

## NEW ISSUE

**S&P Underlying Rating: "A" (stable outlook)** See "Ratings" herein  
**S&P Insured Rating for BAM: "AA" (stable outlook)** See "Ratings" herein

*In the opinion of Bond Counsel, under existing statutes, regulations and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although in the case of corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for purposes of such alternative minimum tax. This opinion of Bond Counsel is subject to continuing compliance by the State Public Building Authority (the "SPSBA") and the Clearfield County Career and Technology Center (the "Career and Technology Center") with its covenants in the Resolution and other documents to comply with requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.*

*Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth and the interest on the Bonds is exempt from the Commonwealth's Personal Income Tax and the Commonwealth's Corporate Net Income Tax. This summary of Bond Counsel's opinion and the summary of Bond Counsel's opinion set forth under the caption "Opinion of Bond Counsel" does not purport to be and should not be construed to be a complete recitation of Bond Counsel's opinion. The full text draft of Bond Counsel's opinion is appended hereto in Appendix K and reference is made hereto.*

**\$4,615,000**

# STATE PUBLIC SCHOOL BUILDING AUTHORITY (Commonwealth of Pennsylvania) CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER GUARANTEED SCHOOL REVENUE BONDS, SERIES OF 2017

**Dated:** September 20, 2017

**First Interest Payment:** March 15, 2018

**Principal Due:** September 15 (as shown inside cover)

**Interest Payable:** March 15 and September 15

The State Public School Building Authority, Clearfield County Career and Technology Center Guaranteed School Revenue Bonds, Series of 2017, in the aggregate principal amount of \$4,615,000 (the "Bonds") will be issued in fully registered form, without coupons, in the denomination of \$5,000 and integral multiples thereof and registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in the denomination of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of and interest on the Bonds, when due for payment, will be made directly to DTC by Wells Fargo Bank, N.A. located in Philadelphia, Pennsylvania (the "Trustee"), as Trustee, Registrar, Transfer Agent, and Paying Agent, and DTC will in turn remit such payments of DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of each of the Bonds will be payable, when due, to the registered owner of such Bond upon surrender of such Bond to the Trustee at its designated corporate trust office and the interest on such Bonds will be payable by check drawn on the Trustee and mailed to the registered owners of such Bonds as of the appropriate Record Date (as defined in the section titled "DESCRIPTION OF THE BONDS" herein). The Bonds are subject to redemption as provided herein (See "REDEMPTION PROVISIONS" herein).

The Bonds will be issued under a Trust Indenture dated as of September 20, 2017 (the "Indenture"), between the State Public School Building Authority ("SPSBA") and the Trustee and will be equally and ratably secured under the Indenture by an assignment and pledge by the Authority to the Trustee of sublease rentals payable to the Authority by Clearfield County Career and Technology Center (the "Career and Technology Center"). Each of the Participating Districts (defined herein) have provided in a resolution supporting the Bonds and the Sublease with the Authority to annually budget, appropriate and provide for the payment from its general revenues as a current expense of such Participating District of an amount equal to its proportionate share. Payment of such rentals by the Career and Technology Center is subject to the appropriation of funds by the Participating Districts as described herein. A failure by any of the Participating Districts to appropriate or pay its respective sublease rental payment in any given year would constitute a failure "to pay or to provide for the payment of any rental or rentals" due the Authority, within the meaning of the School Code. Consequently, any such non-appropriation or nonpayment would trigger the intercept provision of the School Code (defined herein). The SPSBA and the Career and Technology Center have no taxing power.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued by Build America Mutual Assurance Company, simultaneously with the delivery of the Bonds.



The Bonds are limited obligations of the SPSBA. Neither the principal or redemption price of the Bonds, nor the interest accruing thereon, shall constitute a general indebtedness of the SPSBA or an indebtedness of the Commonwealth of Pennsylvania (the "Commonwealth") or any political subdivision thereof (except the Participating Districts) within the meaning of any constitutional or statutory provision whatsoever; constitute a charge against the general credit of the SPSBA or the general credit or taxing power of the Commonwealth or any political subdivision thereof (except the Participating Districts); or be deemed to be a general obligation of the SPSBA or an obligation of the Commonwealth or any political subdivision thereof (except the Participating Districts). The SPSBA and the Career and Technology Center have no taxing power. Each of the Participating Districts has provided in resolutions supporting the Bonds to annually budget, appropriate and pay from its general revenues an amount equal to its allocable share. Payment of such allocable shares by the Participating Districts is secured by a pledge of each of the Participating Districts' full faith, credit and taxing power. A failure by any of the Participating Districts to appropriate or pay its respective payment in any given year would constitute a failure "to pay or to provide for the payment of any rental or rentals" due the SPSBA, within the meaning of Section 7-785 of the School Code. Consequently, any such non-appropriation or nonpayment would be subject to the intercept provision of the School Code (defined herein). (See "Commonwealth Enforcement of Lease Rentals and Debt Service Payments" herein.)

