

BROWNSVILLE AREA SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

**BROWNSVILLE AREA SCHOOL DISTRICT
FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2015

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Zelenkofske Axelrod LLC

Independent Auditor's Report

Members of the Board
Brownsville Area School District
Brownsville, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the BROWNSVILLE AREA SCHOOL DISTRICT as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the BROWNSVILLE AREA SCHOOL DISTRICT's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting 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.

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Members of the Board
Brownsville Area School District
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Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information for the BROWNSVILLE AREA SCHOOL DISTRICT as of June 30, 2015, and the respective changes in the financial position and cash flows, where applicable, thereof for the year ended in conformity with the accounting principles generally accepted in the United States of America.

Adoption of GASB Statements

As described in Note 1 to the financial statements, in 2015 the District adopted the provisions of Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*", Statement No. 69, "*Government Combinations and Disposals of Government Operations*", and Statement No. 71, "*Pension Transition for Contributions made Subsequent to the Measurement Date*". Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, budgetary comparison, schedule of the District's proportionate share of the net pension liability – last 10 years and the schedule of the District's contributions – last 10 years information on pages 4 through 10 and 53 through 56 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.

Zelenkofske Axelrod LLC

Members of the Board
Brownsville Area School District
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Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BROWNSVILLE AREA SCHOOL DISTRICT's financial statements as a whole. The nonmajor fund financial statements on pages 58 through 59 are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015 on our consideration of the BROWNSVILLE AREA SCHOOL DISTRICT's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Zelenkofske Axelrod LLC

ZELENKOFESKE AXELROD LLC

December 23, 2015
Pittsburgh, Pennsylvania

Brownsville Area School District
Management's Discussion and Analysis
June 30, 2015

The discussion and analysis of the Brownsville Area School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended **June 30, 2015**. The intent of this discussion and analysis is to review the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements to help their understanding of the School District's financial position.

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

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

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

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

1. Governmental activities – All of the School District's basic services are included here, such as instruction, support services, and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
2. Business-type activities – The School District operates a food service and charges fees to staff, students, and visitors to help cover costs of the food services operation.

Fund Financial Statements

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

Brownsville Area School District
Management's Discussion and Analysis (Continued)
June 30, 2015

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

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT

The School District's total net position was a deficit of \$ **(42,732,275)** at June 30, 2015. Due to the implementation of GASB 68 & 71 the District recognized a deferred outflow of resources in the amount of \$3,887,549 and a deferred inflow of resources in the amount of \$ (2,382,708). See note 4F for more details on pension.

Condensed Statement of Net Position Fiscal Years Ended June 30,

	Governmental Activities	Business-Type Activities	2015 Total	2014 Total
Current and other assets	\$ 19,829,940	\$ 42,366	\$ 19,872,306	\$ 21,674,263
Capital assets	16,147,207	29,561	16,176,768	16,766,504
Total Assets	<u>\$ 35,977,147</u>	<u>\$ 71,927</u>	<u>\$ 36,049,074</u>	<u>\$ 38,440,767</u>
Deferred Outflows of Resources	<u>\$ 3,887,549</u>	<u>\$ -</u>	<u>\$ 3,887,549</u>	<u>\$ -</u>
Current and other liabilities	\$ 3,744,343	\$ 68,705	\$ 3,813,048	\$ 3,373,786
Long-term liabilities	74,473,142	-	74,473,142	41,421,440
Total liabilities	<u>78,217,485</u>	<u>68,705</u>	<u>78,286,190</u>	<u>44,795,226</u>
Deferred Inflows of Resources	<u>\$ 2,382,708</u>	<u>\$ -</u>	<u>\$ 2,382,708</u>	<u>\$ -</u>
Net Position:				
Net Investment in Capital Assets	(22,993,554)	29,561	(22,963,993)	(21,778,031)
Restricted for Program purposes	15,414,991	-	15,414,991	16,151,857
Unrestricted	<u>(33,156,934)</u>	<u>(26,339)</u>	<u>(33,183,273)</u>	<u>(728,285)</u>
Total Net Position (as restated as of 7/1/15-see Note 5)	<u>\$ (40,735,497)</u>	<u>\$ 3,222</u>	<u>\$ (40,732,275)</u>	<u>\$ (6,354,459)</u>

Brownsville Area School District
Management's Discussion and Analysis (Continued)
June 30, 2015

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

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

Due to the implementation of GASB 68 and 71 there is a \$1,126,374 increase to expense. See Note 4F for more details on pension.

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

Changes in Net Position
Fiscal Years Ended June 30, 2015

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>2015 Total</u>	<u>2014 Total</u>
Revenues:				
Charges for Services	\$ 164,946	\$ 258,383	\$ 423,329	\$ 341,919
Operating grants and contributions	7,332,352	848,531	8,180,883	7,527,808
General revenues:				
Taxes	5,930,880	-	5,930,880	5,899,972
Unrestricted grants, subsidies, and contributions	11,771,283	-	11,771,283	11,773,910
Investment earnings	47,681	-	47,681	13,745
Sale of Asset	-	-	-	1,262
Miscellaneous	57,147	-	57,147	64,216
Total Revenues	<u>25,304,289</u>	<u>1,106,914</u>	<u>26,411,203</u>	<u>25,622,832</u>
Expenses:				
Instruction	16,798,514	-	16,798,514	15,056,325
Support	8,227,561	-	8,227,561	8,436,826
Noninstructional services	2,744,015	-	2,744,015	878,469
Interest on long-term debt	1,524,589	-	1,524,589	2,187,503
Contributions to Fayette County Vocational School	-	-	-	-
Food services	-	1,115,237	1,115,237	1,162,678
Total expenses	<u>29,294,679</u>	<u>1,115,237</u>	<u>30,409,916</u>	<u>27,721,801</u>
Change in Net Position	<u>\$ (3,990,390)</u>	<u>\$ (8,323)</u>	<u>\$ (3,998,713)</u>	<u>\$ (2,098,969)</u>

Brownsville Area School District
 Management's Discussion and Analysis (Continued)
 June 30, 2015

GENERAL FUND BUDGET

For the 2014-2015 fiscal year, the administration did not authorize revisions to the original budget. A schedule showing the School District's budget amounts compared with amounts actually paid and received is provided on Page 53 in the required supplemental information.

