PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 10, 2018

NEW ISSUE - BOOK ENTRY ONLY

RATINGS: S&P: ___ (______ Outlook) (Insured)
Moody's: A1 (No Outlook) (Underlying)
Moody's: GB1 (2018A Green Bonds Assessment)
(*See* **"Bond Insurance"** and **"Ratings"** herein**)**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the 2018A Bonds (including, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and par) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the 2018A Bonds is not a specific item of tax preference under §57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. Interest on the 2018B Bonds is subject to federal taxes. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income, corporate net income, and personal property taxes within the Commonwealth of Pennsylvania (See "TAX MATTERS" herein.)

The School District has designated the 2018A Bonds as "Qualified Tax-Exempt Obligations" pursuant to §265(b)(3) of the Code (relating to the deductibility of interest expense by certain financial institutions).

$13,800,000*
LIGONIER VALLEY SCHOOL DISTRICT
(Westmoreland County, Pennsylvania)
Consisting of:
$10,000,000* General Obligation Bonds, Series A of 2018 (Green Bonds)
$3,800,000* General Obligation Bonds, Series B of 2018 (Federally Taxable)

Dated: Date of Delivery
Principal Due: March 1 (as shown on the inside cover)
Denomination: Integral multiples of $5,000

Interest Payable: March 1 and September 1
First Interest Payment: September 1, 2018
Form: Book-Entry Only

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

Payment of Principal and Interest: The General Obligation Bonds, Series A of 2018 (Green Bonds), in the aggregate principal amount of $10,000,000* (the "2018A Bonds") and General Obligation Bonds, Series B of 2018 (Federally Taxable), in the aggregate principal amount of $3,800,000* (the "2018B Bonds" and together with the 2018A Bonds, the "Bonds") of the Ligonier Valley School District, a public school district located in Westmoreland County, Pennsylvania (the "School District"). The Bonds will be issued as fully registered Bonds and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made only in book-entry form, and purchasers will not receive certificates representing their interests in the Bonds. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal and interest on the Bonds will be made by Zions Bank, a division of ZB, National Association, having corporate trust offices located in Pittsburgh, Pennsylvania (the "Paying Agent") directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See "**DESCRIPTION OF THE BONDS**" and "**BOOK-ENTRY ONLY SYSTEM**" herein.

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

Use of Proceeds - 2018A Bonds and 2018B Bonds: Proceeds of the Bonds will be used for and towards (1) funding of the School District's infrastructure initiatives under its Energy Efficiency Project, such as, but not limited to: (a) electrical, natural gas, water and sewage upgrades to reduce energy consumption, (b) lighting system improvements and water conservation to reduce operating costs, (c) implement related capital improvements such as, but not limited to equipment, property improvements and reducing ongoing deferred maintenance costs, (2) capitalizing interest on a portion of the Bonds; and (3) paying the costs of insuring and issuing the Bonds.

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

Bond Insurance: The scheduled payment of principal of and interest on the Bonds when due is guaranteed under a municipal bond insurance policy issued concurrently with the delivery of the Bonds by ________________.

Legal Approvals: The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter and subject to the approving legal opinion of Lynch and Lynch, Pittsburgh, Pennsylvania, Bond Counsel. Certain additional matters will be passed upon for the School District and by its Solicitor, Quatrini Rafferty, Greensburg, Pennsylvania. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about February _____, 2018.

Janney

*Preliminary, subject to change.

$10,000,000*

LIGONIER VALLEY SCHOOL DISTRICT

(Westmoreland County, Pennsylvania)

General Obligation Bonds, Series A of 2018 (Green Bonds)

Dated: Date of Delivery
Principal Due: March 1
Denomination: Integral multiples of $5,000

Interest Payable: March 1 and September 1
First Interest Payment: September 1, 2018
Form: Book-Entry Only

BOND MATURITY SCHEDULE

Year (March 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers [(1)]
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					

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

*Preliminary, subject to change.

$3,800,000*

LIGONIER VALLEY SCHOOL DISTRICT

(Westmoreland County, Pennsylvania)

General Obligation Bonds, Series B of 2018 (Federally Taxable)

Dated: Date of Delivery
Principal Due: March 1
Denomination: Integral multiples of $5,000

Interest Payable: March 1 and September 1
First Interest Payment: September 1, 2018
Form: Book-Entry Only

BOND MATURITY SCHEDULE

Year (March 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers [1]
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					

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

*Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the School District or the Underwriter to give any information or to make any representation, other than that given or made in this Official Statement, and if given or made, any such other information or representation may not be relied upon as having been authorized by the School District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the School District and, while the information set forth in this Official Statement has been furnished by the School District and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter or, as to information obtained from other sources, by the School District. The information and expressions of opinion set forth in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that the affairs of the School District have remained unchanged since the date of this Official Statement.

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

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

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

The School District deems this Preliminary Official Statement to be final for the purposes of SEC Rule 15c2-12(b)(1) except for certain information on the Cover Page hereof and on certain pages herein which has been omitted in accordance with such Rule and which will be supplied with the final Official Statement.

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LIGONIER VALLEY SCHOOL DISTRICT
(Westmoreland County, Pennsylvania)

SCHOOL DISTRICT ADDRESS
Administration Office
339 West Main Street
Ligonier, Pennsylvania 15658

Telephone: (724) 238-5696
Website Address: www.lvsd.k12.pa.us

BOARD OF SCHOOL DIRECTORS

Irvin Tantlinger	President
John McDowell	Vice President
Annie Urban	Treasurer
Mary Gamble	Member
Irma Hutchinson	Member
Kevin Mack	Member
John Naugle	Member
Kimberly Dickert-Wallace	Member
David Wilcox	Member

SUPERINTENDENT
Christine Oldham

BUSINESS MANAGER/SECRETARY
Michelle Krebs

SOLICITOR
Quatrini Rafferty
Greensburg, Pennsylvania

BOND COUNSEL
Lynch and Lynch
Pittsburgh, Pennsylvania

PAYING AGENT
Zions Bank, a division of ZB, National Association
Pittsburgh, Pennsylvania

UNDERWRITER
Janney Montgomery Scott LLC
Pittsburgh, Pennsylvania

FINANCIAL ADVISOR
RBC Capital Markets, LLC
Pittsburgh, Pennsylvania

SUMMARY STATEMENT

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

Issuer	Ligonier Valley School District, a public school district located in Westmoreland County, Pennsylvania (the "School District").
The Bonds	$10,000,000* aggregate principal amount, General Obligation Bonds, Series of A 2017, dated the date of delivery, and will mature as shown in the **BOND MATURITY SCHEDULE** inside the cover page of this Preliminary Official Statement. Interest on the 2018A Bonds will begin to accrue on the date of delivery, and is payable each March 1 and September 1 thereafter until the principal amount is paid, commencing September 1, 2018. (See **"THE BONDS"** herein.) $3,800,000* aggregate principal amount, General Obligation Bonds, Series B of 2018 (Federally Taxable), dated the date of delivery, and will mature as shown in the **BOND MATURITY SCHEDULE** inside the cover page of this Preliminary Official Statement. Interest on the 2018B Bonds will begin to accrue on the date of delivery, and is payable each March 1 and September 1 thereafter until the principal amount is paid, commencing September 1, 2018. (See **"THE BONDS"** herein.)
Redemption Provisions	The Bonds are subject to mandatory and optional redemption prior to their stated dates of maturity, as more fully described herein. (See "**REDEMPTION OF BONDS**" herein.)
Form of Bonds	Book-Entry only.
Use of Proceeds	**2018A Bonds and 2018B Bonds:** Proceeds of the Bonds will be used for and towards (1) funding of the School District's infrastructure initiatives under its Energy Efficiency Project, such as, but not limited to: (a) electrical, natural gas, water and sewage upgrades to reduce energy consumption, (b) lighting system improvements and water conservation to reduce operating costs, (c) implement related capital improvements such as, but not limited to equipment, property improvements and reducing ongoing deferred maintenance costs, (2) capitalizing interest on a portion of the Bonds; and (3) paying the costs of insuring and issuing the Bonds. **(See "PURPOSE OF THE ISSUE," "SOURCES AND USES OF FUNDS," "APPENDIX A - STATEMENT OF LONG-TERM INDEBTEDNESS DIRECT DEBT (NON ELECTORAL & LEASE RENTAL), OVERLAPPING DEBT, DEBT RATIOS AND DEBT LIMITS" herein.)**
Security for the Bonds	The Bonds are general obligations of the School District, for the payment of which the School District has irrevocably pledged its full faith, credit and all available taxing power, subject to the limitations in the Taxpayer Relief Act. (See **"SECURITY FOR THE BONDS" and APPENDIX A – "TAXING POWERS OF THE SCHOOL DISTRICT, PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS - Act 1 of Special Session 2006 ("Taxpayer Relief Act")"** herein.)
Credit Enhancement	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a bond insurance policy to be issued concurrently with the delivery of the Bonds by ____________(See **"BOND INSURANCE"** herein.)
Bond Rating	(See **"MISCELLANEOUS - Ratings"** herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See **"CONTINUING DISCLOSURE UNDERTAKING AND APPENDIX C - FORM OF CONTINUING DISCLOSURE CERTIFICATE"** herein.)

OFFICIAL STATEMENT

$13,800,000*
LIGONIER VALLEY SCHOOL DISTRICT

(Westmoreland County, Pennsylvania)

Consisting of:

$10,000,000* General Obligation Bonds, Series A of 2018 (Green Bonds)
$3,800,000* General Obligation Bonds, Series B of 2018 (Federally Taxable)

INTRODUCTION

This Official Statement is furnished by Ligonier Valley School District, located in Westmoreland County, Pennsylvania (the "School District"), in connection with the offering of its General Obligation Bonds, Series A of 2018 (Green Bonds), in the aggregate principal amount of $10,000,000* (the "2018A Bonds") and General Obligation Bonds, Series B of 2018 (Federally Taxable), in the aggregate principal amount of $3,800,000* (the "2018B Bonds" and, together, with the 2018A Bonds, the "Bonds").

The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District, adopted January 8, 2018 (the "Resolution"), and in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), as amended (the "Debt Act").

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

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

PURPOSE OF THE ISSUE

2018A Bonds and 2018B Bonds:

Proceeds of the Bonds will be used for and towards (1) funding of the School District's infrastructure initiatives under its Energy Efficiency Project, such as, but not limited to: (a) electrical, natural gas, water and sewage upgrades to reduce energy consumption, (b) lighting system improvements and water conservation to reduce operating costs, (c) implement related capital improvements such as, but not limited to equipment, property improvements and reducing ongoing deferred maintenance costs, (2) capitalizing interest on a portion of the Bonds; and (3) paying the costs of insuring and issuing the Bonds.

SOURCES AND USES OF FUNDS

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

Sources of Funds:	**2018A Bonds**	**2018B Bonds**	**Total**
Par Amount of the Bonds			
Original Issue [Discount][Premium]			
Total Sources of Funds			
Uses of Funds:			
Construction Fund Deposit			
Costs of Issuance (1)			
Total Use of Funds			

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

*Preliminary, subject to change.

THE BONDS

Description

The aggregate principal amount of the Bonds is $13,800,000*. The Bonds will be issued in fully registered form (without coupons) in denominations of $5,000 and integral multiples thereof. The Bonds will be dated as of the date of delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable initially on September 1, 2018 and semiannually on March 1 and September 1 of each year thereafter until the principal sum thereof is paid.

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

Payment of Principal and Interest

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

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

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding September 1, 2018, in which event such Bond shall bear interest from the date of delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on September 1, 2018, and thereafter, semiannually on March 1 and September 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day of (whether or not a day on which the Paying Agent is open for business) of the month immediately preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date.

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

Transfer, Exchange and Registration of Bonds

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

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

Neither the School District, nor the Sinking Fund Depository, shall be required to: (a) issue, or register the transfer or exchange of, any Bond during a period of fifteen (15) business days before any date of selection of Bonds to be redeemed; or (b) register the transfer or exchange of any Bond after it has been selected for redemption.

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*Preliminary, subject to change.

SECURITY FOR THE BONDS

General Obligation Pledge

The Bonds are general obligations of the School District and are payable from its local taxes, state subsidies and other general revenues. The School District has covenanted in the Resolution that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and all available taxing power, which taxing power presently includes ad valorem taxes on all taxable property within the School District, within the limits provided by law. (See, "**TAXING POWERS OF THE SCHOOL DISTRICT" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**" in **APPENDIX A** herein). The Debt Act presently provides for enforcement of debt service payments as hereinafter described (see "**SECURITY FOR THE BONDS – Actions in the Event of Default on the Bonds**" herein), and the Public School Code of 1949, as amended (the "Public School Code") presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see **"SECURITY FOR THE BONDS - Commonwealth Enforcement of Debt Service Payments" and "Pennsylvania Budget Adoption"** herein).

Sinking Funds

Sinking funds for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series A of 2018 (Green Bonds)" and "Sinking Fund, General Obligation Bonds, Series B of 2017" (collectively, the "Sinking Funds"), have been created in accordance with the Resolution and will be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Funds a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Funds will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and principal then due on the Bonds. The Sinking Funds shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent as authorized by the Debt Act and upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits, together with the interest thereon, shall be a part of the Sinking Funds. The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Funds the principal of and interest on the Bonds, as and when due and payable.

Intercept of Commonwealth Appropriation

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

> "In all cases where the board of directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory sinking fund redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date, or on any sinking fund deposit date in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligations and shall withhold out of any State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory sinking fund redemption and interest owing by such school district, or such sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depositary for such bond issue."

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

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

Pennsylvania Budget Adoption

Over the past several years the Commonwealth has started its fiscal year without a fully adopted state budget. For example, in the Commonwealth's 2015-16 fiscal year which began on July 1, 2015, a final budget was not enacted until March 27, 2016, 270 days following the beginning of the fiscal year, when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on March 17, 2016. This delay forced many school districts to review their cash flow position and issue tax anticipation notes to cover operating costs (see "**History of Tax Anticipation Note Financings**" herein). In the 2016-17 fiscal year, the state budget became law, known as Act 16A of 2016, on July 12, 2016 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on July 1, 2016. On July 13, 2016, the General Assembly adopted and the Governor signed into law an additional tax and revenue package, known as Act 85 of 2016 that was needed to balance the 2016-17 state budget. A revenue package for the state budget for the 2017-18 fiscal year, which began July 1, 2017 was finally approved on October 30, 2017.

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

Act 85 of 2016

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

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

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

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

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

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

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

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

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

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

Actions in the Event of Default on the Bonds

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

BOND INSURANCE

[APPLIED FOR]

BOND INSURANCE RISK FACTORS

The School District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The School District has yet to determine whether an insurance policy will be purchased for the Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

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

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

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the Resolution. In the event 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 which could change over time. No assurance is given that the long-term ratings of the bond insurer and of the ratings on the Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

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

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

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BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Bond, in the aggregate principal amount of such issue, and will be deposited with DTC. DTC the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

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

REDEMPTION OF BONDS

2018A BONDS

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Resolution, the 2018A Bonds stated to mature on March 1 of the years and _______ are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon, to the dates fixed for redemption, on March 1 of the years and in the amounts set forth below:

The 2018A Bonds Stated to Mature on March 1, ____		The 2018A Bonds Stated to Mature on March 1, ____	
Year	**Principal Redeemed**	**Year**	**Principal Redeemed**

*Final maturity.

Optional Redemption

In the manner and upon the terms and conditions provided in the Resolution, the 2018A Bonds stated to mature on and after March 1, _______are subject to redemption prior to maturity, at the option of the School District, either as a whole or in part, in such order of maturity as the School District shall determine, at any time on or after March 1,_______, and, if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption.

__2018B BONDS__

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Resolution, the 2018B Bonds stated to mature on March 1 of the years and _______ are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon, to the dates fixed for redemption, on March 1 of the years and in the amounts set forth below:

The 2018B Bonds Stated to Mature on March 1, ____		The 2018B Bonds Stated to Mature on March 1, ____	
Year	**Principal Redeemed**	**Year**	**Principal Redeemed**

____

*Final maturity.

Optional Redemption

In the manner and upon the terms and conditions provided in the Resolution, the 2018B Bonds stated to mature on and after March 1, _______are subject to redemption prior to maturity, at the option of the School District, either as a whole or in part, in such order of maturity as the School District shall determine, at any time on or after March 1,_______, and, if in part, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the date fixed for redemption.

Notice of Redemption

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

Manner of Redemption

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

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TAX MATTERS

State Tax Matters

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

Federal Income Tax Matters

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the 2018A Bonds (including, in the case of 2018A Bonds sold at an original issue discount, the difference between the initial offering price and par) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the 2018A Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the 2018A Bonds. The School District has covenanted to comply with certain restrictions designed to ensure that interest on the 2018A Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the 2018A Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the 2018A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2018A Bonds may adversely affect the tax status of the interest on the 2018A Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2018A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion regarding the 2018A Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Lynch and Lynch.

Although Bond Counsel has rendered an opinion that interest on the 2018A Bonds is excludable from gross income for Federal and Pennsylvania income tax purposes, the ownership, or disposition of, or the accrual or receipt of interest on, the 2018A Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing of the 2018A Bonds on the tax liabilities of the individual or entity.

For example, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56 (c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership, or disposition of the 2018A Bonds may result in other collateral federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits, under Section 86 of the Code and, for tax years beginning in 1996, limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any 2018A Bond may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, the residence of a holder of 2018A Bonds in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the 2018A Bonds.

The 2018A Bonds have been designated as "qualified tax-exempt obligations" for the purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

In the opinion of Bond Counsel, interest on the 2018B Bonds must be included in gross income for federal income tax purposes.