The Bonds are offered for delivery when, as and if issued by the SPSBA and received by the Underwriter, and subject to the approving legal opinion of King, Spry, Herman, Freund & Faul LLC, Bethlehem, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the SPSBA by its counsel, Barley Snyder LLP, Lancaster, Pennsylvania and for the Career and Technology Center by its solicitor, Fanelli Willett Law Offices, Duncansville, Pennsylvania. It is expected that the Bonds will be available for delivery in New York, New York on or about September 20, 2017.

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

**BAIRD**

**Date:** August 17, 2017

\$4,615,000  
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
 (Commonwealth of Pennsylvania)  
**CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER**  
**GUARANTEED SCHOOL REVENUE BONDS,**  
**SERIES OF 2017**

**Dated:** September 20, 2017  
**First Interest Payment:** March 15, 2018

**Principal Due:** September 15 (as shown below)  
**Interest Payable:** March 15 and September 15

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate %</u>	<u>Offering Price</u>	<u>CUSIP Base #85732T<sup>(1)</sup></u>
2018	\$510,000	3.000%	101.957	JT0
2019	525,000	3.000%	103.502	JU7
2020	545,000	3.000%	104.633	JV5
2021	560,000	3.000%	105.583	JW3
2022	580,000	4.000%	110.900	JX1
2023	610,000	4.000%	112.009	JY9
2024	630,000	4.000%	112.285	JZ6
2025	655,000	4.000%	112.648	KA9

*(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein provided by CUSIP Global Services managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the SPSBA as Issuer or the Underwriter and are included solely for the convenience of the holders of the Bonds. Neither the SPSBA as Issuer nor the Underwriter is responsible for the selection of the CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent action including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Bonds.*

## REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement is being distributed in connection with the sale of the Bonds referred to in this Official Statement and may not be used, in whole or in part, for any other purpose. No dealer, broker, salesman or other person is authorized to make any representations concerning the Bonds other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as statements of the State Public School Building Authority (the “SPSBA” or the “Authority”), Robert W. Baird and Co. Incorporated (the “Underwriter”) or Clearfield County Career and Technology Center (the “Career and Technology Center”). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the SPSBA, from time to time (collectively, the “Official Statement”), may be treated as a final Official Statement with respect to the Bonds described herein that is deemed final by the SPSBA as of the date hereof (or of any such supplement or amendment).

Unless otherwise indicated, the information contained in the Official Statement has been obtained from the Career and Technology Center, the Depository Trust Company and other sources that the Underwriter believes to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information. Nothing contained in this Official Statement is a promise of or representation by the Underwriter, the Career and Technology Center or the Authority. The Underwriter has provided the following sentence of inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and opinions expressed in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the SPSBA or the Career and Technology Center or other information in this Official Statement, since the date of this Official Statement.

This Official Statement contains statements that are “forward-looking statements” as that term is defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in this Official Statement, the words “estimate,” “intend,” “project” or “projection,” “expect” and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks and uncertainties, some of which are discussed herein, that could cause actual results to differ materially from those contemplated in such forward-looking statements. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this Official Statement.

This Official Statement should be considered in its entirety. No one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, ordinances, reports or other documents are referred to in this Official Statement, reference should be made to those documents for more complete information regarding their subject matter.

The Bonds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any state of the United States, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity shall have passed upon the accuracy or adequacy of this Official Statement.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OR MAY NOT OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT NOTICE. THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS.**

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “Bond Insurance” and “APPENDIX J – SPECIMEN MUNICIPAL BOND INSURANCE POLICY”.

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**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
(Commonwealth of Pennsylvania)

**BOARD MEMBERS**

Honorable Thomas W. Wolf  
Governor of the Commonwealth of Pennsylvania..... President  
Honorable John H. Eichelberger Jr.  
Designated by the President Pro Tempore of the Senate ..... Vice President  
Honorable Andrew E. Dinniman  
Designated by the Minority Leader of the Senate ..... Vice President  
Honorable Stanley E. Saylor  
Designated by the Speaker of the House of Representatives ..... Vice President  
Honorable Joseph M. Torsella  
State Treasurer ..... Treasurer  
Honorable Curtis M. Topper  
Secretary of General Services ..... Secretary  
Honorable Anthony M. DeLuca  
Designated by the Minority Leader of the House of Representatives ..... Board Member  
Honorable Eugene A. DePasquale  
Auditor General ..... Board Member  
Honorable Pedro A. Rivera  
Secretary of Education..... Board Member