CAPTIAL ASSET AND DEBT ACTIVITY

At June 30, 2015, the School District's governmental activities were invested in a broad range of capital assets, including land, site improvement, building, and furniture/equipment.

Capital Assets (Net of Depreciation)	Land	Building and Improvements	Vehicles/ Equipment	June 30, 2015 Total	June 30, 2014 Total
Governmental Activities	\$ 701,440	\$ 14,851,393	\$ 594,374	\$ 16,147,207	\$ 16,732,966
Business-Type Activities	-	-	\$ 29,561	\$ 29,561	\$ 33,538

See financial statement Note 3E.

Brownsville Area School District
Management's Discussion and Analysis (Continued)
June 30, 2015

DEBT ACTIVITY

As of July 1, 2015, the District had total outstanding principal of \$41,641,830. During the 2014-2015 school year the District issued new debt of \$1,120,000. Debt service payments are approximately \$963,200 for 2014-2015.

Outstanding Debt June 30, 2015					
	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Series 2007	\$ 5,925,000	\$ -	\$ -	\$ 5,925,000	\$ -
Series 2008	227,500	-	(142,000)	85,500	85,500
Series A of 2009	2,835,000	-	(420,000)	2,415,000	440,000
Series A of 2013	945,000	-	-	945,000	-
Series B of 2013	1,535,000	-	(380,000)	1,155,000	-
Series C of 2013	7,520,000	-	-	7,520,000	-
Series D of 2013	2,555,000	-	-	2,555,000	425,000
Series E of 2013	710,000	-	-	710,000	30,000
Series A of 2014	9,105,000	-	-	9,105,000	5,000
Series B of 2014	895,000	-	-	895,000	-
Series C of 2014	8,755,000	-	-	8,755,000	15,000
Series A of 2015	-	1,120,000	-	1,120,000	30,000
Fayette County Vocational School Revenue Bonds, Series 2012	477,530	-	(21,200)	456,330	21,730
Total	<u>\$41,485,030</u>	<u>\$1,120,000</u>	<u>\$ (963,200)</u>	<u>\$41,641,830</u>	<u>\$ 1,052,230</u>

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

Brownsville Area School District
Management's Discussion and Analysis (Continued)
June 30, 2015

GOVERNMENTAL FUND REVENUES

Governmental fund revenues by source at June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Revenues:		
Local sources	\$ 6,541,092	\$ 6,374,011
State revenue sources	17,219,163	16,739,788
Federal revenue sources	1,578,278	1,463,012
Issuance of new debt	1,120,000	32,020,000
Transfers In	-	24,275,813
Sale of Fixed Asset	-	1,262
	<u> </u>	<u> </u>
Total revenues	<u>\$26,458,533</u>	<u>\$80,873,886</u>

There are several factors relating to increases/decreases in revenues from 2014 to 2015. Tax revenue increased from increases in assessed values and new properties coming into the tax rolls. Increases in state and federal grant revenues received were due to annual inflationary increases. The transfers in decreased from the prior year due to the debt issuance in FY 14-15 being correctly booked in the Construction Fund.

GOVERNMENTAL FUND EXPENDITURES

Governmental fund expenditures by function at June 30, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Expenditures:		
Instruction	\$16,211,756	\$15,041,521
Support services	7,633,502	7,801,065
Noninstructional services	2,239,615	892,990
Debt Service		
Principal	963,200	604,200
Interest	1,504,850	1,456,376
Payments to escrow agent	-	22,695,000
Miscellaneous		
Discounts on Bonds	28,892	542,445
Transfer Out	-	24,878,422
Contribution to Fayette County		
Vocational School	-	-
	<u> </u>	<u> </u>
Total expenditures	<u>\$28,581,815</u>	<u>\$73,912,019</u>

The bond issuance in FY 13-14 was booked in the General Fund and then transferred to the Construction Fund. In FY 14-15 the bond issuance was booked in the Construction Fund. Instruction expense increased due to relative step movements and contractual increases to salaries as well as increased enrollment in Vo-Tech and Alternative Education programs.

Brownsville Area School District
Management's Discussion and Analysis (Continued)
June 30, 2015

GOVERNMENTAL FUND BALANCES AND PROPRIETARY FUND NET POSITION

Ending balances for governmental funds and net position for proprietary funds at June 30, 2015 and 2014 were as follows:

<u>Fund</u>	<u>2015 Governmental Funds</u>	<u>2014 Governmental Funds</u>	<u>2015 Proprietary Funds</u>	<u>2014 Proprietary Funds</u>
General Fund	\$ 156,254	\$ 1,542,670	\$ -	\$ -
Construction Fund	15,351,448	16,086,769	-	-
Other Governmental Funds	63,543	65,088	-	-
Cafeteria Fund	-	-	3,222	11,545
	<hr/>			
Total	<u>\$ 15,571,245</u>	<u>\$ 17,694,527</u>	<u>\$ 3,222</u>	<u>\$ 11,545</u>

The Construction Fund decreased due to the debt payments made. The General Fund had a reduction of fund balance in order to balance the budget.