Original Issue Discount – 2018A Bonds

The 2018A Bonds maturing March 1st of the year's ____________________________ (collectively, the "Tax-Exempt Discount Bonds"), are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For Federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Tax-Exempt Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns such Discount Bond is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

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

Original Issue Premium – 2018A Bonds

The 2018A Bonds maturing on March 1st of the year's ____________________________ have been sold at an original issue premium (individually referred to as an "OIP Bond"). The original issue premium for a 2018A Bond will be equal to the excess of an owner's tax basis in the OIP Bond over the amount payable at maturity, or in the case of an OIP Bond subject to redemption, the amount payable on the redemption date. Under current law, the original issue premium for an OIP Bond must be amortized on an annual basis by the owner thereof. The amount of original issue premium amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the OIP Bond be deducted from the owner's tax basis in such OIP Bond. This reduction in an owner's tax basis will affect the amount of capital gain or loss to be recognized by the owner when the OIP Bond is sold or redeemed. Amortizable premium is accounted for as reducing the tax-exempt interest on the OIP Bonds rather than creating a deductible expense or loss.

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

Original Issue Discount – 2018B Bonds

The 2018B Bonds maturing March 1st of the year's _____________________________ (collectively, the "Tax-Exempt Discount Bonds"), are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For Federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Tax-Exempt Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns such Discount Bond is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

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

Original Issue Premium - 2018B Bonds

The 2018B Bonds maturing on March 1st of the year's ____________________________ have been sold at an original issue premium (individually referred to as an "OIP Bond"). The original issue premium for a 2018B Bond will be equal to the excess of an owner's tax basis in the OIP Bond over the amount payable at maturity, or in the case of an OIP Bond subject to redemption, the amount payable on the redemption date. Under current law, the original issue premium for an OIP Bond must be amortized on an annual basis by the owner thereof. The amount of original issue premium amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the OIP Bond be deducted from the owner's tax basis in such OIP Bond. This reduction in an owner's tax basis will affect the amount of capital gain or loss to be recognized by the owner when the OIP Bond is sold or redeemed. Amortizable premium is accounted for as reducing the tax-exempt interest on the OIP Bonds rather than creating a deductible expense or loss.

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

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 OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON ON THEIR AFFAIRS, INCLUDING, BUT NOT LIMITED TO, THE EFFECT OF STATE AND LOCAL TAX LAWS.

CONTINUING DISCLOSURE UNDERTAKING

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

Under the terms of the Certificate, the School District will undertake to file with the MSRB financial and other information concerning the School District. The School District's obligations with respect to continuing disclosure relative to the Bonds shall terminate upon the prior redemption or payment in full of all of the Bonds.

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

The School District failed to file in a timely manner certain of its operating data information for fiscal year's ending June 30, 2013 and June 30, 2017 as required by its Continuing Disclosure Agreements executed by the School District with regard to certain outstanding series of bonds (the "Continuing Disclosure Obligations").

Additionally, the School District failed to file in a timely manner notice of bond insurer rating changes by S&P Global Ratings ("S&P") and Moody's Investors Service ("Moody's). The rating changes by S&P and Moody's were widely disseminated at the time of their action and part of public information readily available from other sources. The School District also failed to file in a timely manner a notice of rating upgrade from S&P for its underlying rating. These notices have since been filed.

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

In an effort to augment the School District's procedures and policies to maintain future compliance, the School District has taken additional steps intended to assure future compliance with its Continuing Disclosure Obligations. These steps include implementing the MSRB's EMMA's internal notification system whereby the School District has registered to receive timely email reminders a month in advance for all of the School District's annual disclosure filings to ensure all disclosure obligations have been made on a timely basis and in all material respects.

MISCELLANEOUS

Underwriting

Janney Montgomery Scott LLC (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the School District at a purchase price of ____________ (consisting of an aggregate principal amount of ___________ less an underwriter's discount of ____________and a net original issue discount of __________). The Underwriter's obligations to purchase the Bonds is subject to certain conditions precedent, however, the Underwriter is obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

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

Financial Advisor

RBC Capital Markets, LLC is employed as Financial Advisor to Ligonier Valley School District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

No Litigation

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

Legal Opinion

Certain legal matters relating to the authorization and issuance of the Bonds will be subject to the approving opinion of Lynch and Lynch, Pittsburgh, Pennsylvania, as Bond Counsel for the School District. Certain additional matters relating to the authorization and issuance of the Bonds will be passed upon for the School District by Quatrini Rafferty, P.C., Greensburg, Pennsylvania, Solicitor to the School District.

Ratings

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal bond rating of _________________ to this issue of Bonds, based upon the issuance by __________ of its municipal bond insurance policy. Moody's Investor Services has assigned its underlying rating of A1 (no outlook) to this issue of Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The above rating is not recommendations to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

Moody's assignment of Green Bond Assessment of GB1

Moody's has assigned a Green Bond Assessment ("GBA") of GB1 (excellent) to the 2018A Bonds. Such assessment reflects only the view of Moody's, with respect to the assessment given by it, and any explanation of the significance of such assessment may only be obtained from Moody's. There is no assurance that the assessment will remain in effect for any given period of time or that they will not be lowered, suspended or withdrawn entirely if, in the judgment of Moody's, circumstances so warrant. Any such lowering, suspension or withdrawal of the assessment might have an adverse effect on the market price or marketability of the 2018A Bonds.

The School District's Designation of the 2018A Bonds as "Green Bonds"

The School District is designating the 2018A Bonds as "Green Bonds" as the proceeds will be used exclusively for projects that are consistent with its Investment Grade Audit Process under the Guaranteed Energy Savings Act 57 of 1998 of the Commonwealth of Pennsylvania. The Project is comprehensive and district-wide. The Project will reduce the School District's use of electricity, natural gas and water. The Project will also reduce a number of the School District's Greenhouse Gas Emissions over its life.

The 2018A Bond Proceeds

The net proceeds of the Bonds will be deposited into a Project Fund and will be used only for the Project. Pending such disbursement, the net proceeds will be invested pursuant to the School District's investment policy. The School District's Investment Policy can be found at its website at www.lvsd.k12.pa.us.

Annual Reporting of the 2018A Bonds as "Green Bonds"

The School District will provide disclosure to demonstrate the benefits resulting from the planned expenditures of the 2018A Bonds. Construction draws will be disclosed through the annual School District Audits which will be posted to the MSRB's EMMA website. Please see "CONTINUING DISCLOSURE UNDERTAKING" herein.

The School District will also disclose a report, on the MSRB's EMMA website, twelve (12) months after the Project is completed. This report will include a summary, among other things, of energy savings and the reductions of greenhouse gas emissions.

The reporting on the "Green Bonds" as described above is a voluntary disclosure being undertaken by the School District and such voluntary disclosure is not incorporated into the School District's Continuing Disclosure Agreement.

Other

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

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

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

LIGONIER VALLEY SCHOOL DISTRICT
Westmoreland County, Pennsylvania

By: ____________________________
President, Board of School Directors

By: ____________________________
Secretary

APPENDIX A

THE SCHOOL DISTRICT AND FINANCIAL REVIEW

THE SCHOOL DISTRICT

Introduction

The School District is comprised of the Boroughs of Bolivar, Laurel Mountain, Ligonier, New Florence and Seward and the Townships of Cook, Fairfield, Ligonier and St. Clair (collectively, the "Component Municipalities"). The School District is located in the Laurel Highlands, in the southeastern portion of Westmoreland County, Pennsylvania, approximately 50 miles east of the City of Pittsburgh, Pennsylvania and fifteen miles east of the City of Greensburg, the County Seat of the County. The Component Municipalities encompass a combined land area of 230.1 square miles, serving a 2010 U.S. Census population of 16,184.

Organization and Central Administration

The School District is a third class school district (school districts within the Commonwealth are classified as first, second, third and fourth class according to population) and operates under and pursuant to the Public School Code of 1949, as amended and supplemented. The School District is governed by a nine member Board of School Directors, comprised of residents of the School District who are elected at large for four-year staggered terms of office. The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education, financial budget, and all financial operations. Budget preparation and control are overseen by the Business Manager. The Superintendent and the Business Manager are appointed by the School Board.

School Facilities and Current Enrollment

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

	Original Construction	Year(s) of Additions/ Renovations	Grades Housed	Rated Pupil Capacity	2017-18 Current Enrollment[1]
Elementary:					
Laurel Valley Elementary	1977	1999	K4-5	763	273
R.K. Mellon Elementary	1971	1994	K4-5	852	452
Secondary:					
Ligonier Valley Middle School..........	1952	1994	6-8	808	340
Ligonier Valley High School	1964	1998	9-12	750	533
			Totals	3,173	1,598

[1]1st day enrollment.
Source: School District Officials.

Historical Enrollment Trends (Actual and Projected)

Actual Enrollment			
School Year Ending June 30,	K4-5	6-12	Total
2013-2014	804	995	1,799
2014-2015	783	819	1,602
2015-2016[1]	770	793	1,563
2016-2017[2]	700	859	1,559
2017-2018	725	873	1,598

Projected Enrollment			
School Year Ending June 30,	K4-5	6-12	Total
2018-2019	688	877	1,565
2019-2020	677	875	1,552
2020-2021	666	832	1,498
2021-2022	638	804	1,442
2022-2023	628	801	1,429

[1]Implemented a K-4 program.
[2]1st day enrollment.
Source: School District Officials.

FINANCIAL REVIEW

This Appendix A is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and the 2017-18 budget of the School District should be reviewed at the Business Office, Ligonier Valley School District, Westmoreland County, Pennsylvania.

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

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

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

Budgeting Process in School Districts under the Taxpayer Relief Act

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

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

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

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

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

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

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

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

	Actual Fiscal Year Ending June 30,				
Assets	**2013**	**2014**	**2015**	**2016**	**2017**
Cash and Cash Equivalents	$5,412,618	$7,520,381	$8,057,744	$7,390,193	$8,207,893
Taxes Receivable	1,100,134	1,140,020	1,205,369	1,369,202	1,310,616
Other Government Grants	129,108	427,822	263,047	333,681	333,209
Other Receivables	1,970	91,442	14,588	20,195	9,374
Due from Other Funds	67,436	20,663	69,860	51,198	19,460
Inventories	32,000	32,000	32,000	32,000	32,000
Prepaid Expenses	0	28,680	21,510	14,274	7,170
Total Assets	$6,743,266	$9,261,008	$9,664,118	$9,210,743	$9,919,722
Liabilities					
Accounts Payable	$725,605	$889,765	$836,524	$466,953	$413,403
Accrued Liabilities	1,327,218	1,808,435	2,204,577	2,499,148	2,712,107
Accrued Compensated Absences	10,500	257	15,362	1,820	0
Due to Other Governments	0	0	0	0	0
Deferred Revenues	533,636	0	0	0	0
Other Current Liabilities	50,000	50,000	0	0	0
Total Liabilities	$2,646,959	$2,748,457	$3,056,463	$2,967,921	$3,125,510
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	$0	$1,058,953	$807,273	$697,770	$758,690
Fund Equities					
Non-spendable	$32,000	$32,000	$32,000	$32,000	$32,000
Committed	0	3,341,884	3,600,516	3,600,516	4,090,986
Unassigned	4,064,307	2,079,714	2,167,866	1,912,536	1,912,536
Total Fund Equities	$4,096,307	$5,453,598	$5,800,382	$5,545,052	$6,035,522
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	$6,743,266	$9,261,008	$9,664,118	$9,210,743	$9,919,722

Source: School District's Audits.

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

	Actual (Fiscal Year Ending June 30)					Budgeted
Revenues	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**[(1)]
Local Sources	$16,060,721	$16,753,038	$16,802,180	$17,072,060	$17,288,823	$17,788,357
State Sources	9,722,030	9,880,037	10,072,510	10,327,821	11,231,215	11,331,241
Federal Sources	674,251	529,266	570,418	506,381	586,080	461,516
Total Revenues	$26,457,002	$27,162,341	$27,445,108	$27,906,262	$29,106,118	$29,581,114
Expenditures						
Instruction	$13,279,261	$14,122,402	$14,345,577	$15,790,896	$16,278,491	$18,152,679
Support Services	8,272,267	8,411,536	8,944,002	9,210,985	9,465,750	9,738,903
Student Activities	415,073	440,297	507,400	492,522	552,242	627,504
Community Services	2,558	1,355	3,933	0	502	0
Non-Instructional Services	0	0	0	0	0	0
Capital Outlay	91,547	315,196	492,056	67,582	0	0
Debt Service	2,845,796	2,684,331	2,681,856	2,681,787	2,408,683	2,520,028
Total Expenditures	$24,906,502	$25,975,117	$26,974,824	$28,243,772	$28,705,668	$31,039,114
Excess of Revenue Over (Under) Expenditures	$1,550,500	$1,187,224	$470,284	$(337,510)	$400,450	$(1,458,000)
Other Financing Sources (Uses):						
Operating Transfers In	$0	$0	$0	$6,615,199	$8,772,083	
Operating Transfer Out	(73,067)	(21,337)	(123,500)	(6,533,027)	(8,682,061)	
Total Other Financing Sources (Uses)	$(73,067)	$(21,337)	$(123,500)	$82,172	$90,022	
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$1,477,433	$1,165,887	$346,784	$(255,335)	$490,473	
Beginning Fund Balance, July 1	$2,618,874	$4,096,307	$5,453,568	$5,800,352	$5,545,017	
Prior Period Adjustment	0	191,374	0	0	0	
Ending Fund Balance, June 30	$4,096,307	$5,453,568	$5,800,352	$5,545,017	$6,035,490	

(1)Budget, as adopted June 12, 2017.
Source: School District's Financial Statements and Budget Report.

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TAXING POWERS OF THE SCHOOL DISTRICT

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

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

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

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

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

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

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

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

The School District may also levy additional taxes, subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (the "Local Tax Enabling Act"). These taxes, which may include, among others, an additional per capita tax, wage and other earned income taxes, real estate transfer taxes, gross receipts taxes, and occupation taxes, may not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the school district (as certified by the State Tax Equalization Board of the Commonwealth – "STEB") multiplied by twelve mills. A recent amendment to the Local Tax Enabling Act authorized all taxing authorities to increase at their individual discretion, the exemption level for per capita, occupational, earned income and similar taxes from $5,000 to $10,000.

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

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

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

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

The Taxpayer Relief Act, which became effective June 27, 2006 provides, *inter alia*, that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) the increase was necessary to fund one of the exceptions provided therein: On June 30, 2011, the General Assembly adopted legislation (Act 25 of 2011) amending the Taxpayer Relief Act eliminating several exceptions previously permitted and providing for the rescission of certain prior approved referendum exceptions for disaster/emergency costs, implementation of a court order, school construction and non-academic school construction (effective after the last payment of principal and interest on debt incurred to finance same). The current exceptions allowing tax increases above the Index are summarized as follows:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004 (the School District did not so elect); to pay interest and principal on any indebtedness approved by the voters at referendum;

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

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

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

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

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

The Index applicable to the School District for the current and previous fiscal years is as follows:

Fiscal Year (ending June 30)	**Applicable Index %**
2018-19	2.4
2017-18	2.5
2016-17	2.4
2015-16	1.9
2014-15	2.1

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

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

Status of the Bonds under the Taxpayer Relief Act

The Bonds described in this Official Statement do not represent debt that was incurred prior to the effective date of the Taxpayer Relief Act therefore the Board of School Directors may not apply to PDE to use the Taxpayer Relief Act referendum exception for previously incurred debt if a tax increase greater than the Index is needed to provide for payment of principal or interest on the Bonds.

Act 130 of 2008

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

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

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

Act 48 of 2003 – Limitation on Fund Balances

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

Total Budgeted Expenditures:	Estimated Ending Unassigned Fund Balance as a Percentage of Total Budgeted Expenditures:
Less than or equal to $11,999,999	12.0%
Between $12,000,000 and $12,999,999	11.5%
Between 13,800,000 and $13,999,999	11.0%
Between $14,000,000 and $14,999,999	10.5%
Between $15,000,000 and $15,999,999	10.0%
Between $16,000,000 and $16,999,999	9.5%
Between $17,000,000 and $17,999,999	9.0%
Between $18,000,000 and $18,999,999	8.5%
Greater than or equal to $19,000,000	8.0%

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

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

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

Ten Largest Taxpayers and their Aggregate Assessed Values

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

Taxpayer	2017-18 Assessed Value
Mellon Bank, N.A./National Trust Company	$ 6,420,340
Laurel Valley Golf Club(1)	2,116,140
Western PA Coal Resorts LLC(2)	1,450,510
Mellon Family Properties	1,302,320
Festival Funds Parks/Idlewild Park	1,205,320
Richmond Farm LP	1,103,440
Bethlen Home Hungarian Ref. Fed.	1,000,700
Ross Mountain Park Club	726,420
Agree Ligonier PA LLC	453,550
USX Corporation	393,970
Total	$16,172,710

(1)A few buildings were razed (demolished) thus lowering the assessed value.

(2)Purchased former tax-exempt property belonging to the School District.

Source: School District Officials – Westmoreland County Tax Assessment office, as of November 19, 2017.

Real Property Tax Collection

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

Fiscal Year	Taxable Assessed Valuation Real Estate	Adjusted Levy	Current Year Collections(1)	Percent of Collected (Current)	Current and Prior Years' Collections	Percent Collected (Total)
2013	$185,545,000	$13,915,875	$12,978,724	93.27%	$13,858,351	99.59%
2014	186,136,260	13,960,220	13,080,966	93.70%	13,786,017	98.75%
2015	186,585,080	14,273,759	13,049,829	91.43%	13,885,344	97.28%
2016	186,883,510	13,973,155	12,976,098	92.86%	13,864,947	99.23%

(1)Does not reflect discounts taken or penalties added.

Source: School District Officials

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

Fiscal Year	Real Estate (Mills)	Real Estate Transfer Tax (%)	Local Service Tax ($)[1]	Earned Income Tax ($)	Amusement Tax (%)
2013-14	74.4600	0.5	10.00	5.00	0.5
2014-15	76.5000	0.5	10.00	5.00	0.5
2015-16	76.5000	0.5	10.00	5.00	0.5
2016-17	78.3016	0.5	10.00	5.00	0.5
2017-18	80.0000	0.5	10.00	5.00	0.5

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

Other Taxes under Act 511, the School District has budgeted $2,084,882 in other taxes for 2017-18. Among the taxes authorized by Act 511, the Per Capita, Local Services, Real Estate Transfer, Earned Income, Business Privilege and Mercantile Taxes are levied by the School District. The Act 511 limit, equal to 12 mills on the budgeted market value of real property was $13,193,576.

