET INCREASE &lt;DECREASE&gt; IN CASH AND CASH EQUIVALENTS</b>                                                | <b>\$ 8,889</b>            |
| CASH AND CASH EQUIVALENTS - JULY 1, 2018                                                                         | 10,403                     |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2019</b>                                                                 | <b><u>\$ 19,292</u></b>    |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>PROVIDED (USED) BY OPERATING ACTIVITIES:</b>        |                            |
| Operating Income (Loss)                                                                                          | \$ (338,119)               |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                            |
| Depreciation                                                                                                     | \$ 3,352                   |
| Donated Commodities                                                                                              | 25,507                     |
| Accrual of GASB 68 Pension Expense                                                                               | (3,492)                    |
| Accrual of GASB 75 OPEB Expense                                                                                  | (120)                      |
| (Increase) Decrease in Accounts Receivable                                                                       | (1,348)                    |
| (Increase) Decrease in Inventory                                                                                 | 1,466                      |
| Increase (Decrease) in Advances to Other Funds                                                                   | 31,688                     |
| Increase (Decrease) in Accounts Payable                                                                          | 977                        |
| Increase (Decrease) in Compensated Absences                                                                      | (418)                      |
| Increase (Decrease) in Unearned Revenue                                                                          | 1,085                      |
| <b>Total Adjustments</b>                                                                                         | <b>\$ 58,697</b>           |
| <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                                                          | <b><u>\$ (279,422)</u></b> |
| <b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>                                                                  |                            |
| During the year, the District received \$25,507 of food commodities<br>from the U.S. Department of Agriculture   |                            |

The accompanying notes are an integral part of these financial statements

WESTERN BEAVER COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019

|                           | <u>ACTIVITY<br/>FUND</u> |
|---------------------------|--------------------------|
| <b>ASSETS</b>             |                          |
| Cash and Cash Equivalents | \$     80,993            |
| <b>TOTAL ASSETS</b>       | <u>\$     80,993</u>     |
| <b>LIABILITIES</b>        |                          |
| Other Current Liabilities | \$     80,993            |
| <b>TOTAL LIABILITIES</b>  | <u>\$     80,993</u>     |

The accompanying notes are an integral part of these financial statements

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Western Beaver County School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This district serves the surrounding municipalities that include Ohioville Borough, Industry Borough, and Glasgow Borough. The School District operates under a locally-elected nine member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the school district's activities.

The financial statements of the Western Beaver County School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the School District's accounting policies are as follows:

**REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Western Beaver County School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. Generally accepted accounting principles defines component units as legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the Western Beaver County School District has no component units.

The School District is associated with two jointly governed organizations (Note 13) and one public entity risk pool (Note 14). These organizations are:

- Jointly Governed Organizations:
  - Beaver County Career and Technology Center
  - Beaver Valley Intermediate Unit
- Public Entity Risk Pool:
  - Beaver County School Health Care Insurance Consortium

**BASIS OF PRESENTATION AND MEASUREMENT FOCUS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibit D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PRESENTATION AND MEASUREMENT FOCUS (Continued)**

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the District's business-type activities (food service operations) and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are 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, subsidies 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. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or government function is self-financing or draws from the general revenues of the School District.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. Under GASB Statement No. 34, the focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major funds represent the District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For the Western Beaver County School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds, if any, would be segregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

**FUND ACCOUNTING**

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**Governmental Funds** – Governmental funds focus 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 following are the School District's major and non-major governmental funds:

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - The general fund is used to account for all financial resources not required to be accounted for in some other fund. The general fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the school district (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund that accounts for the financial transactions related to the food service operations of the District.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The District's Agency Fund is comprised of a student organization activity accounts administered by the District on behalf of the various student organizations.

**BASIS OF ACCOUNTING**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that 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.

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING (Continued)**

The management of the Western Beaver County School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2019 under the modified accrual basis are **1)** delinquent property taxes held with the Beaver County Tax Claim Bureau, **2)** deed transfer taxes for the month of June, **3)** federal and state subsidies earned in the fiscal year 2018-2019, and **4)** other miscellaneous revenues earned in fiscal year 2018-2019 but received subsequent to June 30, 2019. On the governmental fund financial statements, delinquent real estate taxes receivable that will not be collected within the 'available' period have been reported as 'deferred inflow of resources'.

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. The primary expenditures deemed susceptible to accrual at June 30, 2019 are those for which the Board of Education's intention was to expense these items as budgeted for the 2018-2019 official budget, and for which the District has incurred an obligation, but has not paid as of June 30, 2019.

Allocations of cost such as depreciation, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

**BUDGETS**

On June 20, 2018, the Western Beaver County School District adopted its fiscal year June 30, 2018 annual budget for the General Fund totaling \$12,993,175 in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual method of accounting. Budgetary transfers among various expenditure line items can be performed by the district, as approved by the Board of Education, only during the last nine months of the fiscal year. The original and adjusted budgetary amounts are reflected in these financial statements (Exhibit G). All annual appropriations of the general fund lapse at fiscal year-end. Actual General Fund expenditures exceeded budgeted expenditures for the 2018-2019 fiscal year in the amount of \$1,098,869.