ECONOMIC FACTORS AND NEW YEAR'S BUDGET

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

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

The 2015-2016 budget was crafted to offset the past year's negative position since financial reserves were used to balance the 2014-2015 budget. The balancing of revenues and expenditures was done internally by increasing real estate tax rates, budgeting for freezing teacher salaries and offering an early retirement incentive to provide attrition and replacement of top-step teachers. All other expenditures were scrutinized to reverse the negative financial trends as well. The District is currently in negotiations with the Brownsville Education Association and administration support staff and the outcome remains to be an unknown in this difficult time.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,614,663	\$ 7,389	\$ 1,622,052
Investments	15,861,735	-	15,861,735
Accounts Receivable	17,808	-	17,808
Taxes Receivable	1,561,053	-	1,561,053
Due From Other Governments	217,695	23,812	241,507
Bond Discount	556,986	-	556,986
Inventory	-	11,165	11,165
Capital Assets: (Net)			
Depreciable	15,445,767	29,561	15,475,328
Non-depreciable	<u>701,440</u>	<u>-</u>	<u>701,440</u>
Total Assets	<u>\$ 35,977,147</u>	<u>\$ 71,927</u>	<u>\$ 36,049,074</u>
<u>Deferred Outflows of Resources</u>			
Pensions	<u>3,887,549</u>	<u>-</u>	<u>3,887,549</u>
Total deferred outflows of resources	<u>3,887,549</u>	<u>-</u>	<u>3,887,549</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	\$ 1,057,284	\$ 17,494	\$ 1,074,778
Accrued Expenses	1,458,316	-	1,458,316
Internal Balances	(23,808)	23,808	-
Accrued Interest Payable on Debt	200,321	-	200,321
Unearned Revenues	-	27,403	27,403
Current Portions of Long-Term Liabilities:			
Loans and Notes Payable	1,052,230	-	1,052,230
Non-Current Portions of Long-Term Liabilities:			
Loans and Notes Payable	40,589,600	-	40,589,600
Unfunded other postemployment benefits	602,628	-	602,628
Compensated Absences	270,596	-	270,596
Pension Liability	<u>33,010,318</u>	<u>-</u>	<u>33,010,318</u>
Total Liabilities	<u>78,217,485</u>	<u>68,705</u>	<u>78,286,190</u>
<u>Deferred Inflows of Resources</u>			
Pensions	<u>2,382,708</u>	<u>-</u>	<u>2,382,708</u>
Total deferred inflows of resources	<u>2,382,708</u>	<u>-</u>	<u>2,382,708</u>
<u>Net Position</u>			
Net Investment in Capital Assets	(22,993,554)	29,561	(22,963,993)
Restricted Net Position			
Program Purposes	15,414,991	-	15,414,991
Unrestricted	<u>(33,156,934)</u>	<u>(26,339)</u>	<u>(33,183,273)</u>
Total Net Position	<u>\$ (40,735,497)</u>	<u>\$ 3,222</u>	<u>\$ (40,732,275)</u>

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

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government:						
Governmental Activities:						
Instruction	\$ 16,798,514	\$ 49,423	\$ 3,411,140	\$ (13,337,951)	\$ -	\$ (13,337,951)
Support Services	8,227,561	115,523	3,144,866	(4,967,172)	-	(4,967,172)
Noninstructional Services	2,744,015	-	438,537	(2,305,478)	-	(2,305,478)
Interest on Long-Term Debt	1,524,589	-	337,809	(1,186,780)	-	(1,186,780)
Total Governmental Activities	29,294,679	164,946	7,332,352	(21,797,381)	-	(21,797,381)
Business-Type Activities:						
Food Service	1,115,237	258,383	848,531	-	(8,323)	(8,323)
Total Business-Type Activities	1,115,237	258,383	848,531	-	(8,323)	(8,323)
Total Primary Government	\$ 30,409,916	\$ 423,329	\$ 8,180,883	\$ (21,797,381)	\$ (8,323)	\$ (21,805,704)
General Revenues:						
Taxes				5,930,880	-	5,930,880
Grants, subsidies, and contributions not restricted				11,771,283	-	11,771,283
Investment Earnings				47,681	-	47,681
Miscellaneous				57,147	-	57,147
Total General Revenues				17,806,991	-	17,806,991
Change in Net Position				(3,990,390)	(8,323)	(3,998,713)
Net Position (Deficit) - Beginning as restated in Note 5				(36,745,107)	11,545	(36,733,562)
Net Position (Deficit) - Ending				\$ (40,735,497)	\$ 3,222	\$ (40,732,275)

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

BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 JUNE 30, 2015

	<u>General Fund</u>	<u>Construction</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Governmental Funds</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,551,099	\$ 21	\$ 63,543	\$ 1,614,663
Investments	-	15,861,735	-	15,861,735
Receivables:				
Taxes	1,561,053	-	-	1,561,053
Other governmental grants	217,695	-	-	217,695
Other	17,808	-	-	17,808
Due from other funds	<u>23,808</u>	<u>-</u>	<u>-</u>	<u>23,808</u>
 Total assets	 <u>3,371,463</u>	 <u>15,861,756</u>	 <u>63,543</u>	 <u>19,296,762</u>
<u>Liabilities</u>				
Accounts Payable	546,976	510,308	-	1,057,284
Accrued liabilities	<u>1,458,316</u>	<u>-</u>	<u>-</u>	<u>1,458,316</u>
 Total liabilities	 <u>2,005,292</u>	 <u>510,308</u>	 <u>-</u>	 <u>2,515,600</u>
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue - Property Taxes	<u>1,209,917</u>	<u>-</u>	<u>-</u>	<u>1,209,917</u>
Total Deferred Inflows of Resources	<u>1,209,917</u>	<u>-</u>	<u>-</u>	<u>1,209,917</u>
<u>Fund Balances</u>				
Restricted	-	15,351,448	63,543	15,414,991
Unassigned	<u>156,254</u>	<u>-</u>	<u>-</u>	<u>156,254</u>
 Total fund balances	 <u>156,254</u>	 <u>15,351,448</u>	 <u>63,543</u>	 <u>15,571,245</u>
 Total liabilities and fund balances	 <u>\$ 3,371,463</u>	 <u>\$ 15,861,756</u>	 <u>\$ 63,543</u>	 <u>\$ 19,296,762</u>

The accompanying notes are in integral part of the financial statements.