Real Estate Transfer Tax. The School District levies a tax at a rate 0.5% of the value of real estate transfers. In 2017-18 the School District's share of the collected portion of this is budgeted to yield approximately $185,000 or less than one percent of the School District's total revenue.

Per Capita Tax. A tax of $10.00 ($5.00 under Act 511 and $5.00 under the School Code) is levied on each resident over 18 years old and the School District has budgeted to yield approximately $57,998 in 2017-18 or less than one percent of the School District's total revenue.

Local Services Tax. A tax of $5.00 is levied on each person with an occupation. In 2017-18 the School District's share of the collected portion of this is budgeted to yield approximately $22,000 or less than one percent of the School District's total revenue.

Earned Income Tax. A tax of 0.5% is levied on the earned income of residents. In 2017-18 the School District's share of the collected portion of this is budgeted to yield approximately $1,690,879 or 5.72 percent of the School District's total revenue.

Amusement Tax. A proportional tax of 5.0% is levied on admission prices to places of amusement, entertainment or recreation. In 2017-18 the School District's share of the collected portion of this is budgeted to yield approximately $129,005 or less than one percent of the School District's total revenue.

Source: PDE 2028 Budget report for FYE June 30, 2018.

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

	2013-14	2014-15	2015-16	2016-17	2017-18[1]
School District	74.4600	76.5000	76.5000	78.3016	80.000
Bolivar	10.0000	10.0000	10.0000	10.0000	10.0000
Cook Township	4.0000	4.0000	4.0000	4.0000	4.0000
Fairfield Township	3.1000	3.1000	3.1000	3.1000	3.1000
Laurel Mountain Borough	6.4000	6.4000	6.4000	6.4000	6.4000
Ligonier Borough	23.5000	23.5000	23.5000	23.5000	23.5000
Ligonier Township	3.5000	5.0000	5.0000	5.0000	5.0000
New Florence	16.0000	16.0000	16.0000	16.0000	16.0000
Seward	20.0000	20.0000	20.0000	20.0000	20.0000
St. Clair Township	12.0000	10.0000	10.0000	10.0000	10.0000
Westmoreland County	20.9900	20.9900	20.9900	20.9900	20.9900

[1]PDE 2028 Budget report for FYE June 30, 2018
Source: Department of Community and Economic Development ("DCED") – Municipal Statistics.

Market Values and Assessed Values of the School District

Fiscal Year	Market Value	Assessed Value	Ratio
2012-13	$1,047,412,941	$185,509,740	17.71%
2013-14	1,049,110,722	185,738,390	17.70%
2014-15	1,096,782,296	186,303,440	16.99%
2015-16	1,099,464,657	186,731,750	16.98%
2016-17	1,148,782,358	187,159,510	16.29%

Source: Tax Equalization Division (“TED”)(a division of the State Tax Equalization Board (“STEB”))

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

	2015 Market Values	2015 Assessed Values	2016 Market Values	2016 Assessed Values
School District	$ 1,099,464,657	$ 186,731,750	$ 1,148,782,358	$ 187,159,510
Bolivar Borough	9,291,618	2,224,150	10,027,099	2,224,150
Cook Township	151,966,660	25,542,720	161,446,346	25,661,360
Fairfield Township	127,433,271	23,557,330	133,313,507	23,596,130
Laurel Mountain Borough	10,234,350	1,633,570	10,468,456	1,633,570
Ligonier Borough	110,598,086	17,112,660	116,107,774	17,319,040
Ligonier Township	616,572,577	99,298,760	645,560,802	99,473,370
New Florence Borough	16,597,413	3,907,870	16,620,320	3,869,580
Seward Borough	8,061,253	2,519,270	7,600,371	2,474,330
St. Clair Township	48,709,428	10,935,420	47,637,683	10,907,980
Westmoreland County	19,258,810,102	3,875,104,980	20,261,925,081	3,913,786,160

Source: Tax Equalization Division (“TED”)(a division of the State Tax Equalization Board (“STEB”))

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COMMONWEALTH AID/APPROPRIATIONS

Commonwealth Aid to School Districts

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

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

Lack of Commonwealth Appropriations for Debt Service Subsidies

Commonwealth law presently provides that school districts will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the bonds by PDE and the school district's permanent Capital Account Reimbursement Fraction ("CARF") or the wealth based Market Value Aid Ratio ("MVAR"), whichever is higher. The School District's CARF is currently higher at 44.25%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

The Commonwealth enacted into law on July 12, 2016, its 2016-17 fiscal year budget which did not contain appropriations for PlanCon reimbursements to any school districts in Pennsylvania through July 1, 2017. Additionally, no reimbursement was provided to any school district in the 2015-16 fiscal year. A complete budget for the 2017-18 fiscal year was finally approved on October 30, 2017.

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

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

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

Debt Statement

DIRECT DEBT NONELECTORAL DEBT As of December 1, 2017 Issue Type	Gross Outstanding		Project Reimbursable %	Net Effective Reimbursement[1]	State Share[2]	Local Share
General Obligation Bonds, Series A of 2018 (Green Bonds)	$10,000,000		0.00%	0.00%	$0	$3,800,000
General Obligation Bonds, Series B of 2018 (Federally Taxable)	3,800,000		0.00%	0.00%	0	10,000,000
General Obligation Note (QECB) (Green Bonds), Series of 2017	3,751,286	(3)	0.00%	0.00%	0	3,751,286
General Obligation Bonds, Series A of 2016	6,935,000		27.07%	11.98%	830,707	6,104,293
General Obligation Bonds, Series of 2016	3,730,000		27.07%	11.98%	446,797	3,283,203
General Obligation Bonds, Refunding Series A of 2011	260,000		4.37%	0.00%	0	260,000
TOTAL PRINCIPAL NONELECTORAL DEBT	$28,476,286				$1,277,504	$27,198,782
LEASE RENTAL DEBT						
TOTAL PRINCIPAL OF LEASE RENTAL DEBT	$0					
TOTAL DIRECT DEBT	$28,476,286					
OVERLAPPING DEBT						
Component Municipalities Debt	$9,195,981					
Westmoreland County	3,776,916	(4)				
TOTAL PRINCIPAL OF OVERLAPPING DEBT	$12,972,897					
TOTAL DIRECT AND OVERLAPPING DEBT	$41,449,183					
DEBT RATIOS OF DIRECT AND OVERLAPPING DEBT						
Direct Debt to Market Value and Assessed Value						
Assessed Valuation of Real Estate	15.21%					
Market Valuation of Real Estate	2.48%					
Per Capita (2015 Population)	$1,881.61					
Overlapping Debt to Market Value and Assessed Value						
Assessed Valuation of Real Estate	6.93%					
Market Valuation of Real Estate	3.61%					
Per Capita (2015 Population)	$2,738.81					
FINANCIAL FACTORS OF THE SCHOOL DISTRICT						
Market Value (2016-17)	$1,148,782,358					
Assessed Value (2016-17)	187,159,510					
Population (2015)	15,134					

(1)Product of the project reimbursable percentage multiplied by the School District's CARF for 2017-18 (see "**COMMONWEALTH AID/APPROPRIATIONS"** herein).

(2)Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See "**Commonwealth Aid to School Districts**" above.

(3)Authorized and issued, but not yet incurred, settlement is scheduled for December 20, 2017.

(4)Pro rata share of 4.78% of the School District's portion of its principal amount outstanding of $79,980,989.

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

History of Tax Anticipation Note Financings

The School District has not issued Tax Anticipation Notes over the past five (5) years.

Debt Limit and Remaining Borrowing Capacity

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

	2015	2016	2017
Total General Fund Revenue	$27,445,106	$27,906,265	$28,705,668
Less Exclusions:			
(i) Rental and Sinking Fund Reimbursement	$294,081	294,286	260,662
(ii) Revenue for self-liquidating debt	0	0	0
(iii) Interest Earned on Sinking Funds	0	0	0
(iv) Grants and gifts for Capital Projects	0	0	0
(v) Sale of Equipment and Non-Recurring Items	270,529	0	0
Total Exclusions	$564,610	$294,286	$260,662
Net Revenues	$26,880,496	$27,611,979	$28,445,006
Borrowing Base:			
Annual Arithmetic Average		$82,937,481	

Net Non-electoral Debt and Lease Rental Debt Limit:	Legal Limit	Net Debt Outstanding[1]	Remaining Borrowing Capacity
225% of Borrowing Base	$186,609,332	$28,476,286	$158,133,046

[1]Includes the estimated Bonds offered through this Official Statement.

Source: School District officials.

Future Financing

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

LABOR RELATIONS

School District Employees

There are presently approximately 183 full-time employees of the School District, including 138 teachers and administrators, and 45 full-time support personnel including secretaries, athletic staff, maintenance/custodial staff, transportation staff, cafeteria staff and teachers' aides.

The teachers of the School District are represented for purposes of collective bargaining by the Ligonier Valley Education Association, an affiliate of the Pennsylvania State Education Association (PSEA). The expiration date of this collective bargaining agreement is June 30, 2019.

The support staff of the School District are represented for purposes of collective bargaining by the American Federation of State County and Municipal Employees (AFSCME). The expiration date of this collective bargaining agreement is June 30, 2019.

The clerical/secretarial personnel are represented for purposes of collective bargaining by the Ligonier Valley Educational Support Personnel Association, an affiliate of the PSEA. The expiration date of this collective bargaining agreement is June 30, 2019.

Source: School District officials

PENSION PROGRAM

Pension Contributions

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 employee s with over five hundred hours per year participate in the program.

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

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

Fiscal Year	Annual Net Pension Contribution
2013-14	$1,769,566
2014-15	2,018,737
2015-16	2,697,021
2016-17	3,139,229
2017-18 (Budgeted)	3,658,136

At June 30, 2017, the School District reported a liability of $39,794,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2015 to June 30, 2016. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2016, the School District's proportion was 0.0803%, which was an increase of 0.0005% from its proportion measured as of June 30, 2015.

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

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District provides post-retirement health care benefits, in accordance with the union contract, to all retirees and spouses that have reached normal retirement age up to age 65. Currently, 50 retirees, including spouses, meet the eligibility requirements. Other than the superintendent, all future retirees are required to contribute 100% of the premium rate in order to maintain coverage. The existing retirees' contribution requirements differ depending on when they retired. Some are required to contribute only the $100 PSERS allowance whereas others are required to contribute the difference in the current premium rate and the rate at retirement. During the year, expenditures of $309,247 were incurred for postretirement health care. The School District funds all contributions on a pay-as-you-go basis. Such benefits are funded through the General Fund. For a full description of the plan, please refer to the notes in the Audited Financial Statements in Appendix F.

APPENDIX B

DEMOGRAPHIC AND ECONOMIC INFORMATION RELATING TO THE SCHOOL DISTRICT

DEMOGRAPHIC CHARACTERISTICS

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

Population Trends

Political Subdivision	2010	2015	% of Change 2010-2015
School District			
Bolivar Borough	462	440	-0.49%
Cook Township	1,930	2,077	0.74%
Fairfield Township	2,595	2,203	-1.62%
Laurel Mountain Borough	234	208	-1.17%
Ligonier Borough	1,521	1,483	-0.25%
Ligonier Township	6,646	6,561	-0.13%
New Florence Borough	661	806	2.00%
Seward Borough	414	420	0.14%
St. Clair Township	1,566	1,376	-1.29%
Total	16,029	15,134	-0.57%
Westmoreland County	365,841	361,251	-0.13%
Commonwealth	12,612,705	12,779,559	0.13%

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates

Age Composition (2010)

Political Subdivision	Under 18	65 or Over
Ligonier Borough	13.6	31.3
Laurel Mountain Borough	16.8	25.7
Bolivar Borough	21.7	23.4
Seward Borough	23.8	21.8
New Florence Borough	19.2	21.3
Cook Township	17.9	16.7
St. Clair Township	21.1	19.2
Ligonier Township	18.1	22.7

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates

Median Income by Household (2010 vs. 2014)

Political Subdivision	2010*	2014**	Change
School District	$46,095	$47,554	0.63%
Westmoreland County	47,689	51,593	1.59%
Commonwealth	50,398	53,115	1.06%

Source: *U.S. Census Bureau, 2006-2010 American Community Survey
Source: **U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Housing (2014)

Political Subdivision	Total Housing Units	Owner-Occupied Housing Units	(%)	Renter-Occupied Housing Units	(%)
School District	8,291	6,888	83.08%	1,403	16.92%
Westmoreland County	151,489	115,087	75.97%	36,402	24.03%
Commonwealth	6,469,242	4,957,736	76.64%	1,511,506	23.36%

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Transportation

The School District is located adjacent to the main east-west line of the old Penn-Central Railroad, presently known as Conrail; this has resulted in considerable industrial growth in the area over the years. The area is accessible through a variety of highway transportation routes. The Donegal Interchange (Exit #9) of the Pennsylvania Turnpike (Interstate 76) is located approximately fifteen miles south of Ligonier Borough, and the Turnpike is also accessible at New Stanton (Exit #8) to the south; the William Penn Highway (U.S. Route 22) is located approximately fifteen miles north of the region and U.S. Route 30 also provides easy access to the area.

Bus service is provided by the Westmoreland County Transit Authority to neighboring communities, including service to Pittsburgh. The Arnold Palmer Regional Airport, located in the City of Latrobe, maintains two paved and illuminated runways that are 7,000 feet and 4,000 feet in length, respectively; the larger runway can handle aircraft as large as a Boeing 737 or a DC-9. The Pittsburgh International Airport is less than one hour away by automobile. The Greensburg Bypass, also known as the Amos K. Hutchinson Bypass, is a limited access highway that has been implemented by the Pennsylvania Turnpike Commission.

The Greensburg Bypass alleviates a great deal of the traffic in the City of Greensburg and considerable shortens the required amount of travel time throughout the County. The Bypass connects New Stanton and the Borough of Delmont. Some five interchanges of the Bypass are located throughout the County.

Higher Education

Numerous opportunities in higher education are also available throughout the area. The Central Westmoreland Area Vocational-Technical School, located in New Stanton, offers specialized programs to some 900 day and evening students. The Greensburg Campus of the University of Pittsburgh offers four-year degree programs; Seton Hill University is also located in Greensburg and offers a variety of degree programs. St. Vincent College, located in neighboring Latrobe, offers many degree programs. Indiana University of Pennsylvania (IUP), located approximately thirty miles northeast of the area, is a state-owned and operated institution of higher learning with an estimated enrollment of 11,500. IUP maintains a campus in neighboring Indiana County, and The Pennsylvania State University operates a campus in New Kensington. The University of Pittsburgh at Johnstown was founded in 1927, and is the first and largest regional campus of the University of Pittsburgh. The Westmoreland County Community College, located in nearby Youngwood, is one of the most rapidly growing community colleges, with an enrollment in excess of 4,000 students. The College has recently completed an expanded building program and serves the Greensburg area. In addition, the many colleges, universities and trade schools in the Pittsburgh metropolitan area are within commuting distance of the School District. Included among these are Carnegie-Mellon University, University of Pittsburgh, Duquesne University, Robert Morris University and Point Park University.

Utilities

Water and sewage collection and treatment are provided to the Component Municipalities by local municipal authorities. Electricity is supplied by the West Penn Power Company, a division of Allegheny Power Service Corporation, and PPL Electric. Natural gas is supplied by Peoples Natural Gas Company and Columbia Gas of Pennsylvania. Telephone service is provided by Verizon. Police protection, fire protection and ambulance/EMT services are provided by both the Component Municipalities and the Pennsylvania State Police through the Greensburg barracks.

Health Care

Conemaugh Memorial Medical Center, located in Johnstown, provides the highest levels of trauma and neonatal intensive care and a committed history of training physicians, nurses and allied health providers. Westmoreland Manor, a 400-bed nursing home facility, is owned and operated by Westmoreland County and is located in Greensburg. Mountain View Specialty Care Center, Redstone Highlands, Oak Hill Nursing and Rehab Center, Greensburg Nursing & Convalescent Center, and Saint Anne Home are located near the area. The following table provides general information on the hospitals located throughout the area.

Hospital Location

Alle-Kiski Medical Center	Natrona Heights
Excela Health (Frick	Mount Pleasant
Excela Health (Latrobe).....................................	Mount Pleasant
Excela Health (Westmoreland)	Greensburg

In addition to the above, area residents have access to all hospitals and health care agencies located in the Greater Pittsburgh Metropolitan Area.

Communications

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

ECONOMIC AND EMPLOYEMENT

Larger Employers of the School District

The following table depicts the more sizable employers that are located within the School District.

Employer	Service	# of Employees
Festival Fun Parks/Idlewild Park	Amusement Park	626*
Rolling Rock Farms	Agriculture	259
The Bethlen Home	Home Health Care	254
Ligonier Valley School District	Education	207
M & C Trucking Co.	Trucking	154
Laurel Valley Golf Course	Golf Course	101*
C&J Grocery Co. LLC	Retailer	92
Outside In School of Experiential	Education	87
The Markosky Engineering Group Inc.	Engineering	74
Ligonier Valley Learning Center Inc.	Education	70
D&K Business Management	Bus Transportation	66
Bethlen Communities	Retirement Services	64

*Seasonal
Source: Berkheimer Associates – Earned Income Tax Collector, as of November 17, 2017.

Larger Employers of the County

The following table depicts the more sizable employers that are located within the County.

Employer
Wal-Mart Associates
State Government
Westmoreland Regional Hospital
United Parcel Services Inc.
Westmoreland County
Respironics Inc.
Giant Eagle, Inc.
Leedsworld Inc.
Westinghouse Electric Co. LLC
Elliott Turbomachinery Co. Inc.

Source: The Center for Workforce Information & Analysis, Q2 of 2017.