**CASH AND CASH EQUIVALENTS**

For the purpose of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts, and any other highly liquid, short-term investments, with original maturity terms of less than three months.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**INVENTORIES**

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit H) are recorded at fair value on a first-in first-out basis. This inventory consists of donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies, but rather records these items as an expenditure in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**CAPITAL ASSETS AND DEPRECIATION**

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

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$4,000. The cost of infrastructure is included as part of site improvements in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| <b><u>CATEGORY</u></b>     | <b><u>GOVERNMENTAL<br/>ACTIVITIES</u></b> | <b><u>BUSINESS TYPE<br/>ACTIVITIES</u></b> |
|----------------------------|-------------------------------------------|--------------------------------------------|
| Site Improvements          | 20 years                                  | N/A                                        |
| Buildings and Improvements | 20 to 50 years                            | N/A                                        |
| Furniture and Equipment    | 5 to 20 years                             | 5 to 15 years                              |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**LONG-TERM DEBT FINANCING COSTS**

Bond and note issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District did not incur any closing costs during the 2018-2019 fiscal year.



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of applicable GASB Statements. Participants of the Western Beaver County Education Association with fifteen or more years of experience within the District are entitled to accumulated unused sick day reimbursement at the rate of up to \$60 per day, payable at retirement. Participants of the Western Beaver County Educational Support Professionals are entitled to accumulated unused sick day reimbursement at the rate of up to \$40 per day. The entire compensated absences liability of \$114,327 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on pension activity is included in Note 11.

**OTHER POSTEMPLOYMENT BENEFITS**

For the 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 12.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. For the business-type activities, these obligations and all similar obligations are reported again on the proprietary fund statement of net position (Exhibit H).

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)**

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned Revenue arises when the District receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements represent a decrease and/or increase in net position that applies to a future period and will not be recognized as an outflow and/or inflow of resources (expense/expenditure or income/revenue) in the current period.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.
- Unrestricted – Consists of net position that does not meet the definition of ‘restricted’ or ‘net investment in capital assets’.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. The non-spendable fund balance of \$65,475 represents Health Savings Account (HSA's) for 2018-2019.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose

Act 48 of 2003 prohibits school districts from increasing real property taxes for the school year 2006-2007 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the Western Beaver County School District, estimated ending unassigned fund balance must not exceed 11.5% of total budgeted expenditures. The District's unassigned General Fund balance at June 30, 2019 was approximately 15.9% of its 2019-2020 budgeted expenditures.

The School District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Education has authority to assign fund balance.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

**ESTIMATES**

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

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Western Beaver County School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are **1)** investment earnings and **2)** state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District did not have non-operating expenses during the fiscal year.

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the School District's 2018-2019 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact on the School District's financial statements.

GASB Statement No. 83, '*Certain Asset Retirement Obligations*'. The primary objective of this Statement is to provide financial statement users with information about 'asset retirement obligations' (ARO) that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations.

GASB Statement No. 88, '*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*'. The primary objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

**PENDING GASB PRONOUNCEMENTS**

In January of 2017, the GASB issued Statement No. 84, '*Fiduciary Activities*'. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The provisions of this Statement are effective for the School District's June 30, 2020 financial statements.

In June of 2017, the GASB issued Statement No. 87, '*Leases*'. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the School District's June 30, 2021 financial statements.

In June of 2018, the GASB issued Statement No. 89, '*Accounting for Interest Cost Incurred before the end of a Construction Period*'. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs. The provisions of this Statement are effective for the School District's June 30, 2021 financial statements.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

In August of 2018, the GASB issued Statement No. 90, '*Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*'. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for the School District's June 30, 2020 financial statements.

In May of 2019, the GASB issued Statement No. 91, '*Conduit Debt Obligations*'. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of this Statement are effective for the School District's June 30, 2022 financial statements.

The effects of implementing the aforementioned GASB Statements on the School District's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS**

The following represents the bank balance and carrying value for the Western Beaver County School District's cash and cash equivalents at June 30, 2019:

|                  | <b><u>Bank<br/>Balance</u></b> | <b><u>Carrying<br/>Value</u></b> |
|------------------|--------------------------------|----------------------------------|
| General Fund     | \$ 3,184,635                   | \$ 2,784,668                     |
| Proprietary Fund | 23,055                         | 19,292                           |
| Fiduciary Fund   | 81,043                         | 80,993                           |
|                  | <b><u>\$ 3,288,733</u></b>     | <b><u>\$ 2,884,953</u></b>       |

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks, and petty cash. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to invest funds consistent with sound business practices evaluating each investment opportunity in terms of risk, yield, liquidity, and legal restrictions as allowable by law or regulations. As of June 30, 2019, \$3,038,733 of the District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 3 - PROPERTY TAXES**

The Western Beaver County School District levies property taxes July 1st of each fiscal year. The tax millage assessment for the 2018-2019 fiscal year was 58 mills, which represents \$58 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to August 31st. Collections beginning November 1st are assessed a 5% penalty. Unpaid taxes are submitted to the Beaver County Tax Claim Bureau for collection. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15<sup>th</sup> of the year following levy.