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015
JUNE 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds	\$	15,571,245
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$33,240,970 and the accumulated depreciation is \$17,093,763.		16,147,207
Property taxes receivable will be collected, but are not available soon enough to pay for current year's expenditures, and therefore are deferred in the Governmental Funds.		1,209,917
Bond Discount are deferred and amortized in the Statement of Activities. These costs were reported in full in the Funds when the debt was first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		556,986
Unfunded other postemployment benefits are not reported in the Governmental Funds.		(602,628)
Long-term liabilities such as Debt, Accrued Interest, and Compensated Absences are not due and payable in the current period and accordingly are not reported as fund liabilities. Both current and long-term liabilities are reported in the Statement of Net Position.		
Long-term debt	\$ (41,641,830)	
Accrued interest	(200,321)	
Pensions	3,887,549	
Pensions	(2,382,708)	
Net pension liability	(33,010,318)	
Compensated absences	(270,596)	
		(73,618,224)
Total net position of governmental activities	\$	(40,735,497)

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

BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Construction</u>	<u>Total Nonmajor Governmental Funds</u>	<u>Governmental Funds</u>
Revenues				
Local Revenue Sources	\$ 6,492,652	\$ 46,685	\$ 1,755	\$ 6,541,092
State Revenue Sources	17,219,163	-	-	17,219,163
Federal Revenue Sources	<u>1,578,278</u>	<u>-</u>	<u>-</u>	<u>1,578,278</u>
Total Revenues	<u>25,290,093</u>	<u>46,685</u>	<u>1,755</u>	<u>25,338,533</u>
Expenditures				
Current operating:				
Instruction	16,211,756	-	-	16,211,756
Support Services	7,630,202	-	3,300	7,633,502
Noninstructional Services	366,501	1,873,114	-	2,239,615
Debt service				
Principal	963,200	-	-	963,200
Interest	<u>1,504,850</u>	<u>-</u>	<u>-</u>	<u>1,504,850</u>
Total Expenditures	<u>26,676,509</u>	<u>1,873,114</u>	<u>3,300</u>	<u>28,552,923</u>
Excess (deficiency) of revenues over expenditures	<u>(1,386,416)</u>	<u>(1,826,429)</u>	<u>(1,545)</u>	<u>(3,214,390)</u>
Other financing sources (uses)				
Proceeds from long term debt	-	1,120,000	-	1,120,000
Discount on bonds	<u>-</u>	<u>(28,892)</u>	<u>-</u>	<u>(28,892)</u>
Total other financing sources (uses)	<u>-</u>	<u>1,091,108</u>	<u>-</u>	<u>1,091,108</u>
Net change in fund balance	(1,386,416)	(735,321)	(1,545)	(2,123,282)
Fund balance, beginning of year	<u>1,542,670</u>	<u>16,086,769</u>	<u>65,088</u>	<u>17,694,527</u>
Fund balance, end of year	<u>\$ 156,254</u>	<u>\$ 15,351,448</u>	<u>\$ 63,543</u>	<u>\$ 15,571,245</u>

The accompanying notes are in integral part of the financial statements.

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015
FOR THE YEAR ENDED JUNE 30, 2015

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

Net Change in fund balances - total governmental funds		\$ (2,123,282)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlays	105,019	
Depreciation expense	<u>(690,778)</u>	(585,759)
<p>Payments of long-term debt and certain expenditures of debt issuance are expensed when paid in the Governmental Funds, but are amortized or recorded as a reduction of long term liabilities in the Statement of Net Position.</p>		
Debt principal repayments	963,200	
New debt issued during current year	(1,120,000)	
Change in accrued interest	(4,762)	
Current year bond discounts	(28,892)	
Amortization of previous bond discount	<u>(14,351)</u>	(204,805)
Governmental funds do not report the changes in compensated absences:		28,579
Governmental Funds do not report the change in Other postemployment benefit liability.		55,495
Governmental funds do not report the changes in the pension expense:		
Increase in pension benefits		(1,126,374)
<p>Real estate taxes reported in the funds include receipt of prior year delinquent taxes and do not include revenue attributable to the current year's delinquent tax receivable. This amount is the net effect of these differences.</p>		
Current year	1,209,917	
Prior year	<u>(1,244,161)</u>	<u>(34,244)</u>
Changes in net position of governmental activities		<u>\$ (3,990,390)</u>

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

BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 JUNE 30, 2015

	Business-Type Activities - Enterprise Fund
Assets	Cafeteria Fund
Current Assets:	
Cash and cash equivalents	\$ 7,389
Due from other governments	23,812
Inventories	10,483
Other current assets	682
Total current assets	42,366
Noncurrent assets:	
Capital Assets (net of accumulated depreciation of \$129,011)	29,561
Total noncurrent assets	29,561
Total assets	\$ 71,927
Liabilities	
Current liabilities:	
Accounts payable	\$ 17,494
Unearned revenue	27,403
Due to other funds	23,808
Total current liabilities	68,705
Total liabilities	68,705
Net Position	
Net Investment in Capital Assets	29,561
Unrestricted	(26,339)
Total net position	3,222
Total liabilities and net position	\$ 71,927

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

BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Fund
	Cafeteria Fund
Operating Revenues	
Receipts from Providing Services	\$ 258,383
Total Operating Revenues	258,383
Operating Expenses	
Food Service	1,111,260
Depreciation and amortization	3,977
Total Operating Expenses	1,115,237
Operating Loss	(856,854)
Nonoperating Revenues (Expenses)	
Grants	848,531
Total Nonoperating Revenues (Expenses)	848,531
Change in Net Position	(8,323)
Net Position - Beginning of Year	11,545
Net Position - End of Year	\$ 3,222