Labor Force, Employment and Unemployment Trends

Westmoreland County*				
Time Period	Labor Force	Employed	Unemployed	Unemployment Rate
2012	187,600	173,800	13,800	7.4%
2013	186,300	173,300	13,100	7.0%
2014	183,100	172,500	10,600	5.8%
2015	183,100	173,200	9,900	5.4%
2016	183,900	173,100	10,800	5.9%
October 2017	180,200	172,600	7,500	4.2%

Pennsylvania*				
Time Period	Labor Force	Employed	Unemployed	Unemployment Rate
2012	6,466,000	5,954,000	513,000	7.9%
2013	6,460,000	5,982,000	478,000	7.4%
2014	6,378,000	6,009,000	370,000	5.8%
2015	6,424,000	6,094,000	330,000	5.1%
2016	6,472,000	6,120,000	352,000	5.4%
October 2017	6,399,000	6,101,000	298,000	4.7%

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

Classification of Employment by Industry
Pittsburgh Metropolitan Statistical Area - Nonfarm Jobs – Not Seasonally Adjusted

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	October 2017	September 2017	August 2017	October 2016	September 2017	October 2016
TOTAL NONFARM	1,187,400	1,184,000	1,171,600	1,175,300	3,400	12,100
TOTAL PRIVATE	1,070,300	1,067,700	1,063,900	1,057,800	2,600	12,500
GOODS-PRODUCING	146,600	149,000	149,000	148,300	-2,400	-1,700
Mining and Logging	7,700	7,900	8,100	8,300	-200	-600
Construction	56,300	58,500	58,400	55,600	-2,200	700
Specialty Trade Contractors	32,700	33,900	33,900	32,600	-1,200	100
Manufacturing	82,600	82,600	82,500	84,400	0	-1,800
Durable Goods	59,700	59,600	59,400	61,300	100	-1,600
Primary Metal Mfg.	9,900	9,900	9,900	10,400	0	-500
Iron and Steel Mills and Ferroalloy Mfg.	5,300	5,300	5,300	5,500	0	-200
Non-Durable Goods	22,900	23,000	23,100	23,100	-100	-200
SERVICE-PROVIDING	1,040,800	1,035,000	1,022,600	1,027,000	5,800	13,800
PRIVATE SERVICE-PROVIDING	923,700	918,700	914,900	909,500	5,000	14,200
Trade, Transportation, and Utilities	217,700	215,000	211,700	214,800	2,700	2,900
Wholesale Trade	44,300	44,100	43,700	43,800	200	500
Retail Trade	127,100	124,900	125,200	124,800	2,200	2,300
Building Material and Supplies Dealers	7,900	7,900	7,900	43,800	0	-35,900
Food and Beverage Stores	22,700	22,700	22,900	124,600	0	-101,900
Clothing and clothing accessories stores	8,400	8,300	8,600	7,800	100	600
General merchandise stores	26,500	25,900	26,100	23,200	600	3,300
Department stores	12,200	11,700	11,800	8,900	500	3,300
Transportation, warehousing and utilities	46,300	46,000	42,800	46,400	300	-100
Utilities	6,000	6,000	6,000	5,800	0	200
Truck transportation	11,100	11,100	11,200	10,600	0	500
Information	18,500	18,500	18,700	18,400	0	100
Financial Activities	72,200	72,500	73,000	70,900	-300	1,300
Finance and insurance	58,100	58,600	58,300	56,800	-500	1,300
Credit intermediation and related activities including	28,500	28,600	28,600	28,000	-100	500
Depository credit intermediation including monetary	25,200	25,200	25,300	24,800	0	400
Insurance carriers and related activities	22,300	22,500	22,200	22,300	-200	0
Professional and business services	187,500	187,100	187,500	184,900	400	2,600
Professional and technical services	88,300	88,500	88,600	86,600	-200	1,700
Architectural and engineering services	18,400	18,300	18,500	18,400	100	0
Scientific research and development services	8,900	9,000	8,900	8,300	-100	600
Management of companies and enterprises	40,100	40,000	40,200	39,200	100	900
Administrative and waste services	59,100	58,600	58,700	59,100	500	0
Administrative and support services	54,700	54,100	54,000	55,300	600	-600
Employment services	19,800	19,500	19,200	19,600	300	200
Education and Health Services	251,600	247,800	240,600	248,300	3,800	3,300
Educational services	57,800	54,800	45,300	56,100	3,000	1,700
Colleges and universities	44,700	41,900	32,800	42,700	2,800	2,000
Health care and social assistance	193,800	193,000	195,300	192,200	800	1,600
Ambulatory health care services	68,500	68,200	68,600	68,000	300	500
Offices of physicians	25,000	24,900	25,100	25,000	100	0
Hospitals	54,700	54,800	55,100	53,900	-100	800
General medical and surgical hospitals	49,000	49,200	49,500	48,400	-200	600
Nursing and residential care facilities	36,400	36,300	36,900	36,800	100	-400
Social assistance	34,200	33,700	34,700	33,500	500	700
Leisure and Hospitality	124,800	126,000	131,100	120,800	-1,200	4,000
Accommodation and food services	102,200	102,800	104,200	98,200	-600	4,000
Food services and drinking places	91,900	92,600	93,600	88,800	-700	3,100
Full-service restaurants	43,800	44,800	45,800	44,100	-1,000	-300
Limited-service eating places	33,900	33,700	34,400	32,500	200	1,400
Other Services	51,400	51,800	52,300	51,400	-400	0
Government	117,100	116,300	107,700	117,500	800	-400
Federal Government	17,700	17,800	17,800	18,000	-100	-300
State Government	15,500	15,200	13,500	15,300	300	200
Local Government	83,900	83,300	76,400	84,200	600	-300
Local government educational services	49,900	48,300	40,600	49,900	1,600	0
Local Government excluding educational services	34,000	35,000	35,800	34,300	-1,000	-300

Source: Center for Workforce Information & Analysis.

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

LIGONIER VALLEY SCHOOL DISTRICT
(Westmoreland County, Pennsylvania)

CONTINUING DISCLOSURE AGREEMENT

ARTICLE I - Undertaking To File Current Information with MSRB through EMMA

Section 1.01

This Continuing Disclosure Agreement (“Continuing Disclosure Agreement”) is executed and delivered by the Ligonier Valley School District, Westmoreland County, Pennsylvania (the "Obligated Person" or “School District”), in accordance with the provisions of Rule 15c2-12 (the "Rule), promulgated by the Securities and Exchange Commission (the "Commission) pursuant to the Securities Exchange Act of 1934, and regulations granted to the Municipal Securities Rule Making Board (“MSRB”), in connection with their Electronic Municipal Market Access (“EMMA”) system (please see EMMA Footnote attached), the Obligated Person agrees to provide in electronic format disclosure of certain information on an ongoing basis as prescribed by the MSRB, for the benefit of the bondholders of, namely, *$13,800,000 – General Obligation Bonds, Series A/B of 2018 (the “Bonds”) in accordance with the Rule, commencing with the fiscal year ended June 30, 2018 the following annual financial information and operating data shall be furnished:

**Estimated subject to revision.*

(A) Annually, not later than 274 days following the end of each fiscal year, beginning with the fiscal year ending June 30, 2018, the following financial information and operating data 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 fiscal year in which the Bonds are being issued, namely the fiscal year ended June 30, 2018).

(3) the total assessed value and market value of all taxable real estate for the most recent fiscal year;

(4) the taxes and millage rates imposed for the most recent fiscal year;

(5) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in

prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed as an aggregate dollar amount); and

(6) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the most recent fiscal year.

It shall be sufficient for purposes of Section 1.01(A) hereof, if the Obligated Person provides annual financial information as defined in the Rule and set forth herein, by specific reference to documents (i) either (1) provided to the MSRB through the EMMA System, or (2) filed with the SEC, or (ii) if such document is a Final Official Statement as defined by the Rule, or is in the Obligated Person's financial statements or summary of the budget as identified in Section 1.01(A), if such document is available from the MSRB.

(B) If not submitted as part of the annual financial statements, 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; and

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

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

Furthermore, 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 enforcement and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

ARTICLE II - Modification of Types of Information and Format of Information Permitted

Section 2.01
As referenced in Article I the Obligated Person 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 in the judgment of the Obligated Person, provided that, Bond Counsel agrees that any such modification will be done in a manner consistent with the Rule.

ARTICLE III - Event Disclosure

Section 3.01
(i) As referenced in Article I the Obligated Person agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of an event, events as listed and set forth in paragraph (C) to the MSRB, notice of the occurrence of any of the said Listed Events with respect to the bonds, if, in the judgement of the Obligated Person, such event is material.

(ii) Whenever the Obligated Person obtains knowledge of the occurrence of a Listed Event the Obligated Person shall as soon as practicable determine if such event is material information for holders of Bonds.

(iii) If the occurrence of a Listed Event is material, the Obligated Person shall promptly notify and report the event by forwarding an event filing to the MSRB through EMMA.

Notwithstanding the foregoing: notice of Listed Events described in items (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the applicable bond resolution.

ARTICLE IV – Duties and Right to Terminate Obligation

Section 4.01
As referenced in Article I the Obligated Person may from time to time choose to provide notice of the occurrence of certain other events, in addition to the Listed Events set forth in Section 3.01, but does not commit to provide notice of the occurrence of any events except those listed in Section 3.01.

The Obligated Person reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the Obligated Person no longer remains an obligated person with respect to the bonds within the meaning of the Rule.

The Obligated Person agrees that its undertaking herein is intended to be for the benefit of the holders of the bonds and shall be enforceable by the holders of the bonds or the Trustee (if any) on behalf of such holders; provided that, the holders of the bonds, or in lieu thereof, the Trustee's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Obligated Person's obligations hereunder, and any failure by the Obligated Person to comply with the provisions of this undertaking shall not be an event of default, with respect to the Series A of 2016 General Obligation Bonds under Section 23 of the 2018 Bond Resolution; however any Trustee appointed under the terms of the Pennsylvania Local Government Unit Debt Act may (and, at the request of any Participating Underwriter, or at the request of the Holders of at least 25% aggregate principal amount of the outstanding Series A of 2016 Bonds, shall) enforce the specific performance provisions of this undertaking or any Registered Holder of any Bond may take such actions as may be necessary and appropriate, including seeking mandatory or specific performance by court order, to cause the School District to comply with its obligations under the Continuing Disclosure Agreement.

LIGONIER VALLEY SCHOOL DISTRICT

(SCHOOL DISTRICT SEAL)

By________________________________
President, Board of School Directors

____
Secretary, Board of School Directors

____________, 2018

EMMA FOOTNOTE

On December 5, 2008, the SEC (i) adopted amendments to the Rule and (ii) issued its order granting approval of the proposed rule changes submitted by the Municipal Securities Rulemaking Board ("MSRB") in connection with their Electronic Municipal Market Access ("EMMA") system (http://emma.msrb.org/). Starting July 1, 2009 (the effective date of the rule changes), the Rule requires Participating Underwriters to reasonably determine that the issuer (or obligated person) has agreed at the time of the primary offering to provide the necessary continuing disclosure documents to the MSRB (instead of to nationally recognized municipal securities information repositories), in an electronic format with accompanying identifying information as prescribed by the MSRB.

APPENDIX D

FORM OF BOND COUNSEL OPINION

LYNCH and LYNCH
Attorneys At Law

307 Fourth Avenue · Suite 507
Pittsburgh, Pennsylvania 15222

Thomas S. Lynch

Telephone (412) 391-8600
Facsimile (412) 391-8603

February __, 2018

LIGONIER VALLEY SCHOOL DISTRICT,
$10,000,000* General Obligation Bonds,
Series A of 2018 (Tax Exempt) and
$3,800,000* General Obligation Bonds,
Series B of 2018 (Federally Taxable)

*Estimated, subject to change

To the Purchasers of the
Above-described Bonds:

Ladies and Gentleman:

We have examined a certified transcript of the proceedings filed with and approved by the Department of Community and Economic Development of the Commonwealth of Pennsylvania and other pertinent records and proceedings in connection with the issuance by the Ligonier Valley School District, located in Westmoreland County, Pennsylvania, of general obligation bonds in the aggregate principal amount of $13,800,000* consisting of $10,000,000* – General Obligation Bonds, Series A of 2018 ("2018-A Bonds") and $3,800,000* – General Obligation Bonds, Series B of 2018 (with the 2018-A Bonds and 2018- B Bonds collectively, referred to as the "2018 Bonds"), all dated as of February __, 2018, all fully registered bonds maturing in denominations of $5,000 each or integral multiples thereof, and maturing on September 1 of certain years. The 2018 Bonds are being issued pursuant to and secured by the School District's 2018 Bond Resolution. The net proceeds of the sale of the 2018 Bonds is to be used for and towards (1) funding of the School District's infrastructure initiatives under its Energy Efficiency Project, such as, but not limited to (a) electrical, natural gas, water and sewage upgrades to reduce energy consumption, (b) lighting system improvements and water conservation to reduce operating costs, (c) implement related capital improvements, such as, but not limited to upgrading outdated equipment, property improvements, and reducing ongoing deferred maintenance costs, (2) capitalizing interest on a portion of the 2018 Bonds, and (3) paying the cost of insuring and issuing the 2018 Bonds (the "Project").

In our opinion, the issuance of these 2018 Bonds has been duly and legally authorized, and they have been sold after proper advertisement, and constitute direct and general obligations of the Ligonier Valley School District payable from (i) ad valorem taxes without limitation as to rate or amount on all real property legally taxable therein, and (ii) subject to the state intercept provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975, without deduction for any taxes which may be levied on the 2018 Bonds or the debt secured thereby by the Commonwealth of Pennsylvania (except gift, estate, succession or inheritance taxes or any other taxes not levied directly on the 2018 Bonds, or gain from the sale, exchange or other disposition thereof), payment of which is assumed by the Ligonier Valley School District. The 2018 Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the 2018 Bonds is exempt from Pennsylvania Corporate Net Income Tax and from personal taxation by the Commonwealth or any of its subdivisions.

The School District is a duly created and subsisting school district of the third class under the laws of the Commonwealth of Pennsylvania, and, as such, possesses all of the powers granted to a school district of such class under said laws, including particularly the "Public School Code of 1949", Act of March 10, 1949, P.L. 30, as amended, and "The Local Tax Enabling Act", Act of December 31, 1965, P.L. 1257, as amended.

Under present statutes, the 2018 Bonds are legal investments for fiduciaries, and for savings banks, trust companies and insurance companies in the Commonwealth of Pennsylvania.

The 2018 Bonds have been duly executed and delivered by the School District and have been duly authenticated by the Paying Agent. The 2018 Bonds and the 2018 Bond Resolution are valid and binding obligations of the School District enforceable in accordance with their respective terms (subject to the provisions of the Pennsylvania Local Government Unit Debt Act, Act of December 19, 1996, as amended, revised and codified, and to applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally from time to time in effect).

By the 2018 Bond Resolution, the School District with respect to the Series A Bonds covenants to make no use of the proceeds which would cause the 2018-A Bonds to be "arbitrage bonds" under Sections 103 and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the School District further covenants with the holders of the 2018-A Bonds that it will make no investment or other use of the proceeds of said 2018-A Bonds which, if such use or investment had been reasonably expected on the date of issue of said 2018-A Bonds, would have caused said 2018-A Bonds to be "arbitrage bonds" under

Sections 103 and 148 of the Code and the regulations thereunder, and further covenants that it will comply with the requirements of said Sections and regulations throughout the term of the 2018-A Bonds. The School District has certified that it does not expect that the proceeds of the 2018-A Bonds will be used in a manner that would cause said obligations to be "arbitrage bonds".

Subject to and assuming continued compliance by the School District with the applicable requirements of the Code, it is our further opinion that the interest on the 2018-A Bonds is not includable in gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions (based upon our examination of the law and our review of the appropriate certification by the School District, the facts, estimates and circumstances in existence as of the date of the issuance of said 2018-A Bonds, in our opinion, are sufficiently set forth in said certification to satisfy the criteria which are necessary under the Code to support the conclusion that said 2018-A Bonds are not "arbitrage bonds", and that no matters have come to our attention which make unreasonable or incorrect the representations made in said certification). Furthermore, under the Code, since the 2018-A Bonds are not private activity bonds, interest on the 2018-A Bonds is not a tax preference item and thus the 2018-A Bonds will not be subject to the alternative minimum tax for individuals or corporations, except that: (1) to the extent the tax-exempt interest on said 2018-A Bonds is a component of a corporate holder's "adjusted current earnings", a portion of that interest may be subject to an alternative minimum tax; (2) interest on said 2018-A Bonds may be subject to a "branch profits tax" imposed on foreign corporations engaged in a trade or business in the United States; (3) with respect to insurance companies subject to tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by fifteen (15%) percent of the sum of certain items, including interest on the 2018-A Bonds; (4) passive investment income, including interest on the 2018-A Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S Corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than twenty five (25%) percent of the gross receipts of said Subchapter S Corporation is passive investment income; and (5) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to include in gross income a portion of such benefits by reason of receipt of interest on the 2018-A Bonds. Except as stated above, we express no opinion as to any other federal tax consequences resulting from the ownership of, receipt of interest on or disposition of the 2018-A Bonds.

With respect to the Series B of 2018 Bonds (“2018-B Bonds”), interest on the 2018-B Bonds is includable in gross income for federal tax purposes.

In providing such opinions, we have relied on representations of the School District with respect to matters solely within the knowledge of the School District which we have not independently verified, and have assumed continuing compliance with the provisions of the Bond Documents pertaining to those

Sections of the Code which effect the exclusion from gross income of interest on the 2018 Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete or the School District fails to comply with the foregoing provisions of the Bond Documents, interest on the 2018 Bonds could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

We also express no opinion herein with respect to the accuracy or completeness of the Official Statement prepared in respect of the 2018 Bonds, but, nevertheless, we have reviewed said Official Statement in preliminary and in final form and we have no reason to believe that said Official Statement contains any untrue statement of a material fact which, in our opinion, should be included or referred to therein in order to make the statements therein not misleading. The statements and descriptions set forth in the Official Statement of the provisions of the 2018 Bonds and the 2018 Bond Resolution, to the extent they are not purported in said Official Statement to be quoted in full, are brief statements and descriptions only of certain portions thereof, are not purported to be complete or comprehensive, and in all respects are qualified in their entirety by express reference to the provisions of the complete documents, copies of each of which are on file with the Paying Agent.