Taxes receivable as shown in the government-wide statement of net position includes delinquent property taxes of \$439,725. For purposes of the governmental fund financial statements, the above property taxes receivable, although measurable, does not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off-set as a credit to deferred inflow of resources in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F). Taxes receivable are comprised of the following at June 30, 2019:

|                                       |                   |
|---------------------------------------|-------------------|
| Delinquent Property Taxes (Net)       | \$ 439,725        |
| Delinquent Property Taxes - Collected |                   |
| within 60 Days of Fiscal Year End     | 53,049            |
| Wage Taxes                            | 109,926           |
| Deed Transfer Taxes                   | 8,975             |
|                                       | <u>\$ 611,675</u> |

**NOTE 4 – DUE FROM OTHER GOVERNMENTS**

The amount of 'due from other governments', as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of the following:

|                               |                       |
|-------------------------------|-----------------------|
|                               | <b><u>GENERAL</u></b> |
|                               | <b><u>FUND</u></b>    |
| Commonwealth of Pennsylvania: |                       |
| State Subsidies               | \$ 688,086            |
| Federal Pass-Through Grants   | 3,898                 |
| Other School Districts        | 66,307                |
|                               | <u>\$ 758,291</u>     |

**NOTE 5 – OTHER RECEIVABLES**

The amount of 'other receivables', as reflected on the statement of net position represents reimbursements to the District's General Fund for costs incurred during the 2018-2019 year totaling \$7,038.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 6 – UNEARNED REVENUES**

Unearned revenue of the District's proprietary fund as of June 30, 2019 is comprised of \$5,048 in prepaid student lunch balances.

**NOTE 7 – DUE TO OTHER GOVERNMENTAL UNITS**

Due to other governments, as reflected on the government-wide statement of net position and the governmental funds balance sheet, represents Grant funds due back to the Department of Education totaling \$361.

**NOTE 8 – INTER-FUND TRANSFERS**

During the fiscal year 2018-2019, the District's General Fund transferred \$75,000 to the Food Service Fund to subsidize the Food Service Fund for expenditures during the year ended June 30, 2019.

**NOTE 9 - CAPITAL ASSETS**

A summary of the governmental fixed asset activity for the 2018-2019 fiscal year was as follows:

|                                                    | <b><u>Balance</u></b><br><b><u>7/1/2018</u></b> | <b><u>Additions</u></b>    | <b><u>Deductions</u></b> | <b><u>Balance</u></b><br><b><u>6/30/2019</u></b> |
|----------------------------------------------------|-------------------------------------------------|----------------------------|--------------------------|--------------------------------------------------|
| <b>Governmental Activities</b>                     |                                                 |                            |                          |                                                  |
| Land                                               | \$ 56,585                                       | \$ -                       | \$ -                     | \$ 56,585                                        |
| Site Improvements                                  | 930,762                                         | -                          | -                        | 930,762                                          |
| Building and Improvements                          | 8,522,526                                       | -                          | -                        | 8,522,526                                        |
| Furniture and Equipment                            | 3,083,256                                       | 81,934                     | -                        | 3,165,190                                        |
|                                                    | <u>\$ 12,593,129</u>                            | <u>\$ 81,934</u>           | <u>\$ -</u>              | <u>\$ 12,675,063</u>                             |
| <b>Less: Accumulated depreciation</b>              |                                                 |                            |                          |                                                  |
| Site Improvements                                  | \$ (811,633)                                    | \$ (39,986)                | -                        | \$ (851,619)                                     |
| Building and Improvements                          | (6,335,022)                                     | (289,500)                  | -                        | (6,624,522)                                      |
| Furniture and Equipment                            | (698,124)                                       | (40,042)                   | -                        | (738,166)                                        |
|                                                    | <u>\$ (7,844,779)</u>                           | <u>\$ (369,528)</u>        | <u>\$ -</u>              | <u>\$ (8,214,307)</u>                            |
| <b>Governmental Activities Capital Assets, Net</b> | <u><u>\$ 4,748,350</u></u>                      | <u><u>\$ (287,594)</u></u> | <u><u>\$ -</u></u>       | <u><u>\$ 4,460,756</u></u>                       |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 9 - CAPITAL ASSETS (Continued)**

|                                   | Balance<br>7/1/2018     | Additions               | Deductions         | Balance<br>6/30/2019    |
|-----------------------------------|-------------------------|-------------------------|--------------------|-------------------------|
| <b>Business-Type Activities</b>   |                         |                         |                    |                         |
| Furniture and Equipment           | \$ 147,021              | \$ 20,997               | \$ -               | \$ 168,018              |
| Less: Accumulated<br>Depreciation | (133,528)               | (3,352)                 | -                  | (136,880)               |
| <b>Business-Type Activities</b>   |                         |                         |                    |                         |
| <b>Capital Assets, Net</b>        | <b><u>\$ 13,493</u></b> | <b><u>\$ 17,645</u></b> | <b><u>\$ -</u></b> | <b><u>\$ 31,138</u></b> |

Depreciation expense was charged to governmental functions as follows:

|                                             |                   |
|---------------------------------------------|-------------------|
| Instruction                                 | \$ 290,718        |
| Special Instruction                         | 4,535             |
| Operation and Maintenance of Plant Services | 33,970            |
| Transportation                              | 16,623            |
| Student Activities                          | 23,682            |
|                                             | <u>\$ 369,528</u> |

**NOTE 10 - LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS – SERIES OF 2015**

In February, 2015, the Western Beaver County School District issued General Obligation Bonds, Series of 2015 in the amount of \$6,120,000, to **1)** currently refund the outstanding General Obligation Bonds, Series of 2010, and **2)** pay all costs and expenses incident to the issuance of the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1st and September 1st each year through maturity. The interest rate is between 1% and 3% with the bonds maturing on March 1, 2030.