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

BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 YEAR ENDED JUNE 30, 2015

	Business-Type Activities - <u>Enterprise Fund</u> <u>Cafeteria Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 258,428
Cash paid to employees	(664,783)
Cash paid to suppliers	<u>(375,014)</u>
Net cash used in operating activities	<u>(781,369)</u>
Cash flows from investing activities	
Interest income	<u>-</u>
Net cash provided by investing activities	<u>-</u>
Cash flows from non-capital financing activities	
Grant payments received	794,188
Due to general fund	<u>(76,192)</u>
Net cash provided by non-capital financing activities	<u>717,996</u>
Net decrease in cash and cash equivalents	(63,373)
Beginning cash and cash equivalents	<u>70,762</u>
Ending cash and cash equivalents	<u>\$ 7,389</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	\$ (856,854)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation and amortization	3,977
Donated goods	61,449
(Increase) decrease in assets	
Inventories	1,988
Other current assets	45
Increase (decrease) in liabilities	
Accounts payable	<u>8,026</u>
Net cash used in operating activities	<u>\$ (781,369)</u>

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

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015
JUNE 30, 2015

	<u>Other Agency Funds</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ <u>24,396</u>
Total Assets	\$ <u><u>24,396</u></u>
<u>Liabilities</u>	
Liabilities	
Funds Held in Fiduciary Capacity	\$ <u>24,396</u>
Total Liabilities	\$ <u><u>24,396</u></u>

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: ORGANIZATION

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

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

A. REPORTING ENTITY:

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

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

B. JOINTLY GOVERNED ORGANIZATIONS:

Intermediate Unit I:

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 1: ORGANIZATION (CONTINUED)

B. JOINTLY GOVERNED ORGANIZATIONS (CONTINUED):

Fayette County Area Vocational Technical School:

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. BASIS OF PRESENTATION:

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

1. Government-Wide Financial Statements:

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

A. BASIS OF PRESENTATION (CONTINUED):

1. Government-Wide Financial Statements (Continued):

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

2. Fund Financial Statements:

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

B. FUND ACCOUNTING:

1. Governmental Fund Types:

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

a. General Fund:

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

B. FUND ACCOUNTING (CONTINUED):

1. Governmental Fund Types (Continued):

b. Special Revenue Funds:

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

c. Capital Project Funds:

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

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

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

d. Permanent Funds:

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

B. FUND ACCOUNTING (CONTINUED):

2. Proprietary Fund Types:

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

a. Enterprise Fund:

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

3. Fiduciary Fund Types:

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

C. MEASUREMENT FOCUS:

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

1. Government-Wide Financial Statements:

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

2. Fund Financial Statements:

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

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

The fiduciary fund is also accounted for using a flow of economic resources measurement focus, as in the government-wide financial statements.

The School District Reports the following major governmental funds:

The General Fund is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

C. MEASUREMENT FOCUS (CONTINUED)

2. Fund Financial Statements (Continued):

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

D. BASIS OF ACCOUNTING:

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

1. Government-Wide Financial Statements:

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

2. Fund Financial Statements:

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

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

E. BUDGETS AND BUDGETARY ACCOUNTING:

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

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

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

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

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

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

Budgets for enterprise and agency funds are not adopted.

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

1. Cash and Equivalents:

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

2. Investments:

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

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

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

3. Real Estate Taxes:

Real estate taxes are collected from property owners within the five municipalities comprising the School District. The tax on real estate for public school purposes for fiscal year 2015 was 16.32 mills (\$16.32 per \$1,000.00 of assessed valuation) as levied by the Board of School Directors. The real estate tax rate for West Brownsville Borough in Washington County was 98.27 mills (\$98.27 per \$1,000.00 of assessed valuation). Assessed valuations of property are determined by Fayette County and Washington County, respectively; and the elected tax collectors are responsible for collection.

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

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

4. Inventory:

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

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

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

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

4. Inventory (Continued):

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

5. Capital Assets:

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

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

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

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

6. Accrued Liabilities and Long-Term Obligations:

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

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

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

7. Unearned Revenues:

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

9. Compensated Absences:

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

a. Vacation:

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

b. Sick Leave:

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

c. Personal Days:

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

Compensated absences had a balance of \$270,596 as of June 30, 2015.

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

10. Interfund Transactions:

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

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

11. Net Position:

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

12. Fund Balance Reserves:

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

- *Nonspendable:* This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The School District did not have nonspendable resources in the General Fund as of June 30, 2015.

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

12. Fund Balance Reserves (Continued):

• *Restricted*: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School District had restricted resources of \$15,414,991 as of June 30, 2015.

• *Committed*: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School District did not have any committed resources as of June 30, 2015.

• *Assigned*: This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to the School District's management. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The School District did not have any assigned resources as of June 30, 2015.

• *Unassigned*: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The School District had \$156,254 of unassigned resources in the General Fund as of June 30, 2015.

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

13. Operating Revenues and Expenses:

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

14. Deferred Outflows/Inflows of Resources

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

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

15. Adoption of Governmental Accounting Standards Board Statements

The School District adopted the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". The adoption of this statement resulted in a restatement of net position (See Note 4F and 5).

The School District adopted the provisions of GASB Statement No. 69, "Government Combinations and Disposals of Government Operations". The adoption of this statement had no effect on previously reported amounts.

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

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

The School District adopted the provisions of GASB Statement No. 71, "Pension Transition for Contributions made Subsequent to the Measurement Date". The adoption of this statement resulted in a restatement of net position (See Note 5).

16. Pending Changes in Accounting Principles

In June 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application". The School District is required to adopt statement No. 72 for its fiscal year 2016 financial statements.