In rendering this opinion we have taken into account litigation and legislation instituted and adopted in certain states, including Pennsylvania, in respect of the present system of levying taxes and expending funds for public school purposes. Such litigation and legislation, although it may alter the source of revenues for the payment of the debt service on the 2018 Bonds, will not modify the validity or binding effect of the obligation of the School District to pay such debt service when due.

Very truly yours,

LYNCH and LYNCH

By_______________________________

Thomas S. Lynch

APPENDIX E

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

APPENDIX F

FINANCIAL STATEMENTS

LIGONIER VALLEY SCHOOL DISTRICT

LIGONIER, PENNSYLVANIA

Single Audit Reporting Package

For The Fiscal Year Ended June 30, 2017

LIGONIER VALLEY SCHOOL DISTRICT
SINGLE AUDIT REPORTING PACKAGE
JUNE 30, 2017

TABLE OF CONTENTS

LIGONIER VALLEY SCHOOL DISTRICT

LIGONIER, PENNSYLVANIA

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
June 30, 2017

The discussion and analysis of Ligonier Valley School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental 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 overall net position of the District increased $1.1 million over the previous year due to refinancing of the district's debt, pay down on principal and fewer capital projects. Operationally, the district's general fund position was favorable with an excess of revenues over expenditures in the amount of $490,470.

Other highlights include:

- Total liabilities and deferred inflow of resources exceeded total assets and deferred outflows of resources at the close of the fiscal year by $24,797,405 (*net position*).
- The District's total current/non-current assets were $12,092,116 at June 30, 2017, a decrease of $308,945 over the prior period. The decrease was primarily due to disposal of equipment, increase in depreciation and fewer capital projects during the fiscal year.
- The District's total current/non-current liabilities increased $3.2 million over the prior period mainly due to an increase in the PSERS net pension liability. Statement No. 68 requires districts to report annual costs associated with the pension benefits provided by districts. The reported pension liability at June 30, 2017 was $39.79 million.
- At the close of the 2016-2017 fiscal year, Ligonier Valley School District's governmental funds reported a combined fund balance of $6,615,558 which is a net decrease of $13,803. Of the total fund balance 9% is restricted or nonspendable ($612,036) and 62% or $4,090,986 is committed for future PSERS retirement reserves, capital improvements and technology initiatives.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $1,912,536, or 7.2% of total general fund expenditures for the fiscal year.
- The amount needed from local taxes and other income sources to cover cost of services decreased by 15.6% from the prior year due to a $1.9 million decrease in costs and a $1.1 million increase in program and general revenues

- During the fiscal year, the amount the General Fund transferred to the Food Service Fund decreased by $36,080 due a decrease in food services expenses and increases in the fund's operating grants.

USING THE ANNUAL FINANCIAL REPORT

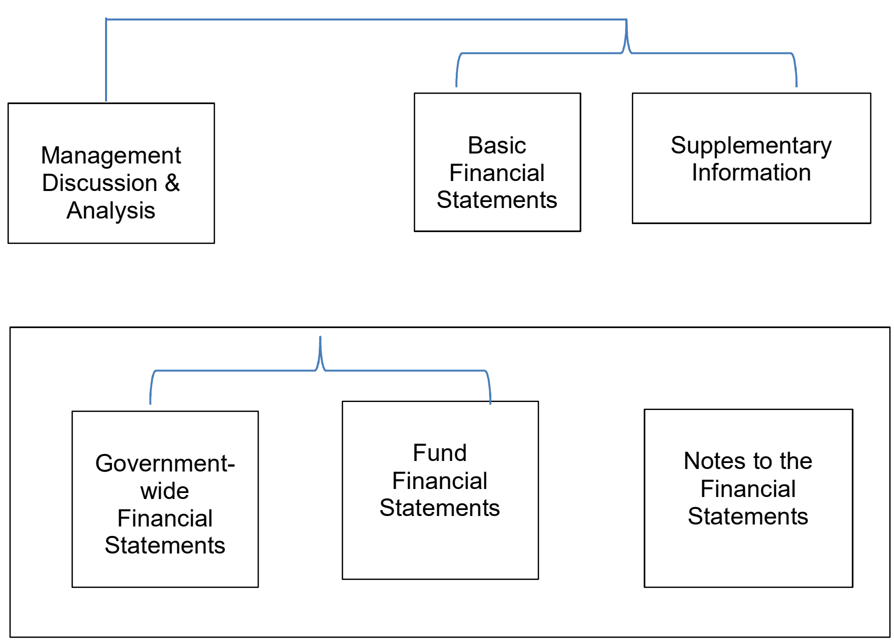
The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations with more detail than the government-wide statements. The governmental fund statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business. For our District, this is the Food Service Fund.

Included in the financial statements are notes that explain some of the information contained therein and provide more detailed data for better understanding of the information provided.

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

Figure A-1
Required components of
Ligonier Valley School District's Financial Report



LIGONIER VALLEY SCHOOL DISTRICT

LIGONIER, PENNSYLVANIA

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

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

- *Governmental activities* - All of the District's basic services are included here, such as instruction, administration and maintenance of property, plant and equipment. Property taxes, state and federal subsidies, and grants finance most of these activities.
- *Business type activities* - The District operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole.

> *Governmental funds* - Most of the 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 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 District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fund Financial Statements (continued)

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

Fiduciary funds - The District is the trustee, or fiduciary, for Student Activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total Net Position was a negative $24.79 million at June 30, 2017. Net Position showed an increase of $1.1 million over the prior year.

Table A-1
June 30, 2017 Net Position (In Millions)

	2017			2016		
	Governmental Activites	Business-type Activites	Total	Governmental Activites	Business-type Activites	Total
Assets						
Current Assets	10.50	0.09	10.59	10.57	0.10	10.67
Non-Current Assets	12.03	0.06	12.09	12.34	0.06	12.40
Deferred Outflows	9.18	0.18	9.36	4.89	0.10	4.99
Total Assets & Deferred Outflows	31.71	0.33	32.04	27.80	0.26	28.06
Liabilities & Deferred Inflows						
Current and Other Liabilities	5.26	0.06	5.32	5.52	0.05	5.57
Non-Current Liabilities	49.67	0.87	50.54	46.33	0.77	47.1
Deferred Inflows	0.93	0.04	0.97	1.23	0.05	1.28
Total Liabilities & Deferred Inflows	55.86	0.97	56.83	53.08	0.87	53.95
Net Position						
Net Investments in Capital Assets	(0.37)	0.06	(0.31)	(1.90)	0.06	(1.84)
Net Position - restricted	0.58	-	0.58	1.08	-	1.08
Net Position - Unrestricted	(24.36)	(0.70)	(25.06)	(24.47)	(0.67)	(25.14)
Total Net Position	(24.15)	(0.64)	(24.79)	(25.29)	(0.61)	(25.90)

Most of the District's net position is unrestricted. Unrestricted net position reflects a negative balance of $25.06 million (a decrease of $78,082 over the prior year). Unrestricted net assets are resources that can be usable for any purpose. The deficit is because many governments have long-term liabilities that are funded on a pay-as-you-go- basis, appropriating resources each year as payment come due, rather than accumulating assets in advance. The District's long term liability is primarily the pension liability. The Pennsylvania State Employee Retirement System's (PSERS) net pension liability (unfunded liability) is shown on the face of each employer's financial statements. The total district share of the PSERS liability ending June 30, 2017 was $39.7 million, an increase of $5.2 million. A smaller portion of the district's net position is invested in capital assets (buildings, land and equipment). At June 30, 2017, the District had a negative balance of $371,126. The negative balance indicates that there are currently not enough assets to pay off outstanding debt. The net investment in capital assets decreased over the prior year by $1.5 million meaning more debt was paid off during the 2016-2017 fiscal year.

The Food Service Fund operated at a loss for the fiscal year ending June, 30, 2017, thereby decreasing the fund's net position at year end.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenue sources are the local real estate taxes assessed on residents and property owners and grants and entitlements not restricted to specific programs. The Basic Education Subsidy provided by the Commonwealth of Pennsylvania is the largest example of such a grant.

Tables A-2 and A-3 take the information from the Financial Statements, rearranging it slightly, in effort to show the reader the district's total revenues and expenses for the year.

Table A-2
Fiscal Year ended June 30, 2017
Changes in Net Position (In Thousands)

	2017			2016		
	Governmental Activites	**Business-type Activites**	**Total**	**Governmental Activites**	**Business-type Activites**	**Total**
Revenues						
Program Revenues						
Charges for Services	-	269	269	1	287	288
Operating Grants & Contributions	10,579	464	11,043	9,734	438	10,172
Capital Grants & Contributions	-	-	-	-	-	-
General Revenues		-	-		-	-
Property Taxes	14,254	-	14,254	13,957	-	13,957
Other Taxes	2,099	-	2,099	2,216	-	2,216
Grants, Subsidies & Contributions	1,752	-	1,752	1,608	-	1,608
Miscellaneous	424	60	484	450	96	546
Total Revenues	29,108	793	29,901	27,966	821	28,787
Expenses						
Instruction	16,403	-	16,403	17,734	-	17,734
Support Services	9,694	-	9,694	10,051	-	10,051
Student Activities	556	-	556	542	-	542
Community Services	1	-	1	-	-	-
Interest on Long-Term Debt	418	-	418	585	-	585
Unallocatied Depreciation Expense	899	-	899	964	-	964
Loss on Disposal of Assets	-			1,080	-	1,080
Food Services	60	829	889	96	845	941
Total Expenses	28,031	829	28,860	31,052	845	31,897
Increase/(Decrease) in net position	**1,077**	**(36)**	**1,041**	**(3,086)**	**(24)**	**(3,110)**

Table A-2 and A-3 show the District's eight largest functions – instruction; support services which consists of guidance, nursing, board, tax collection, administrative, operation and maintenance of plant, and pupil transportation service; student activities; community services and interest on long term debt, as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues. Unrestricted grants and subsidies of $1.7 million were available to reduce the cost of services of governmental activities to a net cost of $15.6 million. Significant unrestricted grants and subsidies include the Basic Education Subsidy which equaled $5.78 million for the fiscal year ending June 30, 2017

Table A-3
Fiscal Year ended June 30, 2017
Governmental Activities (In Thousands)

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Instruction	$ 16,403	$ (6,413)	$ 17,734	$ (8,034)
Support Services	9,694	(9,659)	10,051	(10,016)
Student Activities	557	(557)	542	(542)
Community Services	1	(1)	-	-
Interest on Long-Term Debt	419	136	585	(585)
Unallocatied Depreciation Expense	899	(899)	964	(964)
Total Governmental Activities	$ 27,973	$ (17,393)	$ 29,876	$ (20,141)
Less:				
Unrestricted grants, subsidies		1,752		1,608
Total Needs from Local Taxes and Other Revenue		$ (15,641)		$ (18,533)

On the whole, the governmental net cost of services decreased by $2.8 million over the previous year. This decrease was primarily the result of the prudent spending and an increase in operating grants and contributions, as well as, an increase in general revenues. The largest source of operating revenue, the basic education subsidy increased 2.6% over the 2015-2016 subsidy; special education subsidies increased slightly (1.1%); federal revenues increased by 15.4% and other grant revenues increased around 9% thousand due to an increase in fees for Outside-In school and refunds from prior year expenses.

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

Table A-4
Fiscal Year ended June 30, 2017
Business-type Activities

	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Food Services	$ 829,542	$ (96,323)	$ 844,759	$ (120,119)
Less:				
Investment earnings & other misc.		243		108
Total Business-type activities		$ (96,080)		$ (120,011)

The Business-type activities (Food Service Fund) in Table A-4 above shows a $23.8 thousand decrease in net cost of services due to a decrease in total cost of services of $15.2 thousand and a net increase of operating grants and charges for services of $8 thousand. Operating Grants and Contribution increased by 6% as a result of rate and participation increases. The general fund transferred $60,000 to the cafeteria fund during 2016-2017 fiscal year, which was $35 thousand dollars less than the previous year.

The Statement of Revenues, Expense, and Changes in Fund Net Position for this proprietary fund provides greater detail of the actual results of the operations.

THE DISTRICT FUNDS

General Fund:

The table below represents a comparative summary of General Fund revenues by source.

Table A-5
Revenue Comparison

	2017	2016	Increase/ (Decrease)	Percent Change
Local	$ 17,288,823	$ 17,072,060	$ 216,763	1.27%
State Sources	11,231,215	10,327,821	903,394	8.75%
Federal Sources	586,080	506,381	79,699	15.74%
Other Sources	-	-	-	0.00%
Total Revenue	$ 29,106,118	$ 27,906,262	$ 1,199,856	4.30%

Local Sources – The district relies heavily upon local revenues, accounting for 59.4% of total 2017 revenue. Revenues from local sources increased $216 thousand in 2017. The majority of the local revenue is derived from two sources - real estate tax (83.7% of local revenue) and earned income tax (10% of local revenue). Real estate tax revenue increased 1.6% in 2017 mostly due to increase in millage rate and assessed valuation. Current earned income revenues increased 7.3% and other income decreased $88 thousand due to the expiration of the 21st Century grant.

State Revenue – State revenues increased in 2017 to $11.2 million, an increase of 8.75%. This increase is due to additional basic education subsidies, rental subsidies (rental subsidies for 2015-2016 were not paid until the following fiscal year) and retirement subsidies. Since the Commonwealth provides 50% reimbursement on the District's contributions, as rates and salaries increase, so does the subsidy.

Federal Sources – The District's federal revenue increase by 15.74% in 2017. This increase was largely due to drawing down on the District's Medical Access funds in the amount of $57,976.

LIGONIER VALLEY SCHOOL DISTRICT

LIGONIER, PENNSYLVANIA

The table below represents a comparative summary of General Fund expenditures by function.

Table A-6
Expenditure Comparison

	2017	2016	Increase/ (Decrease)	Percent Change
Instruction	$ 16,278,491	$ 15,790,875	$ 487,616	3.09%
Support Services	9,455,750	9,210,991	244,759	2.66%
Non Instructional	552,741	492,528	60,213	12.23%
Capital Outlay	-	67,582	(67,582)	-100.00%
Debt Service/Fund Transfers	2,328,666	2,599,616	(270,950)	-10.42%
Total Expenditures	$ 28,615,648	$ 28,161,592	$ 454,056	1.61%

Instruction – Instructional expenses increased by $487,616 in 2017. Within this function, salary expenses increased by $174,837 due to contractual obligations for employee groups and contributions to PSERS retirement system increased by $258,521.

Support Services – Expenses for support services increased by $245 thousand. The major drivers behind the increase are: a settlement of a lawsuit in the amount of $500 thousand; PSERS contributions on administrative, support and clerical salaries of $136 thousand; and a decrease in transportation services of ($118 thousand) due to a contract adjustment.

Non-instructional Services- There was an increase in non-instructional services of approximately $60 thousand. This increase was related to contractual salaries and benefit increases ($53,779), as well as increases in supplies and transportation for athletics and activities.

Capital Outlay – The decline in this function is because the District continued to pay for the majority of its construction projects through the Capital Projects Fund rather than the General Fund.

Debt Service/Fund Transfers – Expenditures in this function decreased by $271 thousand due to a decrease of the amount transferred to the food service fund ($35 thousand) and the refinancing of the remaining 2007 General Obligation Bonds ($277 thousand).

LIGONIER VALLEY SCHOOL DISTRICT

LIGONIER, PENNSYLVANIA

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2017, the District had $12 million invested in a broad range of capital assets, including land, site improvements, buildings & building improvements, and furniture & equipment. Table 7 represents a net decrease (including additions, deletions and depreciation) of $305 thousand from the prior year. The decrease is a result of fewer capital projects and an increase in depreciation.

Table A-7
Capital Asset Comparison for General Fund
Capital assets - net of depreciation

	2017	2016
Land	$ 163,184	$ 163,184
Construction in Progress	-	271,808
Asset Held for Sale	-	-
Site Improvements	290,955	379,340
Buildings & Building Improvements	10,590,567	10,364,871
Furniture & Equipment	992,228	1,162,847
	$ 12,036,934	$ 12,342,050

DEBT ADMINISTRATION

As of July 1, 2016, the District had total outstanding bond principal of $13,865,000. During the 2016-2017 fiscal year, the District refinanced the remaining 2007 General Obligation Bonds with a payment to escrow in the amount of $8,455,000 and issued General Obligation Bond Series of 2016-A in the amount of $8,105,000. In addition to the escrow payment, principal payments made during the 2016-2017 fiscal year totaled $2,060,000. The outstanding debt as of June 30, 2017 was $11,455,000. Detailed information regarding outstanding bonds payable is presented in the notes to the basic financial statements (Note 8).

Table A-8
Outstanding Debt

	2017	2016
General Obligation Bonds		
Bond Series of 2007	0	$8,455,000
Bond Series of 2011-A	520,000	775,000
Bond Series of 2016	4,000,000	4,635,000
Bond Series of 2016-A	6,935,000	---
Total	$11,455,000	$13,865,000

Other obligations include compensated absences for specific employees of the District, other post-employment benefits and capital leases. More detailed information about our long-term liabilities is included in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's general obligation bond rating is a Standard & Poor's Global rating of A+. The A+ rating is based upon the additional security for bonds provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

The State Legislature signed into law Act 1 of Special Session 2006, which restricts a School District's ability to raise the millage beyond a certain inflationary index. The established inflation index is adjusted for certain schools based on low wealth factors. Ligonier's index for 2018-2019 is 2.4%.

The District is currently contracted with Constellation New Energy, Inc. to provide an Investment Grade Energy Audit of the District's facilities to identify Energy Conservation Measures (ECMs). Once completed and accepted, the District will be able to use energy savings to offset future capital improvements.

The State General Assembly adopted a new funding formula for distributing basic education dollars. The new formula was codified in Act 25 of 2016 and was used to drive out the $100 million increase in BEF for 2016-2017. Using 2014-2015 as a base year, and holding all districts harmless at those funding levels, going forward all school district will get a share of the BEF above the base year as determined by their student population and other school district demographic factors.