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS – SERIES OF 2015 (Continued)**

A summary of the Western Beaver County School District's general obligation bonds outstanding at June 30, 2019 is as follows:

| <b><u>Year End<br/>June 30,</u></b> | <b><u>2016<br/>Principal</u></b> | <b><u>Total<br/>Interest</u></b> | <b><u>Total</u></b>        |
|-------------------------------------|----------------------------------|----------------------------------|----------------------------|
| 2020                                | \$ 385,000                       | \$ 114,935                       | \$ 499,935                 |
| 2021                                | 400,000                          | 103,385                          | 503,385                    |
| 2022                                | 405,000                          | 95,385                           | 500,385                    |
| 2023                                | 415,000                          | 87,285                           | 502,285                    |
| 2024                                | 425,000                          | 78,985                           | 503,985                    |
| 2024-2028                           | 2,250,000                        | 249,105                          | 2,499,105                  |
| 2029-2030                           | 485,000                          | 14,550                           | 499,550                    |
|                                     | <b><u>\$ 4,765,000</u></b>       | <b><u>\$ 743,630</u></b>         | <b><u>\$ 5,508,630</u></b> |

In connection with the School District's General Obligation Note issue, Series of 2015, the District received approximately \$31,433 in bond premiums. This premium is being amortized on a straight-line basis over the life of the note issue. The un-accreted portion of these premiums totaling \$22,352 is included as part of the long-term portion of notes payable in the statement of net position (Exhibit A). Accretion of note premium totaled \$2,095 for the year ended June 30, 2019 and was charged to the 'Interest on Long-Term Debt' expense category.

**PROMISSORY NOTE – FIRST NATIONAL BANK**

In August of 2016, Western Beaver County School District issued a promissory note to First National Bank for \$103,894.00 to pay off the outstanding lease with WesBanco Bank of \$100,000.00 at June 30, 2016 for computers used in its educational program. The note calls for forty-eight (48) monthly payments of \$2,287.17 with an interest rate of 2.69%. The note is scheduled to mature in August 2020.

| <b><u>Year End<br/>June 30,</u></b> | <b><u>Principal</u></b> | <b><u>Interest</u></b> | <b><u>Total</u></b>     |
|-------------------------------------|-------------------------|------------------------|-------------------------|
| 2020                                | \$ 26,931               | \$ 515                 | \$ 27,446               |
| 2021                                | 4,493                   | 15                     | 4,508                   |
|                                     | <b><u>\$ 31,424</u></b> | <b><u>\$ 530</u></b>   | <b><u>\$ 31,954</u></b> |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 10 - LONG-TERM LIABILITIES (Continued)**

The following represents the changes in the District's long-term liabilities during the 2018-2019 fiscal year:

|                          | <b>Balance<br/>7/1/2018</b> | <b>Additions</b> | <b>Reductions</b> | <b>Balance<br/>6/30/2019</b> | <b>Due Within<br/>One Year</b> |
|--------------------------|-----------------------------|------------------|-------------------|------------------------------|--------------------------------|
| General Obligation Bonds | \$ 5,140,000                | \$ -             | \$ 375,000        | \$ 4,765,000                 | \$ 385,000                     |
| Compensated Absences     | 94,038                      | 26,565           | 6,276             | 114,327                      | -                              |
| Notes Payable            | 57,696                      | -                | 26,272            | 31,424                       | 26,931                         |
| Net Pension Liability    | 19,904,000                  | -                | 510,000           | 19,394,000                   | -                              |
| Net OPEB Obligation      | 1,096,483                   | 21,000           | 2,184             | 1,115,299                    | -                              |
|                          | <u>\$ 26,292,217</u>        | <u>\$ 47,565</u> | <u>\$ 919,732</u> | <u>\$ 25,420,050</u>         | <u>\$ 411,931</u>              |

**NOTE 11 - PENSION PLAN**

The Western Beaver County School District participates in the Public School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

**Plan Description**

PSERS is a governmental cost-sharing multiple-employer defined-benefit 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.state.pa.us](http://www.psers.state.pa.us).

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with a 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 three years of service or attain a total combination of age and service that is equal to or greater than ninety-two with a minimum of thirty-five 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.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 11 – PENSION PLAN (Continued)**

**Benefits Provided (Continued)**

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.

**Contribution Rates**

**Member Contributions** - Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.5% (Membership Class TD) 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 6.25% (Membership Class TC) or at 7.5% (Membership Class TD) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (automatic Membership Class TD). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (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 years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.30%.

**Employer Contributions** – Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2019, the rate of employer's contribution was 32.60% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Per the PSERS Retirement Code, the Commonwealth is required to contribute 50% of the above stated contribution rate directly to PSERS on behalf of the employer. Contributions to the pension plan from the employer were \$1,863,386 for the year ended June 30, 2019.