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

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

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

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". The School District is required to adopt statement No. 76 for its fiscal year 2016 financial statements.

In August 2015, the GASB issued Statement No. 77, "Tax Abatement Disclosures". The School District is required to adopt statement No. 77 for its fiscal year 2016 financial statements.

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

G. USE OF ESTIMATES:

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 3: DETAILED NOTES ON ALL FUNDS:

A. CASH AND INVESTMENTS:

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

1. U.S. treasury bills; short-term securities (have a maturity of less than 13 months) of the U.S. Government, its agencies, or its instrumentalities; and obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith of and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
2. Shares of investment companies, provided they meet certain stringent requirements and that the underlying investments held by the companies are limited to the categories of securities listed above.
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

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

1. Deposits:

a. Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2015, \$17,395,754 of the School District's bank balance of \$17,645,754 was exposed to custodial credit risk as uninsured and collateral was held by the pledging bank's trust department and not in the School District's name.

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

A. CASH AND INVESTMENTS (CONTINUED):

2. Investments:

a. Interest Rate Risk:

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

b. Credit Risk/Concentration of Credit Risk:

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

<u>Investment Type</u>	<u>Market Value</u>
PLGIT ARM	\$ 7,719,985
PLGIT CD Program	8,141,750
Total	<u>\$ 15,861,735</u>

B. TAXES RECEIVABLE AND DEFERRED REVENUES:

The balances at June 30, 2015, were as follows:

	<u>Gross Taxes Receivable</u>	<u>Tax Revenues Recognized</u>	<u>Unavailable Revenue Property Taxes</u>
Real Estate Taxes	\$1,561,053	\$ -	\$1,561,053

C. DUE FROM OTHER GOVERNMENTS:

Amounts due from other governments represent receivables for revenues earned by the School District or collections made by other governmental units on behalf of the School District. At June 30, 2015, the following amounts were due from other governmental units:

<u>Due From</u>	<u>General Fund</u>	<u>Enterprise Fund</u>
Federal	\$109,942	\$22,907
State	107,753	905
Total	<u>\$217,695</u>	<u>\$23,812</u>

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

D. INTERFUND TRANSACTIONS:

The following is a summary of Interfund Receivables and Payables at June 30, 2015:

	Due to	Due From
General Fund	\$ -	\$ 23,808
Construction Fund	-	-
Enterprise Fund	23,808	-
	<u>23,808</u>	<u>-</u>
Total	<u>\$ 23,808</u>	<u>\$ 23,808</u>

E. CAPTITAL ASSETS:

Capital asset activity of the School District's governmental activities for the fiscal year ended June 30, 2015, is listed below.

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$701,440	\$ -	\$ -	\$701,440
Total Capital Assets, Not Being Depreciated	<u>701,440</u>	<u>-</u>	<u>-</u>	<u>701,440</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	28,246,799	-	-	28,246,799
Equipment and Vehicles	4,187,712	105,019	-	4,292,731
Total Capital Assets, Being Depreciated	<u>32,434,511</u>	<u>105,019</u>	<u>-</u>	<u>32,539,530</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	(12,795,719)	(599,687)		(13,395,406)
Equipment and Vehicles	(3,607,266)	(91,091)		(3,698,357)
Total Accumulated Depreciation	<u>(16,402,985)</u>	<u>(690,778)</u>	<u>-</u>	<u>(17,093,763)</u>
Total Capital Assets Being Depreciated, Net	<u>16,031,526</u>	<u>(585,759)</u>	<u>-</u>	<u>15,445,767</u>
Governmental Activities Capital Assets, Net	<u>\$16,732,966</u>	<u>\$ (585,759)</u>	<u>\$ -</u>	<u>\$16,147,207</u>

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

E. CAPTITAL ASSETS (CONTINUED):

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 55,162
Non Instructional Services	26,197
Support Services	<u>609,419</u>
Total	<u>\$ 690,778</u>

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Being Depreciated:				
Equipment	<u>\$158,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$158,572</u>
Total Capital Assets, Being Depreciated	158,572	-	-	158,572
Less Accumulated Depreciation	<u>(125,034)</u>	<u>(3,977)</u>	<u>-</u>	<u>(129,011)</u>
Total Capital Assets, Being Depreciated, Net	<u>33,538</u>	<u>(3,977)</u>	<u>-</u>	<u>29,561</u>
Business Type Activities Capital Assets, Net	<u>\$33,538</u>	<u>\$(3,977)</u>	<u>\$ -</u>	<u>\$29,561</u>

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

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

F. GENERAL LONG-TERM DEBT:

Changes in the School District's long-term debt during fiscal year 2015 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year
Bonds and Notes Payable:					
Series 2007	\$ 5,925,000	\$ -	\$ -	\$ 5,925,000	\$ -
Series 2008	227,500	-	(142,000)	85,500	85,500
Series A of 2009	2,835,000	-	(420,000)	2,415,000	440,000
Series A of 2013	945,000	-	-	945,000	-
Series B of 2013	1,535,000	-	(380,000)	1,155,000	-
Series C of 2013	7,520,000	-	-	7,520,000	-
Series D of 2013	2,555,000	-	-	2,555,000	425,000
Series E of 2013	710,000	-	-	710,000	30,000
Series A of 2014	9,105,000	-	-	9,105,000	5,000
Series B of 2014	895,000	-	-	895,000	-
Series C of 2014	8,755,000	-	-	8,755,000	15,000
Series A of 2015	-	1,120,000	-	1,120,000	30,000
Fayette County Vocational School Revenue Bonds, Series 2012	477,530	-	(21,200)	456,330	21,730
Total Bonds and Notes Payable	41,485,030	1,120,000	(963,200)	41,641,830	1,052,230
Other Liabilities:					
Compensated Absences	242,017	-	28,579	270,596	-
Total Other Liabilities	242,017	-	28,579	270,596	-
Total Long-Term Liabilities	\$ 41,727,047	\$ 1,120,000	\$ (934,621)	\$ 41,912,426	\$ 1,052,230