The Pennsylvania Public School Employees Retirement System (PSERS) for school district employees continues to be a major issue for both the state and districts. The employer contribution rate increased from the 2016-2017 level of 30.03% to 32.57% in 2017-2018. Rates are slated to continue to increase each year, and by 2020 the rate should level out at around 35% and remain at that level until approximately 2036. Retirement rates are unsustainable and will force districts to take drastic cost reduction measures which will impact the delivery of education.

The District participates in a joint venture with twenty other public school districts in Westmoreland County for health insurance. Ligonier is considered to be self-insured through the Westmoreland County Public Schools Health Consortium for its health (medical and prescription) insurance. Self-funding through a consortium provides the District with premium rate stability which helps ward off major fluctuations in expenditures. For the 2017-2018 fiscal year, the premium rate increase is 2%.

The District settled the majority of its collective bargained agreements in 2014. These agreement will expire in June, 2019. In 2015, the district settled a three year agreement with the Ligonier Valley Education Association. The new agreement will expire in June, 2019.

The District will have to continue to put forth a tremendous effort to continue to increase efficiencies and look for ways to reduce costs. In short term, the District's stable residential real estate market in combination with a healthy fund balance will allow the District to withstand some economic uncertainty. Lack of significant increases in State Funding, threatened legislation to eliminate property tax revenue and the general malaise of economic growth in our community/nation will result in either a curtailment of programs or increases in the millage rate.

In the meantime, the District's management team will be hard pressed to create operational efficiencies that will generate the needed savings in order to pay for increases in general operating expenses.

NEXT YEAR'S BUDGETS AND RATES

Total budgeted revenue for the 2017-2018 fiscal year increased by $851 thousand over the final budget for 2016-2017. This increase was primarily due to increases in four major revenue line items: (1) Current Real Estate Revenue increased as a result of a millage rate increase, as well as, an assessed value increase (2) an increase in current and delinquent earned income tax revenue (3) Basic Education Subsidies is estimated to increase $140 thousand (4) Retirement reimbursement is budgeted to increase by $197 thousand. (Since the state reimburses the district 50% of retirement expenses - as salaries and rates increase, so does this revenue line item). Because expenditures exceed revenue, utilization of the fund balance is necessary to balance the 2017-2018 budget.

Total budgeted expenditures for 2017-2018 increased $1.2 million or 3%, compared to the budgeted expenditures for 2016-2017. This increase was due to contract increases in wages, marginal increases in health insurance, transportation contract increases, and retirement contribution increase.

The comparison of the original General Fund budgeted revenue and expenditure categories is as follows:

Table A-9

BUDGETED REVENUES	2017 / 2018	2016 / 2017
Local	$17,788,357	$ 17,176,029
State	11,331,241	11,077,518
Federal	416,516	476,000
TOTAL REVENUES	$ 29,581,114	$ 28,729,547

BUDGETED EXPENDITURES	2017 / 2018	2015 / 2016
Instruction	$ 18,152,679	$ 16,960,969
Support Services	9,738,903	9,672,394
Non-Instruction/Community	627,504	591,627
Facilities Acquisition	0	0
Fund Transfers/Debt	2,520,028	2,504,557
TOTAL EXPENDITURES	$31,039,114	$ 29,729,547

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 District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Manager, at Ligonier Valley School District, 339 West Main Street, Ligonier, PA 15658, (724) 238-5696 ext. 15.

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INDEPENDENT AUDITOR'S REPORT

November 3, 2017

Directors of the Board of Education
Ligonier Valley School District
Ligonier, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ligonier Valley School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Ligonier Valley School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ligonier Valley School District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of American require that the management's discussion and analysis, schedule of the district's proportionate share of the net pension liability, schedule of district contributions, and budgetary comparison information on pages I through XIV and 44 through 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ligonier Valley School District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017, on our consideration of Ligonier Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Ligonier Valley School District's internal control over financial reporting and compliance.

Wessel & Company

WESSEL & COMPANY
Certified Public Accountant

LIGONIER VALLEY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS			
Current Assets:			
Cash and cash equivalents	$ 8,787,929	$ 77,515	$ 8,865,444
Receivables:			
Taxes receivable, net of allowance	1,310,616	-	1,310,616
Due from state agencies	104,760	-	104,760
Due from federal agencies	100,285	-	100,285
Due from other funds	18,787	-	18,787
Other receivable	138,211	1,611	139,822
Prepaid expense	7,170	-	7,170
Inventory	32,000	13,310	45,310
Total Current Assets	10,499,758	92,436	10,592,194
Non-current Assets:			
Capital assets, net of depreciation	12,036,934	55,182	12,092,116
Total Non-current Assets	12,036,934	55,182	12,092,116
Deferred Outflows:			
Net other post employment benefit asset	339,243	-	339,243
Defined benefit pension plan	8,838,820	186,528	9,025,348
Total Deferred Outflows	9,178,063	186,528	9,364,591
Total Assets & Deferred Outflows	$ 31,714,755	$ 334,146	$ 32,048,901
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Current Liabilities:			
Accounts payable	$ 413,403	$ 13,313	$ 426,716
Accrued salaries and benefits	2,712,107	25,297	2,737,404
Bonds payable	1,985,000	-	1,985,000
Due to other funds	-	18,787	18,787
Accrued interest	155,385	-	155,385
Total Current Liabilities	5,265,895	57,397	5,323,292
Non-current Liabilities			
Bonds payable	9,470,000	-	9,470,000
Bond premium	797,675	-	797,675
Long-term portion of compensated absences	462,790	27,685	490,475
PSERS net pension liability	38,943,062	850,938	39,794,000
Total Non-current liabilities	49,673,527	878,623	50,552,150
Deferred Inflows:			
Unearned revenue	25,307	15,486	40,793
Defined benefit pension plan	902,751	27,320	930,071
Total Deferred Inflows	928,058	42,806	970,864
Net Position			
Net investments in capital assets	(371,126)	55,182	(315,944)
Net position - restricted	580,036	-	580,036
Net position - unrestricted	(24,361,635)	(699,862)	(25,061,497)
Total Net Position	(24,152,725)	(644,680)	(24,797,405)
Total Liabilities, Deferred Inflows and Net Position	$ 31,714,755	$ 334,146	$ 32,048,901

LIGONIER VALLEY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	$ 16,403,342	$ -	$ 9,989,797	$ -	$ (6,413,545)	$ -	$ (6,413,545)
Support services	9,704,264	236	34,225	-	(9,669,803)	-	(9,669,803)
Student activities	556,831	-	-	-	(556,831)	-	(556,831)
Community services	807	-	-	-	(807)	-	(807)
Unallocated interest expense	408,907	-	554,948	-	146,041	-	146,041
Unallocated depreciation expense	899,029	-	-	-	(899,029)	-	(899,029)
Total Governmental Activities	27,973,180	236	10,578,970	-	(17,393,974)	-	(17,393,974)
Business-type Activities:							
Food Service	829,542	269,079	464,140	-	-	(96,323)	(96,323)
Total Business-type Activities	829,542	269,079	464,140	-	-	(96,323)	(96,323)
Total Primary Government	$ 28,802,722	$ 269,315	$ 11,043,110	$ -	$ (17,393,974)	$ (96,323)	$ (17,490,297)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net					$ 14,254,286	$ -	$ 14,254,286
Other taxes levied					2,099,430	-	2,099,430
Grants, subsidies, contributions not restricted					1,752,059	-	1,752,059
Unrestricted Investment Earnings					68,769	243	69,012
Miscellaneous Income					416,227	-	416,227
Interfund Transfers					(60,000)	60,000	-
Total General Revenues and Transfers					18,530,771	60,243	18,591,014
Change in Net Position					1,136,797	(36,080)	1,100,717
Net Position - Beginning of Year					(25,289,522)	(608,600)	(25,898,122)
Net Position - End of Year					$ (24,152,725)	$ (644,680)	$ (24,797,405)

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

LIGONIER VALLEY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	Governmental Fund Types		
	General	Capital Projects	Total
ASSETS AND DEFERRED OUTFLOWS			
Cash and cash equivalents	$ 8,207,893	$ 580,036	$ 8,787,929
Receivables:			
Taxes receivable	1,310,616	-	1,310,616
Due from state agencies	104,760	-	104,760
Due from federal agencies	100,285	-	100,285
Due from other governments	128,164	-	128,164
Due from other funds	19,460	-	19,460
Other receivables	9,374	-	9,374
Prepaid expenses	7,170	-	7,170
Inventories	32,000	-	32,000
Total Assets	9,919,722	580,036	10,499,758
Deferred Outflows:	-	-	-
Total Assets and Deferred Outflows	$ 9,919,722	$ 580,036	$ 10,499,758
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Accounts payable	$ 413,403	-	$ 413,403
Accrued salaries and benefits	2,712,107	-	2,712,107
Total Liabilities	3,125,510	-	3,125,510
Deferred Inflows:			
Unearned revenue	758,690	-	758,690
Fund Balance:			
Nonspendable	32,000	-	32,000
Restricted	-	580,036	580,036
Committed	4,090,986	-	4,090,986
Unassigned	1,912,536	-	1,912,536
Total Fund Balances	6,035,522	580,036	6,615,558
Total Liabilities, Deferred Inflows and Fund Balance	$ 9,919,722	$ 580,036	$ 10,499,758

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

LIGONIER VALLEY SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total Governmental Fund Balance (page 8)		$ 6,615,558
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 in the funds. These assets consist of:		
Land	163,184	
Construction in Progress	-	
Building and Site improvements	28,478,886	
Furniture and Equipment	8,024,506	
Accumulated Depreciation	(24,629,642)	
Total Capital Assets		12,036,934
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Taxes		733,383
Deferred inflows and outflows related to participation in the PSERS cost sharing pension plan are not reported in the funds.		7,936,069
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Accrued Interest on Notes	(155,385)	
Post Retirement Benefits Asset	339,243	
Bond Payable	(11,455,000)	
Unamortized Bond Premium	(797,675)	
Compensated Absences	(462,790)	
PSERS Net Pension Liability	(38,943,062)	
Total Liabilities		(51,474,669)
Net Position on Governmental Activities (page 5)		$ (24,152,725)

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

LIGONIER VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Governmental Fund Types		
	General	Capital Projects	Total
Revenues			
Local sources	$ 17,288,823	$ 1,469	$ 17,290,292
State sources	11,231,215	-	11,231,215
Federal sources	586,080	-	586,080
Total Revenues	29,106,118	1,469	29,107,587
Expenditures			
Current:			
Instruction	16,278,491	-	16,278,491
Support services	9,465,750	-	9,465,750
Student activities	551,934	-	551,934
Community services	807	-	807
Capital outlay - Facilities acquisition construction and improvement services	-	505,742	505,742
Total Expenditures	26,296,982	505,742	26,802,724
Excess of Revenues Over/(Under) Expenditures	2,809,136	(504,273)	2,304,863
Other Financing Sources/(Uses):			
Debt service	(2,571,086)	-	(2,571,086)
Proceeds from bond refunding	8,105,000	-	8,105,000
Proceeds from bond premium	667,083	-	667,083
Current refunding	(8,455,000)	-	(8,455,000)
Sale of Asset	-	-	-
Refund of prior years' receipts	(4,663)	-	(4,663)
Fund transfers	(60,000)	-	(60,000)
Total Other Financing Sources/(Uses)	(2,318,666)	-	(2,318,666)
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	490,470	(504,273)	(13,803)
Fund Balance - July 1, 2016	5,545,052	1,084,309	6,629,361
Fund Balance - June 30, 2017	$ 6,035,522	$ 580,036	$ 6,615,558

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

LIGONIER VALLEY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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

Net change in fund balance - total governmental funds (page 8).	$ (13,803)
The compensated absences portion of accrued wages and benefits in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(47,974)
The post retirement benefits obligation in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	273,296
The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of the differences in the treatment of long-term debt on the statement of activities.	1,849,759
Contributions to the pension plan are recognized as an expenditure in the governmental funds when they are due, and thus requires the use of current financial resources. The net pension liability and deferred inflows and outflows related to participation in the PSERS cost sharing pension plan in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(667,849)
Accrued interest expense in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	(13,906)
The difference in the change in net assets between full accrual accounting and modified accrual accounting due to differing revenue recognition criteria between the two accounting methods.	62,390
The net effect of various transactions involving capital assets, (i.e. purchases, disposals, depreciation, etc.) is to increase net assets.	(305,116)
Change in net position of governmental activities (page 5).	$ 1,136,797

LIGONIER VALLEY SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND-(FOOD SERVICE)
JUNE 30, 2017

ASSETS AND DEFERRED OUTFLOWS

Assets		
Cash	$	77,515
Receivables		1,611
Inventory		13,310
Capital assets		55,182
Total Assets		147,618
Deferred Outflows		
Defined benefit pension plan		186,528
Total Assets and Deferred Outflows	$	334,146

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Liabilities		
Accounts payable	$	13,313
Due to other funds		18,787
Accrued expenses		52,982
PSERS net pension liability		850,938
Total Liabilities		936,020
Deferred Inflows		
Unearned revenue		15,486
Defined benefit pension plan		27,320
Total Deferred Inflows		42,806
Net Position		
Investment in fixed assets		55,182
Unrestricted		(699,862)
Total Net Position		(644,680)
Total Liabilities, Deferred Inflows and Net Position	$	334,146

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

LIGONIER VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND - (FOOD SERVICE)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenues:	
Food service revenue	$ 253,509
Other operating revenues	15,570
Total Operating Revenues	269,079
Operating Expenses	
Personnel services - Salaries	220,299
Personnel services - Employee benefits	209,864
Purchase of professional services	74,595
Depreciation	3,829
Supplies	288,814
Miscellaneous	32,141
Total Operating Expenses	829,542
Operating (Loss)	(560,463)
Non-Operating Revenues	
State sources	60,186
Federal sources	403,954
Earnings on investments	243
Transfer from other funds	60,000
Total Non-Operating Revenues	524,383
Decrease in Net Position	(36,080)
Net Position at July 1, 2016	(608,600)
Net Position at June 30, 2017	$ (644,680)

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

LIGONIER VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND- (FOOD SERVICE)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows From Operating Activities	
Cash received from users	$ 314,043
Cash payments to employees for services	(423,406)
Cash payments to suppliers for goods and services	(431,738)
Net Cash (Used In) Operating Activities	(541,101)
Cash Flows From Non-Capital Financing Activities	
State sources	60,186
Federal sources	403,954
Transfer in	60,000
Net Cash Provided By Non-Capital Financing Activities	524,140
Cash Flows From Capital and Related Financing Activities	
Purchase of fixed assets	-
Net Cash (Used In) Capital and Related Financing Activities	-
Cash Flows From Investing Activities:	
Earnings on investments	243
Net Cash Provided By Investing Activities	243
Net Decrease in Cash During the Year	(16,718)
Cash and Cash Equivalents - July 1, 2016	94,233
Cash and Cash Equivalents - June 30, 2017	$ 77,515
Reconciliation of operating (loss) to net cash (used in) operating activities:	
Operating (Loss)	$ (560,463)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation	3,829
Decrease in accounts receivable	41,257
Decrease in inventories	661
(Increase) in deferred outflow - defined benefit pension plan	(85,565)
(Decrease) in due to other funds	(31,519)
(Decrease) in accrued expenses	(7,008)
(Decrease) in accounts payable	(5,330)
Increase in PSERS net pension liability	105,586
Increase in unearned revenue	3,707
(Decrease) in deferred inflow - defined benefit pension plan	(6,256)
Total Adjustments	19,362
Net Cash (Used In) Operating Activities	$ (541,101)

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

LIGONIER VALLEY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

ASSETS AND DEFERRED OUTFLOWS		
Cash and cash equivalents	$	225,094
Total Assets and Deferred Outflows	$	225,094
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
Liabilities		
Due to student groups	$	119,617
Due to other funds		673
Total Liabilities		120,290
Net Position		
Held in Trust to Benefit Students		104,804
Total Liabilities, Deferred Inflows and Net Position	$	225,094

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Ligonier Valley School District is a local educational agency operating in Westmoreland County in Pennsylvania. It consists of the Bolivar Borough, Cook Township, Fairfield Township, Laurel Mountain Borough, Ligonier Borough, Ligonier Township, New Florence Borough, Seward Borough, and St. Clair Township.

Ligonier Valley School District is established and empowered by the Commonwealth of Pennsylvania for the purpose of carrying out, on the local level, the Commonwealth's obligation of public education, as established by the constitution of the Commonwealth and by the school law code. The District provides elementary and secondary public school education to eligible resident children between the ages of five (5) and twenty-one (21) residing within its jurisdiction.

The District is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board (GASB) pronouncement, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

A. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District, which includes general operations, food service and student related activities of the Ligonier Valley School District. The School District does not serve as an oversight unit over any other governmental unit and, therefore, the reporting entity consists of only the School District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ligonier Valley School District (the "School District") have been prepared using the basis of accounting applicable to the various fund types. The accounting policies of the Ligonier Valley School District conform to generally accepted accounting principles as applicable to school districts. The more significant accounting policies established by GAAP and used by the School District is discussed below.

A. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

FUND FINANCIAL STATEMENTS

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. The fiduciary fund is reported by type.

B. Fund Accounting

The accounts of the School District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. School District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three (3) broad fund categories as follows:

GOVERNMENTAL FUNDS

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

General Fund -- The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed by the Proprietary Fund.

PROPRIETARY FUNDS

Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Fund (Food Service) -- The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The Food Services Fund is the School District's only enterprise fund and it is reported as a major fund. The Food Services Fund accounts for the financial transactions related to the food service operations of the School District.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two (2) classifications: trust funds and agency funds. Trust funds are used to account for the assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds include:

Trust Fund – The Memorial Funds are reflected as expendable trust funds and are accounted for in a manner similar to governmental funds.

Activity Fund -- The Activity Fund is a major type of Agency Fund used to account for the assets and liabilities of student organization funds placed in the custody of the School District.

C. Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

FUND FINANCIAL STATEMENTS

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

The enterprise fund is accounted for using a flow of economic resources measurement focus which is the same as government-wide financial statements. All assets and liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total assets. The statement of cash flows reflects how the School District finances and meets the cash flow needs of its enterprise fund.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds operated by the District account for the assets held as an agent for the various student activities and trust fund.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become 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 (60) days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unearned Revenue

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

Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

E. Budgetary Data

The District is required by law to adopt annual budgets for the General Fund. Each budget is presented on a modified accrual basis of accounting which is consistent with generally accepted accounting principles. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

-A proposed budget for the next fiscal year beginning July 1 must be adopted at least thirty (30) days prior to adoption of the final budget.