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

At June 30, 2019, the School District reported a liability of \$19,394,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2017 to June 30, 2018. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2018 (the measurement date), the School District's proportion was .0404% which was an increase of .0001% from its proportion measured as of June 30, 2017.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 11 – PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2019, the School District recognized pension expense of \$1,783,761. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                 | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience               | \$ 156,000                                       | \$ 300,000                                      |
| Changes in assumptions                                          | 361,000                                          | -                                               |
| Net difference between projected and actual investment earnings | 95,000                                           | -                                               |
| Changes in proportions                                          | 453,000                                          | 275,000                                         |
| Contributions subsequent to the measurement date                | 1,863,386                                        | -                                               |
|                                                                 | <b><u>\$ 2,928,386</u></b>                       | <b><u>\$ 575,000</u></b>                        |

The \$1,863,386 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2019.

Other amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

| <b><u>Measurement<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Reporting<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Amount</u></b> |
|----------------------------------------------------------------|--------------------------------------------------------------|----------------------|
| 2019                                                           | 2020                                                         | \$ 397,000           |
| 2020                                                           | 2021                                                         | 232,000              |
| 2021                                                           | 2022                                                         | (66,000)             |
| 2022                                                           | 2023                                                         | (73,000)             |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 11 - PENSION PLAN (Continued)**

**Actuarial Assumptions**

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

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

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

**Investment Asset Allocation**

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

The pension plan's policy in regard to 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.

| <u>Asset Class</u>      | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|-------------------------|------------------------------|-------------------------------------------------------|
| Global public equity    | 20.0%                        | 5.20%                                                 |
| Fixed Income            | 36.0%                        | 2.20%                                                 |
| Commodities             | 8.0%                         | 3.20%                                                 |
| Absolute return         | 10.0%                        | 3.50%                                                 |
| Risk parity             | 10.0%                        | 3.90%                                                 |
| Infrastructure/MLP's    | 8.0%                         | 5.20%                                                 |
| Real estate             | 10.0%                        | 4.20%                                                 |
| Alternative investments | 15.0%                        | 6.70%                                                 |
| Cash                    | 3.0%                         | 0.40%                                                 |
| Financing (LIBOR)       | -20.0%                       | 0.90%                                                 |
|                         | <u>100%</u>                  |                                                       |

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

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 11 - PENSION PLAN (Continued)**

**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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School'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:

|                                                                       | <b>1%<br/>Decrease<br/>6.25%</b> | <b>Current<br/>Discount<br/>Rate<br/>7.25%</b> | <b>1%<br/>Increase<br/>8.25%</b> |
|-----------------------------------------------------------------------|----------------------------------|------------------------------------------------|----------------------------------|
| School District's proportionate share of<br>the net pension liability | <u>\$ 24,040,000</u>             | <u>\$ 19,394,000</u>                           | <u>\$ 15,465,000</u>             |

**Pension plan fiduciary net position**

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM**

**General Information about the Health Insurance Premium Assistance Program**

PSERS 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.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Premium Assistance Eligibility Criteria**

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

**Plan Description**

Western Beaver County School District employees participate in the PSERS – Health Insurance Premium Assistance program, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. 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.state.pa.us](http://www.psers.state.pa.us).

**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 coverage through either their school employer or PSER's Health Options Program. As of June 30, 2018, there were no assumed future benefit increases to participating eligible retirees.

**Contributions**

The District's contractually required contribution for the fiscal year ended June 30, 2019 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. During the 2018-2019 fiscal year, the Western Beaver County School District contributed \$47,442 to the premium assistance program.

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2019, the District reported a liability of \$842,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2017 to June 30, 2018. The 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 measurement date), the district's proportion was 0.0404%, which is an increase of .0001% from its proportion measured as of June 30, 2017.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the year ended June 30, 2019, Western Beaver County School District recognized OPEB expense of \$44,365. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                             | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between projected and actual investment earnings | \$ 5,000                                         | \$ -                                            |
| Changes in proportions                                      | 26,000                                           | -                                               |
| Difference between expected and actual experience           | 1,000                                            | -                                               |
| Changes in assumptions                                      | 13,000                                           | 32,000                                          |
| Contributions subsequent to the measurement date            | 47,442                                           | -                                               |
|                                                             | <b><u>\$ 92,442</u></b>                          | <b><u>\$ 32,000</u></b>                         |

The \$47,442 reported as deferred outflows of resources related to OPEB resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2019.

Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Measurement<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Reporting<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Amortization<br/>Amount</b> |
|---------------------------------------------------------|-------------------------------------------------------|--------------------------------|
| 2019                                                    | 2020                                                  | \$ 2,000                       |
| 2020                                                    | 2021                                                  | 2,000                          |
| 2021                                                    | 2022                                                  | 2,000                          |
| 2022                                                    | 2023                                                  | 2,000                          |
| 2023                                                    | 2024                                                  | 2,000                          |
| Thereafter                                              | Thereafter                                            | 3,000                          |



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Actuarial assumptions**

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

- Actuarial Cost Method – Entry Age Normal – level % of pay
- Investment Return – 2.98% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – 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 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2016 determined the employer contribution rate for fiscal year 2018.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset Valuation method: Market Value
- Participate 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 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.)