Governmental Activities

Year Ended June 30	Principal Requirements	Interest Requirements	Total Debt Service Requirements
2016	\$ 1,052,230	\$ 1,584,173	\$ 2,636,403
2017	1,092,260	1,552,430	2,644,690
2018	1,147,790	1,520,228	2,668,018
2019	1,188,320	1,482,132	2,670,452
2020	1,238,850	1,438,841	2,677,691
2021-2025	7,963,260	6,408,929	14,372,189
2026-2030	9,163,400	4,843,847	14,007,247
2031-2035	9,065,720	3,027,026	12,092,746
2036-2040	9,730,000	1,068,131	10,798,131
	\$ 41,641,830	\$ 22,925,737	\$ 64,567,567

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

G. GENERAL OBLIGATION BONDS, SERIES OF 2007

The General Obligation Bonds, Series of 2007, in the aggregate principal amount of \$8,580,000, are dated April 1, 2007. Interest, at rates ranging from 3.550% to 4.000%, is payable May 15 and November 15 with the first interest payable on May 15, 2007. The Bonds are subject to optional redemption on and after November 15, 2014, at 100% of the principal amount.

The Series of 2007 Bonds were issued to (a) prepay a portion (\$7,940,00) of the School District's General Obligation Bond, Series of 2003, on an advance refunding basis, which note was issued to secure the State Public School Building Authority's School Revenue Bonds, Series of 2003 and (b) paying the cost of issuing these bonds.

Under terms of agreement with the purchaser of the Bonds, a Sinking Fund with U.S. Bank, National Association located in Pittsburgh, Pennsylvania, was established into which funds from general revenues of the School District are to be deposited in amounts sufficient for the payment of interest and principal.

H. GENERAL OBLIGATION NOTES, SERIES OF 2008

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

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

I. GENERAL OBLIGATION NOTES, SERIES OF 2009

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 3: DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. GENERAL OBLIGATION NOTES, SERIES OF 2013

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

K. GENERAL OBLIGATION NOTES, SERIES OF 2014

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

L. GENERAL OBLIGATION NOTES, SERIES OF 2015

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

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

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 4: OTHER INFORMATION:

A. CONTINGENT LIABILITIES:

1. Grant Programs:

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

2. Litigation:

In the normal course of operations, the School District may be involved in various civil disputes. Management is unaware of any such litigation that could result in a material adverse effect on the School District's financial position as of June 30, 2015.

B. POST RETIREMENT HEALTHCARE BENEFITS:

Upon retirement, most employees may continue to belong to the Blue Cross/ Blue Shield Health Care Insurance until age 65. Effective September 1, 1997, Bargaining Unit employees who retired and have not yet reached the age of 65 may retain Blue Cross/ Blue Shield benefits until age 65 by continuing to pay the group rate to the School District. For prior retirees, the School District pays varying amounts toward their Blue Cross/ Blue Shield coverage depending on the contract in effect when they retired. For the year ended June 30, 2015 the cost to the School District was \$306,740.

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

NOTE 4: OTHER INFORMATION:

B. POST RETIREMENT HEALTHCARE BENEFITS: (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The School District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the School District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School District's net OPEB obligation to the plan:

	Governmental Activities
Annual Required Contribution	\$ 262,979
Interest on Net OPEB Obligation	26,325
ARC Adjustment	<u>(38,059)</u>
Annual OPEB Cost	251,245
Contributions made	<u>306,740</u>
Net Decrease in Net OPEB Obligation	(55,495)
Net OPEB Obligation, beginning of year	<u>658,123</u>
Net OPEB Obligation, end of year	<u>\$ 602,628</u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 311,950	105%	\$ 631,435
6/30/2014	311,239	91%	658,123
6/30/2015	251,245	122%	602,628

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 4: OTHER INFORMATION (CONTINUED):

B. POST RETIREMENT HEALTHCARE BENEFITS (CONTINUED):

Funded Status and Funding Progress

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the Entry Age Normal cost method expressed as a level dollar was used. The actuarial assumptions included a 4% investment rate of return, which is the expected long-term investment yield on investments that are expected to be used to finance the payments of benefits. The UAAL is being amortized using the level dollar method over a period of 30 years on a closed basis.

C. ON-BEHALF OF PAYMENTS FOR FRINGE BENEFITS:

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

During the year ended June 30, 2015, the School District recognized as revenues and expenditures \$503,470 of Social Security/Medicare and expense of \$1,107,128 of pension contributions received from the Commonwealth of Pennsylvania.

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 4: OTHER INFORMATION (CONTINUED):

D. HEALTH INSURANCE CONSORTIUM:

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

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

During the year ended June 30, 2015, the School District paid \$2,957,765 into the health consortium for health insurance benefits for its employees, which included administration fees.

E. RISK MANAGEMENT:

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

F. EMPLOYEE RETIREMENT PLAN

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

General Information about the Pension Plan:

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 4: OTHER INFORMATION (CONTINUED):

F. EMPLOYEE RETIREMENT PLAN (CONTINUED):

General Information about the Pension Plan (Continued):

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

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

Contributions. The contribution policy is established in the Public School Employee's Retirement Code and requires contributions by active members, employers and the Commonwealth. Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of member's qualifying compensation. Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D.) For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member' qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-F contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions. The school districts' contractually required contribution rate for fiscal year ended June 30, 2015 was 20.50% of covered payroll, actuarially determined as an amount that, when combines with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$2,172,201 for the year ended June 30, 2015.