-Public notice must be given at least ten (10) days prior to board action on the final budget.

-The proposed budget must be made available for public inspection at least twenty (20) days before the board plans to vote on the final budget.

-The final general fund budget must be adopted by June 30 for the next fiscal year, and must be filed with the Pennsylvania Department of Education within fifteen (15) days of final adoption.

Once a budget is approved, it can be amended at the Function and Fund level only; by approval of a majority of the members of the Board of Education in the last nine (9) months of the fiscal year. All amendments are made at the Board's regular monthly meetings and are reflected in the official minutes of the Board. Amounts reported as original budgeted amounts are the original board approved appropriations. The amounts reported as the final budgeted amounts on the enclosed financial statements are as amended. All annual appropriations lapse at fiscal year-end.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with an original maturity of three (3) months or less to be cash equivalents. All cash is properly collateralized by securities held by the U. S. government or by the government's agent in the government's name.

G. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on the first-in, first-out basis. Inventory in governmental funds consist of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred ($1,500) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All capital assets except land are depreciated using the straight-line method of depreciation over the following estimated useful lives:

Land improvements	20 years
Building and building improvements	50 years
Machinery and equipment	5-20 years
Vehicles	3-8 years

I. Income Taxes

The School District operates as a nonprofit organization and is not subject to federal or state income taxes.

J. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from/due to other funds". Interfund balances within governmental activities and within business-type activities are eliminated on the government-wide statement of net position.

K. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Accumulated compensated absences for sick pay are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The entire compensated absence liability is reported on the government-wide financial statements.

In the governmental fund financial statements, none of the liability is reported as it is not expected to be paid using expendable available resources.

L. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or Proprietary Fund Type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges and amortized over the term of the related debt.

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

M. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Fund Balance

The School District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement required the governmental funds' fund balances to be reclassified into the following five new categories.

Nonspendable fund balance – fund balance permanently restricted and unavailable for current operations

Restricted fund balance – fund balance temporarily restricted for specified purposes stipulated by constitution, external resource providers, or through enabling legislation

Committed fund balance – fund balance temporarily restricted for specified purposes established by a formal action by the Board of Directors. Formal action by the Board of Directors is also necessary to modify or rescind a fund balance commitment

Assigned fund balance – fund balance intended for a specific purpose that does not meet the criteria to be classified as restricted or committed. The Board of Directors has authorized Business Administrator as the official authorized to assign fund balance to a specific purpose.

Unassigned fund balance – fund balance available for operations with any restriction

The Board of Directors will spend the most restricted dollars before less restricted in the order as defined above.

The School District reports the following fund balance classifications:

General Fund

Nonspendable:

Inventory of materials and supplies	$ 32,000

Committed:

Committed funds for retirement payouts	$ 4,090,986

Other Governmental Fund Types

The Capital Projects Fund maintains a restricted fund balance of $580,036 for future construction projects and capital improvements.

O. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current year. In the General Fund, unearned revenue has been established to offset real estate tax receivables.

Unearned revenue also 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 liability is removed from the Fund’s balance sheet and revenue is recognized.

P. Operating Revenues and Expenses

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

Q. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

S. Pensions

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

The School District follows GASB Statement No. 68, Accounting and Financial Reporting for Pensions. For cost-sharing plans, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan) – the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

T. New GASB Pronouncements

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, is effective for periods beginning after June 15, 2016. The adoption of this statement had no effect on previously reported amounts.

GASB Statement No. 77, Tax Abatement Disclosures, is effective for periods beginning after December 15, 2015.

GASB Statement No. 82, Pension Issues – an Amendment of GASB Statements No. 67, 68 and 73, is effective for periods beginning after June 15, 2016. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employer (plan member) contribution requirements. The adoption of this statement no had effect on previously reported amounts.

Pending Changes in Accounting Principles

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

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

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

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

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues." The School District is required to adopt Statement No. 86 for its fiscal year 2018 financial statements.

In June 2017, the GASB issued Statement No. 87, Leases. The School District is required to adopt Statement No. 87 for its fiscal year 2021 financial statements.

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

NOTE 3 - CASH AND INVESTMENTS

Pursuant to the School Depository Act, Ligonier Valley School District is required to invest in a savings institution in excess of the federal deposit insurance limits only to the extent the depository bank pledges approved securities in an amount sufficient to protect District funds on a day to day basis. Deposits of the District are maintained in demand deposits, highly liquid money market funds, certificates of deposit, short-term government securities or pooled for investment purposes in the Pennsylvania Local Government Investment Trust (PLGIT).

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	$ 8,865,444
Fiduciary funds:	
Cash and investments	225,094
Total Cash and Investments	$ 9,090,538

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	$ 865
Deposits with financial institutions	451,266
Certificates of deposit	2,353,958
Pennsylvania Local Government Investment Trust (PLGIT)	6,284,449
Total Cash and Investments	$ 9,090,538

Pennsylvania Local Government Investment Trust (PLGIT)

The School District maintains investments with PLGIT, which is a non-taxable pooled investment fund established for local governments and school districts in Pennsylvania. Disclosures required under Government Accounting Standards related to the PLGIT investments are as follows:

Credit Risk

The Portfolio's investment policies are outlined in each Portfolio's Information Statement. The Portfolios may only purchase securities which are permitted under Pennsylvania law for boroughs, towns, townships, counties, cities, school districts, and authorities of the Commonwealth of Pennsylvania. The Portfolios may not buy any voting securities, any instrument or security from any issuer which, by its nature, would constitute characteristics of equity ownership and equity risks, any commodities or commodity contracts, any mineral related programs or leases, any warrants, or any real estate or any non-liquid interests in real estate trusts.

As of June 30, 2017, the PLGIT portfolio was comprised of investments which were, in aggregate, rated by Standard and Poor's ("S&P") as follows:

S&P Rating	PLGIT Portfolio %
AA+	38.89%
A-1+	39.47%
Exempt	16.78%
Not Rated	4.86%

The above ratings of the Portfolios holdings include the ratings of collateral underlying repurchase agreements in effect at June 30, 2017.

Concentration of Credit Risk

The Portfolios may not purchase any securities if, at the time of purchase: more than ten percent (10%) of its total assets would then be invested in the securities of any one issuer; more than twenty percent (20%) of its total assets would be invested in securities issued or guaranteed by the Commonwealth of Pennsylvania; more than five percent (5%) of the portfolio's total assets would be invested in securities issued by a political subdivision of the Commonwealth of Pennsylvania; or more than ten percent (10%) of its total assets would be invested in any class of securities of a single issuer (for this purpose, all debt obligations of an issuer maturing in less than one year are treated as a single class of securities). The foregoing restrictions do not apply to obligations issued and guaranteed as to principal and interest by the Government of the United States, its agencies or instrumentalities.

Although the Portfolios may not lend money or assets under ordinary circumstances, each Portfolio can buy those debt obligations or use those deposit instruments in which it is permitted to invest (see "Investment Objective and Policies" in each Portfolio's Information Statement). Each Portfolio can also enter into repurchase agreements. However, as a matter of operating (but not fundamental) policy, the Portfolios will not enter into repurchase agreements maturing in more than seven (7) days if thereafter more than ten percent (10%) of the value of its total assets would then consist of such repurchase agreements.

The PLGIT investment portfolio at June 30, 2017, included the following issuers which individually represented greater than five percent (5%) of each Portfolio's total investment portfolio:

Issuer	PLGIT Portfolio %
BOFI Federal Bank	9.63%
Customers Bank*	8.02%
Federal Farm Credit Bank	11.75%
Federal Home Loan Banks	34.04%
Pentagon Federal Credit Union (VA)*	8.02%
U.S. Treasury	16.78%

**Guaranteed by Federal Home Loan Bank letters of credit.*

Interest Rate Risk

The Portfolios' investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that: (1) each Portfolio maintain a dollar-weighted average maturity of not greater than sixty (60) days; and (2) requiring that any investment securities purchased by the Portfolios have remaining maturities of three hundred ninety-seven (397) days or less.

The weighted average maturity of the PLGIT portfolio at June 30, 2017, was twenty-four (24) days. The fair value and weighted average maturity of the types of investments in which each portfolio was invested at June 30, 2017, are as follows:

PLGIT Portfolio

Types of Investments	Fair Value (000s)	Weighted Average Maturity
Cash and Cash Equivalents	$394,347,430	1 Day
Certificates of Deposit	475,700,000	18 Days
Repurchase Agreements	15,900,000	3 Days
U.S. Government Agency Discount Notes	184,869,950	50 Days
U.S. Government Agency Mortgage-Backed Discount Notes	29,999,321	3 Days
U.S. Government Agency Notes	589,983,067	31 Days
U.S. Treasury Notes	361,360,158	134 Days

The weighted-average maturities shown above are calculated based on the stated maturity dates with the following exceptions: (1) floating or variable rate securities are assumed to have an effective maturity of the date upon which the security's interest rate next resets; (2) the effective maturity of callable securities is assumed to be its stated maturity unless the security had been called as of the reporting date, in which case the effective maturity would be assumed to be its called date; and (3) the effective maturity of cash and cash equivalents is assumed to be one day.

NOTE 4 - CAPITAL ASSETS

	Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017
Government activities:				
Capital Assets Not Being Depreciated				
Land	$ 163,184	$ ---	---	$ 163,184
Construction In Process	271,808	---	(271,808)	---
Capital Assets Being Depreciated				
Building	$ 25,665,375	$ 745,548	---	$ 26,410,923
Site Improvements	2,064,138	3,825	---	2,067,963
Equipment	7,908,158	116,348	---	8,024,506
Total Assets	36,072,663	865,721	(271,808)	36,666,576
Less Accumulated Depreciation:				
Building	(15,300,504)	(519,852)	---	(15,820,356)
Site Improvements	(1,684,798)	(92,210)	---	(1,777,008)
Equipment	(6,745,311)	(286,967)	---	(7,032,278)
Total Accumulated Depreciation	(23,730,613)	(899,029)	---	(24,629,642)
Governmental Activities Net Capital Assets	$ 12,342,050	$ (33,308)	$ (271,808)	$ 12,036,934
Business-type activities:				
Capital Assets Being Depreciated				
Machinery & Equipment	$ 922,502	$ ---	$ ---	$ 922,502
Less Accumulated Depreciation:				
Machinery & Equipment	(863,491)	(3,829)	---	(867,320)
Business-Type Activities Net Capital Assets	$ 59,011	$ (3,829)	$ ---	$ 55,182

NOTE 5 - LIABILITY FOR COMPENSATED ABSENCES

Vacation

School District employees who are required to work on a twelve (12) month schedule are credited with vacation at rates which vary with length of service or job classification. As of June 30, 2017, the amounts were reflected in the financial statements.

Sick Leave and Personal Leave

Pursuant to the various employment agreements and employment contracts, unused accumulated sick leave and personal days will be paid at a fixed, per-day amount to employees meeting certain criteria. The District has calculated a liability of $490,475 for accumulated leave compensation at June 30, 2017.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description

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

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age sixty-two (62) with at least one (1) year of credited service; (b) age sixty (60) with thirty (30) or more years of credited service; or (c) thirty-five (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 (2) 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 sixty-five (65) with a minimum of three (3) years of service or attain a total combination of age and service that is equal to or greater than ninety-two (92) with a minimum of thirty-five (35) years of service. Benefits are generally equal to two percent (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 (5) years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five (5) years of credited service. Such benefits are generally equal to two percent (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 (1/3rd) 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 sixty-two (62) with at least one (1) year of credited service (age sixty-five (65) with at least three (3) years of credited service for Class T-E and Class T-F members) or who has at least five (5) years of credited service (ten (10) years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions:

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2017, was 29.20% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $3,114,627 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of $39,794,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2015 to June 30, 2016. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2016, the District's proportion was 0.0803 percent, which was an increase of 0.0005 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of $4,495,000. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and ac experience	$ ---	$ ---
Changes in assumptions	---	---
Net difference between projected an actual investment earnings	---	930,071
Changes in proportions	5,046,071	---
Difference between employer contributions and proportionate sha of total contributions	---	---
Contributions subsequent to the measurement date	3,979,277	---
	$ 9,025,348	$ 930,071

$3,979,277 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	$ 797,000
2019	2,441,000
2020	878,000

Changes in actuarial assumptions

The total pension liability as of June 30, 2016, was determined by rolling forward the System's total pension liability as of the June 30, 2015 to June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

- The Investment Rate of Return was adjusted from 7.50% to 7.25%.
- The inflation assumption was decreased from 3.0% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and merit or seniority increases of 2.50%, to an effective average 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.

- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three (3) years for both males and females to the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected used a modified version of the MP-2015 Mortality Improvement Scale. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back seven (7) years for males and three (3) years for females to 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, 2016 valuation were based on the experience study that was performed for the five-year period ending June 30, 2015. The recommended assumption changes based on this experience study were adopted by the Board at its June 10, 2016 Board meeting, and were effective beginning with the June 30, 2016 actuarial valuation.

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

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

Asset Class	Target Allocation	Long-Term Expected Rea Rate of Retur
Global public equity	22.5%	5.3%
Fixed income	28.5%	2.1%
Commodities	8.0%	2.5%
Absolute return	10.0%	3.3%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	5.0%	4.8%
Real Estate	12.0%	4.0%
Alternative investments	15.0%	6.6%
Cash	3.0%	0.2%
Financing (LIBOR)	(14.0%)	0.5%
	100%	

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, 2016.

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

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

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District’s proportionate share the net pension liability	$ 32,328,000	$ 39,794,000	$ 48,679,000

Pension plan fiduciary net position

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

NOTE 7 - PROPERTY, WAGE, OCCUPATIONAL, AND PER CAPITA TAXES

Based upon assessments provided by the County, the School District collects property taxes through tax collectors employed by the District. The School District tax rate for the year ended June 30, 2017, was 78.3 mills as levied by the Board of School Directors. The Board of School Directors also levies per capita taxes based on the census of residents in the school district. The tax rate under Section 679 is $5/person and Under Act 511 is $5/person. The following is a summary of the tax calendar for the year ended June 30, 2017:

Levy Date - July 1, 2016
Discount Period at 2% - July 1, 2016 to September 30, 2016
Face Period – October 1, 2016 to November 30, 2016
Penalty Period at 10% - December 1, 2016 to December 31, 2016
Lien Date – January 15, 2017

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. The net amount estimated to be collectible which was measurable and available within sixty (60) days was recognized as revenue. All taxes, net of uncollectible amounts, are recognized in the period for which levied in the government-wide financial statements, regardless of when collected.

Taxes Receivable:

Fund Financial Statement

Taxes receivable in the amount of $1,310,616 less unearned tax revenue of $733,383 amounts to $577,233 and is stated on the Governmental Funds Balance Sheet. This amount represents actual collections of liened properties and delinquent per capita taxes for the 2016-2017 fiscal year, which were collected in June, July, and August of 2017, by the County.

Government Wide Financial Statement

In addition to the taxes receivable noted above, the Statement of Net Position includes taxes receivable from fiscal years 2016-2017 and prior that are summarized as follows:

	Gross Taxes Receivable	Allowance for Uncollectibles	Net Estimated to be Collectible
Property taxes	$ 1,235,611	$ (292,545)	$ 943,066
Other taxes	367,550	(---)	367,550
Grand Total	$ 1,603,161	$ (292,545)	$ 1,310,616

NOTE 8 - LONG-TERM LIABILITIES

The following is a description of the long-term liabilities, excluding the PSERS net pension liability, as reported in the financial statements at June 30, 2017.

$1,895,000 General Obligation Bonds, Refunding Series of 2011 A, with interest ranging from 2.00% to 2.88%	520,000
$4,635,000 General Obligation Bonds, Refunding Series of 2016, with interest ranging from 0.60% to 4.00%	4,000,000
$8,105,000 General Obligation Bonds, Refunding Series of 2016-A, with interest ranging from 0.60% to 5.00%	6,935,000
Liabilities for Compensated Absences (Note 5)	490,475
Total	$ 11,945,475

A description of the Long-Term Liabilities is as follows:

Bonds Payable

On December 15, 2007, the School District issued General Obligation Bonds, Series of 2007, in the amount of $18,865,000. The proceeds from the issuance were used to refund, on a current basis, the remaining outstanding portion of the School District's General Obligation Bonds, Series of 1998. In June 2016, a portion of the 2007 Series Bonds was advance refunded by the proceeds of the General Obligation Bond, Series of 2016. The un-refunded portion outstanding of the General Obligation Bond, Series of 2007, amounting to $8,455,000, was refunded with the proceeds of the General Obligation Bond, Series of 2016-A in December 2016.

In July 2011, the School District issued General Obligation Bonds, Series of 2011 A and B in the principal amount of $1,895,000 and $3,575,000, respectively. The proceeds of the Series A and B Bonds were used to advance refund the 2003 and 2006 Series General Obligation Bonds, respectively. The Series A Bonds mature through September 2018 and bear interest at a rate between 2.00% and 3.00%. The Series B Bonds outstanding portion of $2,345,000 was refunded with the proceeds of the General Obligation Bond, Series of 2016 in June 2016. Principal and interest paid on the 2011 Series A General Obligation Bond during the year amounted to $255,000 and $16,200, respectively.

In June 2016, the School District issued General Obligation Bonds, Series of 2016 in the principal amount of $4,635,000. The proceeds of the Bond were used to advance refund a portion of the 2007 Series General Obligation Bond and to refund, on a current basis, the remaining outstanding portion of the 2011 Series B General Obligation Bond. The Series of 2016 Bond matures through March 2023 and bears interest at a rate between 0.60% and 4.00%. Principal and interest paid on the 2016 General Obligation Bonds during the year amounted to $635,000 and $97,729, respectively.