**Investment Asset Allocation**

Investments consist primarily of short-term assets designed to protect the principal of 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.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Investment Asset Allocation (Continued)**

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|------------------------|------------------------------|-------------------------------------------------------|
| Cash                   | 5.9%                         | 0.03%                                                 |
| US Core Fixed Income   | 92.8%                        | 1.20%                                                 |
| Non-US Developed Fixed | 1.3%                         | 0.40%                                                 |
|                        | <u>100%</u>                  |                                                       |

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

**Discount Rate**

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

**Sensitivity of the Net OPEB liability to changes in the Discount Rate**

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

|                    | <u>1%<br/>Decrease<br/>1.98%</u> | <u>Current Discount<br/>Rate<br/>2.98%</u> | <u>1%<br/>Increase<br/>3.98%</u> |
|--------------------|----------------------------------|--------------------------------------------|----------------------------------|
| Net OPEB Liability | <u>\$ 958,000</u>                | <u>\$ 842,000</u>                          | <u>\$ 746,000</u>                |

**Sensitivity of the Net OPEB liability to changes in the Healthcare Cost Trend Rates**

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2018, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2017, 93,380 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2017, 1077 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.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Sensitivity of the Net OPEB liability to changes in the Healthcare Cost Trend Rates (Continued)**

The following presents the net OPEB liability of the District as of the June 30 2018 measurement date, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                    | <b>1%<br/>Decrease</b>   | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b>   |
|--------------------|--------------------------|------------------------------------|--------------------------|
| Net OPEB Liability | <u><u>\$ 842,000</u></u> | <u><u>\$ 842,000</u></u>           | <u><u>\$ 842,000</u></u> |

**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](http://www.psers.pa.gov).

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN**

**Plan Description**

**Plan Description**

The Western Beaver County School District administers a single-employer defined benefit healthcare plan. The plan provides post-retirement healthcare, prescription drug, dental and vision care benefits to all eligible employees per the terms of the District's collective bargaining agreements. The School District has agreed to provide health insurance coverage for the retiree and spouse until the retiree reaches age 65 or becomes deceased. The School District shall pay monthly, an amount equal to the premium rate currently in effect, less reimbursement available to the retiree through the PSERS Premium Assistance Program as specified in Act 23 of 1991.

**Funding Policy**

The contribution requirements of plan members and the School District are established and may be amended by the Western Beaver County School Board of Education. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid to fund the health care benefits provided to current retirees. There are no assets that have been segregated and restricted to provide for retiree medical benefits. During the 2018-2019 fiscal year, the Western Beaver County Area School District paid premiums of approximately \$14,366.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Participant Data**

Employees covered by benefit terms as of the July 1, 2017 actuarial valuation were as follows:

|                  | <b><u>PARTICIPANT<br/>DATA</u></b> | <b><u>TOTAL OPEB<br/>LIABILITY</u></b> |
|------------------|------------------------------------|----------------------------------------|
| Active employees | 64                                 | \$ 200,200                             |
| Retirees         | 5                                  | 73,099                                 |
| Total            | <u>69</u>                          | <u>\$ 273,299</u>                      |

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The District's total OPEB liability of \$273,299 was measured as of June 30, 2018, and was determined by an actuarial valuation performed as of June 30, 2017. The July 1, 2017 valuation reflected the following change in total OPEB liability:

|                                                    |                          |
|----------------------------------------------------|--------------------------|
| Balance at July 1, 2018                            | \$ 275,483               |
| Changes for the year:                              |                          |
| Service cost                                       | 10,650                   |
| Interest                                           | 9,862                    |
| Changes of benefit terms                           | -                        |
| Differences between expected and actual experience | -                        |
| Changes in assumptions or other inputs *           | (2,624)                  |
| Benefit payments                                   | <u>(20,072)</u>          |
| Net Changes                                        | <u>(2,184)</u>           |
| Balance at June 30, 2019                           | <u><u>\$ 273,299</u></u> |

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

For the year ended June 30, 2019, Western Beaver County School District recognized OPEB expense of \$2,957. At June 30, 2019, the District report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                    | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|----------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Differences between expected and actual experience | \$ -                                             | \$ (72,077)                                     |
| Changes of assumptions or other inputs             | -                                                | (41,357)                                        |
| Benefit payments                                   | 21,628                                           | -                                               |
|                                                    | <u>\$ 21,628</u>                                 | <u>\$ (113,434)</u>                             |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 12 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The \$21,628 amount reported as deferred outflows of resources resulting from the District's benefit payments subsequent to the measurement date will be recognized as a reduction in next year's total OPEB liability. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Year ended<br/>June 30,</b> | <b>Amortization<br/>Amount</b> |
|--------------------------------|--------------------------------|
| 2020                           | \$ (10,293)                    |
| 2021                           | (10,293)                       |
| 2022                           | (10,293)                       |
| 2023                           | (10,293)                       |
| 2024                           | (10,293)                       |
| 2025 and beyond                | (61,969)                       |

**Sensitivity of the total OPEB liability to changes in the Discount Rate**

The following is the Total OPEB liability to the district, as well as the Total OPEB Liability using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

|                      | <b>1%<br/>Decrease<br/>2.87%</b> | <b>Current<br/>Discount<br/>Rate<br/>3.87%</b> | <b>1%<br/>Increase<br/>4.87%</b> |
|----------------------|----------------------------------|------------------------------------------------|----------------------------------|
| Total OPEB Liability | <u>\$ 277,976</u>                | <u>\$ 273,299</u>                              | <u>\$ 262,800</u>                |