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

NOTE 4: OTHER INFORMATION (CONTINUED):

F. EMPLOYEE RETIREMENT PLAN (CONTINUED):

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

At June 30, 2015, the District reported a liability of \$33,010,318 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2013 to June 30, 2014. 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, 2014, the District's proportion was 0.0834 percent, which was an increase of 0.005 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$1,126,374. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ -	\$ (2,359,863)
Changes in proportion	1,715,348	-
Differences between employer contributions and proportionate share of total contributions	-	(22,845)
District contributions subsequent to the measurement date	2,172,201	-
Total	<u>\$ 3,887,549</u>	<u>\$ (2,382,708)</u>

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

Year ended June 30:	
2016	\$ (176,629)
2017	(176,629)
2018	(176,629)
2019	(176,628)
2020	62,000
	<u>\$ (644,515)</u>

BROWNSVILLE AREA SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

NOTE 4: OTHER INFORMATION (CONTINUED):

F. EMPLOYEE RETIREMENT PLAN (CONTINUED):

Actuarial Assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – June 30, 2014. The recommended assumption assumptions changes based on this experience study were adopted by the Board at its March 11, 2011 board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

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

BROWNSVILLE AREA SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 4: OTHER INFORMATION (CONTINUED):

F. EMPLOYEE RETIREMENT PLAN (CONTINUED):

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

District's proportionate share of the net pension liability	Amounts X \$1,000		
	1% Decrease	Current Rate	1% Increase
	6.50%	7.50%	8.50%
	\$ 41,176	\$ 33,011	\$ 26,039

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

NOTE 5: RESTATEMENT OF NET POSITION:

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

Governmental Activities/ Funds:

Beginning Net Position	\$ (6,366,004)
Net Pension Liability for the adoption of GASB Statement No. 68	(32,012,151)
Deferral of Contributions subsequent to PSERS Measurement date for the adoption of GASB 71	1,633,048
Net Position, Beginning Balance of Year as Restated	<u><u>\$(36,745,107)</u></u>

NOTE 6: SUBSEQUENT EVENTS:

Due to the State budget not passing, the District took out two Tax Revenue Anticipation Notes in order to meet payroll and other expenses. The first note was taken out in August 2015 in the amount of \$1,500,000 at a 1.25% interest rate. The second note was taken out in November 2015 for \$1,500,000 at a 1.25% interest rate.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Revenue Sources	\$ 6,103,855	\$ 6,103,855	\$ 6,492,652	\$ 388,797
State Revenue Sources	17,331,226	17,331,226	17,219,163	(112,063)
Federal Revenue Sources	1,497,119	1,497,119	1,578,278	81,159
Total Revenues	24,932,200	24,932,200	25,290,093	357,893
Expenditures				
Current operating:				
Instruction	15,382,527	15,382,527	16,211,756	(829,229)
Support Services	8,401,957	8,401,957	7,630,202	771,755
Noninstructional Services	450,649	450,649	366,501	84,148
Debt service				
Principal	942,000	942,000	963,200	(21,200)
Interest	1,569,462	1,569,462	1,504,850	64,612
Total Expenditures	26,746,595	26,746,595	26,676,509	70,086
Excess (deficiency) of revenues over expenditures	(1,814,395)	(1,814,395)	(1,386,416)	427,979
Other financing sources (uses)				
Proceeds from long term debt	-	-	-	-
Discount on bonds	-	-	-	-
Payments to Escrow Agents	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	\$ (1,814,395)	\$ (1,814,395)	\$ (1,386,416)	\$ 427,979

BROWNSVILLE AREA SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Funding Progress for Post Employment Benefits other than Pensions

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

Brownsville Area School District
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 NET PENSION LIABILITY
 Teachers Pension Plan
 Last 10 Fiscal Years*
 (Dollar amounts in thousands)

	<u>2014</u>
Districts proportion of the net pension liability	0.0834%
District's proportionate share of the net pension liability	\$ 33,011
District's covered-employee payroll	\$ 10,646
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.08%
Plan fiduciary net position as a percentage of the total pension liability	57.24%

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

<p>This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available</p>
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Brownsville Area School District
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 Teachers Pension Plan
 Last 10 Fiscal Years*

	<u>2015</u>
Contractually required contribution	\$ 2,172,201
Contributions in relation to the contractually required contribution	2,172,201
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 10,771,577
Contributions as a percentage of covered-employee payroll	20.17%

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

**OTHER
SUPPLEMENTAL
INFORMATION**

BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 JUNE 30, 2015

<u>Assets</u>	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Cash and cash equivalents	\$ 42,600	\$ 20,943	\$ 63,543
Total assets	<u>\$ 42,600</u>	<u>\$ 20,943</u>	<u>\$ 63,543</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balance</u>			
Restricted	<u>42,600</u>	<u>20,943</u>	<u>63,543</u>
Total fund balance	<u>42,600</u>	<u>20,943</u>	<u>63,543</u>
Total liabilities and fund balance	<u>\$ 42,600</u>	<u>\$ 20,943</u>	<u>\$ 63,543</u>

BROWNSVILLE AREA SCHOOL DISTRICT
 SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2015
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
Revenues			
Local Sources	\$ 8	\$ 1,747	\$ 1,755
Total Revenues	<u>8</u>	<u>1,747</u>	<u>1,755</u>
Expenditures			
Current operating:			
Support services	3,300	-	3,300
Noninstructional services	-	-	-
Total Expenditures	<u>3,300</u>	<u>-</u>	<u>3,300</u>
Excess (deficiency) of revenues over expenditures	<u>(3,292)</u>	<u>1,747</u>	<u>(1,545)</u>
Other financing sources (uses)			
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(3,292)	1,747	(1,545)
Fund balance, beginning of year	<u>45,892</u>	<u>19,196</u>	<u>65,088</u>
Fund balance, end of year	<u>\$ 42,600</u>	<u>\$ 20,943</u>	<u>\$ 63,543</u>