In December 2016, the School District issued General Obligation Bonds, Series of 2016-A in the principal amount of $8,105,000. The proceeds of the Bond were used to refund, on a current basis, the remaining outstanding portion of the 2007 Series General Obligation Bond. The Series of 2016-A Bond matures through March 2023 and bears interest at a rate between 0.90% and 5.00%. Principal and interest paid on the 2016-A General Obligation Bonds during the year amounted to $1,170,000 and $62,510, respectively. The difference between the cash flows required to service old debt and the cash flows required to service the new debt amounts to $349,994. The cumulative economic gain resulting from this transaction amounts to $345,593.

Governmental Activities:

	Outstanding 6/30/16	Paid	Issued	Outstanding 6/30/17	Amounts Due Within One Year
Bonds payable:					
2007 General Obligation Bonds	$8,455,000	$ (8,455,000)	$ ---	$ ----	$ ---
2011 A General Obligation Bonds	775,000	(255,000)	---	520,000	260,000
2016 General Obligation Bonds	4,635,000	(635,000)	---	4,000,000	595,000
2016 A General Obligation Bonds	---	(1,170,000)	8,105,000	6,935,000	1,130,000
Total Bonds Payable	13,865,000	(10,515,000)	8,105,000	11,455,000	1,985,000
Other liabilities:					
Compensated absences (Note 5)	431,998	(---)	30,792	462,790	---
Total other liabilities	431,998	(---)	30,792	462,790	---
Governmental activities long-term liabilities	$14,296,998	$ (10,515,000)	$ 8,135,792	$11,917,790	$ 1,985,000

Business-type Activities:

Compensated absences (Note 5)	$ 27,300	$ (---)	$ 385	$ 27,685	$ ---
Business-type activities Long-term liabilities	$ 27,300	$ (---)	$ 385	$ 27,685	$ ---

Debt Maturity:

Debt service requirements at June 30, 2017 were as follows:

Governmental Activities – Bonds

Year ended June 30	Principal	Interest
2018	$ 1,985,000	$ 438,078
2019	2,290,000	367,188
2020	2,105,000	274,175
2021	2,200,000	174,300
2022	2,310,000	69,600
Thereafter	565,000	8,350
	$ 11,455,000	$ 1,331,691

NOTE 9 – POST-EMPLOYMENT BENEFITS

Plan Description and Funding Policy

In addition to the pension benefits described in Note 6, the School District provides post retirement health care benefits, in accordance with the union contract, to all retirees and spouses that have reached normal retirement age up to age sixty-five (65). Currently, fifty (50) retirees, including spouses, meet the eligibility requirements. Other than the superintendent, all future retirees are required to contribute one hundred percent (100%) of the premium rate in order to maintain coverage. The existing retirees' contribution requirements differ depending on when they retired. Some are required to contribute only the $100 PSERS allowance whereas others are required to contribute the difference in the current premium rate and the rate at retirement. During the year, expenditures of $309,247 were incurred for postretirement health care. The School District funds all contributions on a pay-as-you-go basis. Such benefits are funded through the General Fund.

Annual OPEB Cost and Net OPEB Obligation

The School District's Annual OPEB cost for the plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years.

The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the School District's net obligation, as well as the assumptions used to calculate the net OPEB obligation:

Annual Required Contribution	$ 49,149
Interest on Net OPEB Obligation	32,916
Adjustment to Annual Required Contribution	(46,114)
Annual OPEB Cost (Expense)	35,951
Contributions Made or Accrued	309,247)
(Increase) in Net (Asset)	(273,296)
Net OPEB (Asset) 7/1/16	(65,947)
Net OPEB (Asset) 6/30/17	$ (339,243)

Actuarial valuation date	July 1, 2016
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Asset valuation method	N/A – plans are unfunded
Actuarial Assumptions:	
Discount Rate	2.85%
Health care inflation rates	6.75% in 2018-2019, grading to 4.5% in 2025
Retirement age assumption	55-65 based on years of service

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial date, the plan was 0% funded. The actuarial accrued liability for benefits was $1,154,946 and the value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $1,154,946. The covered payroll (annual payroll of active employees covered by the plan) was $8,655,530 and the ratio of the UAAL to the covered payroll was 13.34%.

NOTE 10 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual interfund receivables and payables at June 30, 2017, are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 19,460	$ ---
Food Service	---	18,787
Fiduciary Fund	---	673
	$ 19,460	$ 19,460

	Operating Transfers In	Operating Transfers Out
General Fund	$ ---	$ 60,000
Food Service	60,000	---
	$ 60,000	$ 60,000

NOTE 11 - NONMONETARY TRANSACTIONS

The District receives one of its federal program subsidies by means of a noncash transfer. The U.S. Department of Agriculture, through the Pennsylvania Department of Agriculture, provides food commodities under the National School Lunch Program. These nonmonetary commodity items are valued at market values and recorded as revenue as received. The total food commodities donated by the federal government for the fiscal year 2017 totaled $42,548.

NOTE 12 - ECONOMIC DEPENDENCY

Ligonier Valley School District receives approximately 39% of its revenue from the state of Pennsylvania in the form of state subsidies. Changes in funding levels by the State could have a material effect on future operations of the District.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grant Programs

The School District participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs.

Litigation

In the normal course of operations, the School District is involved in various disputes and grievances. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the School District's financial position.

Risk Management

On July 1, 1991, the School District joined with other districts in Westmoreland County to form the Westmoreland Intermediate Unit Rate Stabilization Consortium for Health Insurance (WIURSC). The WIURSC is a public entity risk pool designed to administer health and medical insurance risks on a pooled risk basis.

The School District pays an annual premium to WIURSC for its health and medical insurance coverage. The formation agreement of WIURSC provides that the WIURSC will be self-sustaining through annually determined member premiums and will reinsure through commercial companies for excess claims of amounts as defined in the insurance contract. The agreement permits participating districts to withdraw from the WIURSC under terms as specified in the agreement. Withdrawing districts are entitled to a proportionate share of WIURSC fund balance or deficit, less withdrawal penalties, as determined on the date of withdrawal.

NOTE 14 - SUBSEQUENT EVENTS

Effective July 1, 2017, the District approved a millage increase in property taxes within the District. The increase reflects a 1.7 mill increase from 78.3 mills to 80.0 mills.

Subsequent events were considered through November 3, 2017, which is the date that financial statements were available to be issued.

REQUIRED

SUPPLEMENTARY

INFORMATION

LIGONIER VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PSERS PENSION PLAN
LAST 10 FISCAL YEARS*
(Dollar amounts in thousands)

	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0803%	0.0798%	0.0750%	0.0749%
District's proportionate share of the net pension liability (asset)	$ 39,794,000	$ 34,566,000	$ 29,686,000	$ 30,661,000
District's covered-employee payroll	$ 9,301,733	$ 10,118,143	$ 9,824,214	$ 9,608,585
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	427.81%	341.62%	302.17%	319.10%
Plan fiduciary net position as a percentage of the total pension liability	50.14%	54.36%	57.24%	54.49%

* The amounts presented for each fiscal year were determined as of 6/30
Only four (4) years of data are available

See Independent Auditor's Report

LIGONIER VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PSERS PENSION PLAN
LAST 10 FISCAL YEARS*
(Dollar amounts in thousands)

	2017	2016	2015	2014
Contractually required contribution	$ 3,114,627	$ 2,625,113	$ 2,041,184	$ 1,494,000
Contributions in relation to the contractually required contribution	3,114,627	2,617,186	2,058,639	1,751,381
Contribution deficiency (excess)	$ -	$ 7,927	$ (17,455)	$ (257,381)
District's covered-employee payroll	$ 10,665,646	$ 9,301,733	$ 10,118,143	$ 9,824,214
Contributions as a percentage of covered-employee payroll	29.20%	28.14%	20.35%	17.83%

*Only four (4) years of data are available

LIGONIER VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local Sources:				
Taxes	$ 16,373,879	$ 16,373,879	$ 16,353,716	$ (20,163)
Investment income	18,000	18,000	68,769	50,769
Other income	784,150	784,150	866,338	82,188
Total Local Sources	17,176,029	17,176,029	17,288,823	112,794
State Sources	11,077,518	11,077,518	11,231,215	153,697
Federal Sources	476,000	476,000	586,080	110,080
Total Revenues	28,729,547	28,729,547	29,106,118	376,571
Expenditures				
Instruction:				
Regular programs - Elementary/Secondary	12,019,238	12,019,238	11,241,041	778,197
Special programs - Elementary/Secondary	3,489,181	3,489,181	3,845,730	(356,549)
Vocational education program	864,613	864,613	844,344	20,269
Other instructional programs - Elementary/Secondary	315,137	315,137	26,997	288,140
Pre-Kindergarten	322,800	322,800	320,379	2,421
Total Instruction	17,010,969	17,010,969	16,278,491	732,478
Support Services:				
Pupil personnel	1,069,680	1,069,680	1,000,354	69,326
Instructional staff	358,875	358,875	365,208	(6,333)
Administration	2,071,517	2,071,517	2,623,472	(551,955)
Pupil health	370,881	370,881	366,541	4,340
Business	370,774	370,774	345,663	25,111
Operation and maintenance of plant services	1,816,100	1,816,100	1,700,217	115,883
Student transportation services	3,114,643	3,114,643	2,712,797	401,846
Central	21,625	21,625	40,431	(18,806)
Other support services	428,299	428,299	311,067	117,232
Total Support Services	9,622,394	9,622,394	9,465,750	156,644

See Independent Auditor's Report

LIGONIER VALLEY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operation of Noninstructional Services:				
Student activities	$ 591,487	$ 591,487	$ 551,934	$ 39,553
Community services	140	140	807	(667)
Building acquisition and construction	-	-	-	-
Total Operation of Noninstructional Services	591,627	591,627	552,741	38,886
Total Expenditures	27,224,990	27,224,990	26,296,982	928,008
Excess of Revenues Over Expenditures	1,504,557	1,504,557	2,809,136	1,304,579
Other Financing Sources/(Uses):				
Interfund transfer (out)	(115,000)	(115,000)	(60,000)	55,000
Refunds of prior years' receipts	-	-	(4,663)	(4,663)
Proceeds from bond refunding	-	-	8,105,000	8,105,000
Proceeds from bond premium	-	-	667,083	667,083
Current refunding	-	-	(8,455,000)	(8,455,000)
Debt service	(2,389,557)	(2,389,557)	(2,571,086)	(181,529)
Total Other Financing Sources/(Uses)	(2,504,557)	(2,504,557)	(2,318,666)	185,891
Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,000,000)	(1,000,000)	490,470	$ 1,490,470
Fund Balance - July 1, 2016	-	-	5,545,052	
Fund Balance - June 30, 2017	$ -	$ -	$ 6,035,522	

Ligonier Valley School District
Schedule of Expenditures of Federal Awards
For the Year End June 30, 2017

GRANTOR PROGRAM TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING / ENDING DATE	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED/ (RETURNED) FOR YEAR	ACCRUED (DEFERRED REVENUE) 07-01-16	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (DEFERRED REVENUE) 06-30-17
U. S. DEPARTMENT OF EDUCATION										
PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION:										
Title I Grants to Local Educational Agencies (LEAs)	I	84.010	013-15-0228	07-01-15 06-30-16	$ 290,743	$ 20,258	$ 13,396	$ 6,862	$ 6,862	$ -
Title I Grants to Local Educational Agencies (LEAs)	I	84.010	013-16-0228	07-01-16 06-30-17	300,530	236,121	-	300,530	300,530	64,409
TOTAL TITLE I, PART A CLUSTER						256,379	13,396	307,392	307,392	64,409
Improving Teacher Quality State Grants	I	84.367	020-14-0228	07-01-14 06-30-15	130,741	34,835	34,835	-	-	-
Improving Teacher Quality State Grants	I	84.367	020-15-0228	07-01-15 06-30-16	130,181	26,003	11,105	23,566	23,566	8,668
Improving Teacher Quality State Grants	I	84.367	020-16-0228	07-01-16 06-30-17	129,040	103,341	-	129,040	129,040	25,699
TOTAL TITLE II, PART A						164,179	45,940	152,606	152,606	34,367
PASSED THROUGH THE WESTMORELAND INTERMEDIATE UNIT 7:										
Special Education - Grants to States (IDEA, Part B)	I	84.027		07-01-15 06-30-16	283,583	141,792	141,792	-	-	-
Special Education - Grants to States (IDEA, Part B)	I	84.027		07-01-16 06-30-17	2,546	2,546	2,546	-	-	-
Special Education - Grants to States (IDEA, Part B)	I	84.027		07-01-15 06-30-16	287,561	188,009		287,561	287,561	99,552
Special Education - Grants to States (IDEA, Part B)	I	84.027		07-01-16 06-30-17	2,086	-	-	2,086	2,086	2,086
TOTAL IDEA CLUSTER						332,347	144,338	289,647	289,647	101,638
TOTAL U. S. DEPARTMENT OF EDUCATION						**$ 752,905**	**$ 203,674**	**$ 749,645**	**$ 749,645**	**$ 200,414**
U.S. DEPARTMENT OF HOMELAND SECURITY										
Passed Through the PA Emergency Management Agency:										
Disaster Grants - Public Assistance	I	97.036	FEMA-4267-DR-PA-129-OEFEB-00	07-01-15 06-30-16	4,984	4,984	4,984	-	-	-
						4,984	4,984	-	-	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY						**$ 4,984**	**$ 4,984**	**$ -**	**$ -**	**$ -**

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed Through the PA Dept. of Education and Human Services:										
MEDICAL ASSISTANCE	I	93.778	044-007346	07-01-15 06-30-16	4,496	2,707	2,707	-	-	-
MEDICAL ASSISTANCE	I	93.778	044-007228	07-01-16 06-30-17	50,000	50,000	-	50,000	50,000	-
						52,707	2,707	50,000	50,000	-
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						**$ 52,707**	**$ 2,707**	**$ 50,000**	**$ 50,000**	**$ -**
U. S. DEPARTMENT OF AGRICULTURE										
PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF AGRICULTURE:										
National School Lunch	I	10.555	2-04-65-490	07-01-16 06-30-17	42,548	42,548	(2,137)	39,912	39,912	(4,773)
PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION:										
National School Lunch Program	I	10.555	107-65-490-362	07-01-15 06-30-16	275,343	31,360	31,360	-	-	-
National School Lunch Program	I	10.555	107-65-490-362	07-01-16 06-30-17	290,832	291,234	-	290,832	290,832	(402)
School Breakfast Program	I	10.553	107-65-490-365	07-01-15 06-30-16	68,422	8,201	8,201	-	-	-
School Breakfast Program	I	10.553	107-65-490-365	07-01-16 06-30-17	73,210	73,210	-	73,210	73,210	-
TOTAL CHILD NUTRITION CLUSTER						446,553	37,424	403,954	403,954	(5,175)
PASSED THROUGH THE PENNSYLVANIA DEPARTMENT OF EDUCATION:										
National School Lunch Program	S	N/A	107-65-490-510	07-01-15 06-30-16	18,673	2,100	2,100	-	-	-
National School Lunch Program	S	N/A	107-65-490-510	07-01-16 06-30-17	17,601	17,601	-	17,601	17,601	-
School Breakfast Program	S	N/A	107-65-490-511	07-01-15 06-30-16	4,390	525	525	-	-	-
School Breakfast Program	S	N/A	107-65-490-511	07-01-16 06-30-17	4,543	4,543	-	4,543	4,543	-
TOTAL STATE NUTRITION						24,769	2,625	22,144	22,144	-
TOTAL U. S. DEPARTMENT OF AGRICULTURE						**$ 471,322**	**$ 40,049**	**$ 426,098**	**$ 426,098**	**$ (5,175)**
I = Indirect funding S = State funding			TOTAL FEDERAL AND STATE			1,281,918	251,414	1,225,743	1,225,743	195,239
			TOTAL FEDERAL			**$ 1,257,149**	**$ 248,789**	**$ 1,203,599**	**$ 1,203,599**	**$ 195,239**

NOTE: Ligonier Valley School District did not provide federal funds to subrecipients during the year ended June 30, 2017.

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Ligonier Valley School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - VALUE OF USDA DONATED COMMODITIES INVENTORY

The inventory of USDA donated commodities is valued according to the value established by the USDA.

NOTE 3 - INDIRECT COST RATE

For the year ended June 30, 2017, Ligonier Valley School District did not elect to use the ten percent (10%) de minimus indirect cost rate as allowed in the Uniform Guidance, section 414.

NOTE 4 - AMOUNTS PASSED TO SUBRECIPIENTS

Ligonier Valley School District did not provide federal awards to subrecipients during the year ended June 30, 2017.

NOTE 5 - MAJOR PROGRAM DETERMINATION

The major federal award programs selected for testing as determined by the auditor on a risk-based approach are as follows:

Programs	CFDA #	Expenditures
Special Education – Grants to States (IDEA, Part B)	84.027	289,647
Total federal expenditures selected for testing		$ 289,647
Total federal expenditures		$ 1,203,599
Percentage of total federal expenditures tested		24.00%
Percentage of total federal expenditures required to be tested		20.00%

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

November 3, 2017

Board of Directors
Ligonier Valley School District
Ligonier, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ligonier Valley School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Ligonier Valley School District's basic financial statements, and have issued our report thereon dated November 3, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wessel & Company

WESSEL & COMPANY
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

November 3, 2017

Board of Directors
Ligonier Valley School District
Ligonier, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Ligonier Valley School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ligonier Valley School District's major federal programs for the year ended June 30, 2017. Ligonier Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Ligonier Valley School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Wessel & Company

WESSEL & COMPANY
Certified Public Accountants

LIGONIER VALLEY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether financial statements audited were prepared in accordance with GAAP	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	______ Yes	__X__ No
• Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Noncompliance material to financial statements noted?	______ Yes	__X__ No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	______ Yes	__X__ No
• Significant deficiency(ies) identified?	______ Yes	__X__ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required reported in accordance with 2 CFR 200.516(a)?	______ Yes	__X__ No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	Special Education Cluster: IDEA, Part B

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	__X__ Yes	______ No

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

LIGONIER VALLEY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 2017

NONE

LIGONIER VALLEY SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

JUNE 30, 2017

NONE NECESSARY