**Sensitivity of the total OPEB liability to changes in the Healthcare Cost Trend Rates**

The following is the Total OPEB liability to the District, as well as what the Total OPEB liability using healthcare cost trend rates that are 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                      | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|----------------------|------------------------|------------------------------------|------------------------|
| Total OPEB Liability | <u>\$ 250,858</u>      | <u>\$ 273,299</u>                  | <u>\$ 298,969</u>      |

**Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability**

Notes to required supplementary information on pages 45-47 describe the actuarial assumptions and other inputs to calculate the total OPEB liability.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS**

**BEAVER COUNTY CAREER AND TECHNOLOGY CENTER**

The Western Beaver County School District, in conjunction with fourteen other School Districts, funds the operating and capital budget of the Beaver County Career and Technology Center. The Technology Center is designed to teach students trade related professions. Each district's share of tuition is based on its proportionate share of enrollment. The School District paid \$274,750 to the Career and Technology Center during the 2018-2019 fiscal year. One representative from each District's school board sit on the board of the Technology Center. Financial information can be obtained by contacting the Technology Center's administrative offices.

**BEAVER VALLEY INTERMEDIATE UNIT**

The Western Beaver County School District participates with 14 other School Districts and 1 Vocational-Technical school located in Beaver County in the Beaver County Intermediate Unit. The Intermediate Unit was established in 1970 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 15 school districts, as well as nonpublic schools and other institutions, located within Beaver County. The Intermediate Unit provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The School District contributed \$5,301 to IU #27 for operations and \$38,945 for transportation recovery through subsidy withholdings, for the year ended June 30, 2019. Financial information can be obtained by contacting the Intermediate Unit's business office at 147 Poplar Avenue, Monaca, PA 15061.

**NOTE 14 - RISK MANAGEMENT**

**GENERAL INSURANCE**

The Western Beaver County School District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**HEALTH INSURANCE**

The Western Beaver County School District is one of sixteen members of the Beaver County School Health Care Insurance Consortium (the Consortium), a public entity risk pool designed to administer health and medical insurance risks on a pooled basis. The school district pays an annual premium (\$790,404 for 2018-2019) in monthly installments to the Consortium for its health and medical insurance coverage, which is subject to an annual settlement based on claims experience. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to, or responsible for, a proportionate share of the Consortium's net position, as determined on the fiscal year-end date after withdrawal. As of June 30, 2019, the District's share of the Consortium's undesignated fund balance was \$91,251.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 15 – CONTINGENCIES**

**STATE AND FEDERAL SUBSIDIES**

The Western Beaver County School District's state and federally funded programs are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The District is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LEGAL MATTERS**

The Western Beaver County School District, in the normal course of operations, is party to various legal matters normally associated with school districts such as real estate tax assessment appeals, personnel wage and benefits, student education and athletics, construction projects, and other miscellaneous legal matters. The District is not aware of any current claims, litigation or assessments against the District that would adversely impact the financial position of the District as of the date of this report.

**NOTE 16 – OPERATING LEASE**

In June of 2016, Western Beaver County School District entered into a lease agreement with Cannon Solutions America for copiers. The terms of the lease call for monthly payments of \$4,198 for a period of sixty-three (63) months.

The maximum future non-cancelable operating lease payments are as follows:

| <b>FISCAL YEAR<br/>ENDED</b> | <b>AMOUNT DUE</b> |
|------------------------------|-------------------|
| 6/30/2020                    | \$ 50,376         |
| 6/30/2021                    | 50,376            |
| 6/30/2022                    | 12,594            |

**NOTE 17 – SUBSEQUENT EVENTS**

In July of 2019, Western Beaver County School District issued a promissory note to First National Bank for \$100,000 for the purchase of computers. The note calls for sixty (60) monthly payments of \$1,832.42 with an interest rate of 3.79%. The note is scheduled to mature in July of 2024.

Management has determined that there are no other events subsequent to June 30, 2019 through the February 12, 2020 date of the 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



**REQUIRED  
SUPPLEMENTARY INFORMATION**

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

|                                                                        | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> |
|------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually Required Contributions                                   | \$ 1,863,386       | \$ 1,699,014       | \$ 1,580,894       | \$ 1,274,046       | \$ 1,112,112       |
| Contribution in relation to the contractually<br>required contribution | <u>(1,863,386)</u> | <u>(1,699,014)</u> | <u>(1,580,894)</u> | <u>(1,274,046)</u> | <u>(1,112,112)</u> |
| Contribution deficiency (excess)                                       | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| District's covered payroll                                             | 5,748,710          | 5,433,946          | 5,370,993          | 5,023,967          | 5,176,911          |
| Contributions as a percentage of<br>covered-employee payroll           | 32.41%             | 31.27%             | 29.43%             | 25.36%             | 21.48%             |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

Note: Beginning in 2018 with the implementation of GASB 75, contributions as reported above reflect the pension portion of the contribution only. The premium assistance (OPEB) portion of the contribution is reflected on a separate RSI schedule. Prior year contributions reflect both the pension and premium assistance amounts combined.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                                  | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> |
|----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net pension liability                                                             | 0.0404%            | 0.0403%            | 0.0388%            | 0.0402%            | 0.0401%            | 0.0427%            |
| District's proportionate share of the net pension liability                                                    | \$ 19,394,000      | \$ 19,904,000      | \$ 19,228,000      | \$ 17,413,000      | \$ 15,872,000      | \$ 17,479,000      |
| District's covered-employee payroll                                                                            | \$ 5,433,946       | \$ 5,370,993       | \$ 5,023,967       | \$ 5,176,911       | \$ 5,112,215       | \$ 5,473,540       |
| District's proportionate share of the net pension liability<br>as a percentage of its covered-employee payroll | 356.90%            | 370.58%            | 382.73%            | 336.36%            | 310.47%            | 319.34%            |
| Plan fiduciary net position as a percentage of<br>the total pension liability                                  | 54.00%             | 51.84%             | 50.14%             | 54.36%             | 57.24%             | 54.39%             |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year. This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB CONTRIBUTIONS**

**PSERS PLAN**

**JUNE 30,**

|                                                                        | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     |
|------------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Contractually Required Contributions                                   | \$ 47,442       | \$ 44,429       | \$ 43,694       |
| Contribution in relation to the contractually<br>required contribution | <u>(47,442)</u> | <u>(44,429)</u> | <u>(43,694)</u> |
| Contribution deficiency (excess)                                       | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| <br>District's covered payroll                                         | <br>5,748,710   | <br>5,433,946   | <br>5,370,993   |
| Contributions as a percentage of<br>covered-employee payroll           | 0.83%           | 0.82%           | 0.81%           |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**PSERS PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                               | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> |
|-------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| District's proportion of the net OPEB liability                                                             | 0.0404%            | 0.0403%            | 0.0388%            |
| District's proportionate share of the net OPEB liability                                                    | \$ 842,000         | \$ 821,000         | \$ 836,000         |
| District's covered-employee payroll                                                                         | \$ 5,433,946       | \$ 5,370,993       | \$ 5,023,967       |
| District's proportionate share of the net OPEB liability<br>as a percentage of its covered-employee payroll | 15.50%             | 15.29%             | 16.64%             |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability                                  | 5.56%              | 5.73%              | N/A                |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year. This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DISTRICT POST-RETIREMENT HEALTHCARE PLAN**  
**JUNE 30, 2019**

|                                                                       | <b>2019</b>              | <b>2018</b>              |
|-----------------------------------------------------------------------|--------------------------|--------------------------|
| Service cost                                                          | \$ 10,650                | \$ 25,296                |
| Interest                                                              | 9,862                    | 14,781                   |
| Changes of benefit terms                                              | -                        | -                        |
| Differences between expected and actual                               | -                        | (85,181)                 |
| Changes of assumptions or other inputs                                | (2,624)                  | (46,013)                 |
| Benefit payments                                                      | (20,072)                 | (88,200)                 |
| <b>Net change in net OPEB liability</b>                               | <b>(2,184)</b>           | <b>(179,317)</b>         |
| <b>Net OPEB liability - beginning of year</b>                         | <b>275,483</b>           | <b>454,800</b>           |
| <b>Net OPEB liability - end of year</b>                               | <b><u>\$ 273,299</u></b> | <b><u>\$ 275,483</u></b> |
| <br>Covered-employee payroll                                          | <br>\$ 3,780,022         | <br>\$ 3,687,826         |
| <br>Net OPEB liability as a percentage of<br>covered employee payroll | <br>7.23%                | <br>7.47%                |

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

**NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PSERS PENSION BENEFITS**

**Changes in Benefit Terms**

With the passage of Act 5, Class T-E and T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2018**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2017**

None

**Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2018**

The discount rate decreased from 3.13% to 2.98%.

**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**  
**(Continued)**

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2017**

The discount rate increased from 2.71% to 3.13%.

**Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine contribution rates reported in the OPEB required supplementary schedules:

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



**WESTERN BEAVER COUNTY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

**NOTE 3 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE RETIREE OPEB SCHOOL PLAN**

**Changes in Benefit Terms**

None

**Changes in Assumptions**

June 30, 2019 – Discount rate changed to 3.87% from 3.58%

**ACTUARIAL ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

- Cost Method – Entry Age Normal as a Level Percentage of Pay.
- Discount Rate – 3.87% based on the Bond Buyers 20-Bond Index.
- Salary Increases – 2.50%.
- Inflation Rate – 3.00%
- Healthcare Trend – 2018-2019 fiscal year 7.00% decreasing on a graduated basis to 4.5% for fiscal years 2025-2026 and later.
- Disability – None assumed.
- Plan Participation of Future Retirees: It is assumed that 25% of Administrators and Teachers and 10% of Support Staff will elect postretirement medical coverage.
- Percent of Future Retirees Who Will Elect to Cover a Spouse at Retirement - 25% of Administrators and Teachers and 10% of Support Staff.
- Age Difference in Spouses: Females are assumed to be 3 years younger than males.
- Mortality Rates – RPH-2014 Total Dataset Mortality Table projected using the Scale MP-2017.

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**APPENDIX C**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]



## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

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

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

[ THIS PAGE INTENTIONALLY LEFT BLANK ]