**EXECUTIVE DIRECTOR**

Robert Baccon

**COUNSEL TO THE AUTHORITY**

(Appointed by the Office of General Counsel)  
Barley Snyder LLP  
Lancaster, Pennsylvania

**CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER**

**JOINT OPERATING COMMITTEE MEMBERS**

Mr. Todd Jeffries	Philipsburg-Osceola Area School District	Chairperson
Mr. Gregg Paladina	Philipsburg-Osceola Area School District	Superintendent of Record*
Mr. Larry Allen	West Branch Area School District	Vice Chairperson
Mrs. Robin Dusch	Clearfield County Career and Technology Center	Secretary *
Mr. Philip Carr	Clearfield Area School District	Member
Mr. John Bacher	Moshannon Valley Area School District	Member
Ms. Nancy Oaks	Harmony Area School District	Member
Mr. Jeffrey Shaffer	Curwensville Area School District	Member

\* Non-voting members

**CAREER AND TECHNOLOGY CENTER  
ADMINISTRATION**

Elizabeth Frankhouser, Executive Director  
Susan Barger, Business Manager

**CAREER AND TECHNOLOGY CENTER ADDRESS**

1620 River Road  
Clearfield, Pennsylvania 16830-9702

**CAREER AND TECHNOLOGY CENTER SOLICITOR**

Fanelli Willett Law Offices  
Duncansville, Pennsylvania

**UNDERWRITER**

Robert W. Baird & Co. Incorporated  
Harrisburg, Pennsylvania

**BOND COUNSEL**

King, Spry, Herman, Freund and Faul LLC  
Bethlehem, Pennsylvania

**TRUSTEE, PAYING AGENT, TRANSFER AGENT,  
AND REGISTRAR**

Wells Fargo Bank, N.A.  
Philadelphia, Pennsylvania

## **SUMMARY STATEMENT**

This Summary Statement is subject in all respects to more complete information in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement. A full review of the entire Official Statement should be made by potential bond purchasers.

<b>Issuer</b> .....	State Public School Building Authority (“SPSBA”), Commonwealth of Pennsylvania. See “THE AUTHORITY” herein.
<b>Bonds</b> .....	The State Public School Building Authority, Clearfield County Career and Technology Center Guaranteed School Revenue Bonds, Series of 2017, in the aggregate principal amount of \$4,615,000 dated the date of issuance and delivery thereof, will mature in various principal amounts (as herein described) on September 15 of the years 2018 through and including 2025, with interest payable semi-annually on March 15 and September 15 of each year, beginning March 15, 2018 (each, an “Interest Payment Date”). See “DESCRIPTION OF THE BONDS” herein.
<b>Redemption Provisions</b> .....	The Bonds are not subject to optional or mandatory sinking fund redemption. . See “REDEMPTION PROVISIONS” herein.
<b>Form of the Bonds</b> .....	Book-Entry Only. See “BOOK-ENTRY ONLY SYSTEM” and “DESCRIPTION OF THE BONDS” herein.
<b>Application of Proceeds</b> .....	The proceeds to be derived by the SPSBA from the issuance and sale of the Bonds, will be used to: (1) currently refund all of the Clearfield County Industrial Development Authority, Guaranteed School Building Revenue Bonds, Series of 2011 (the “Refunded Bonds”) and (2) pay all or a portion of the costs and expenses incurred by the SPSBA and Clearfield County Career and Technology Center (“the Career and Technology Center”) in connection with the issuance and sale of the Bonds. See “PURPOSE OF THE ISSUE” and “SOURCES AND USES OF FUNDS” herein.
<b>Security for the Bonds</b> .....	The Bonds are limited obligations of the SPSBA, payable solely from (a) Sublease rental payments to the SPSBA from the Career and Technology Center (the “Sublease Rentals”) under the Sublease (as defined hereinafter) (b) moneys derived from the investment of such Sublease Rentals and (c) other receipts, revenues and moneys otherwise available to the SPSBA under the Indenture. The SPSBA has no taxing power. Under the Articles of Agreement among the Participating Districts, pursuant to which the Career and Technology Center was established, the Participating Districts are obligated to pay allocable shares of all operating and capital costs, including Sublease Rentals. Each of the Participating Districts has provided in resolutions supporting the Bonds and the Loan Agreement with SPSBA to annually budget, appropriate and pay from its general revenues an amount equal to its allocable share. Payment of such allocable shares by the Participating Districts is secured by a pledge of each of the School Districts’ full faith, credit and taxing power. A failure by any of the Participating Districts to appropriate or pay its respective payment in any given year would constitute a failure “to pay or to provide for the payment of any rental or rentals” due the SPSBA, within the meaning of Section 7-785 of the School Code. Consequently, any such non-appropriation or nonpayment would be subject to the intercept provision of the School Code (defined herein). (See “Commonwealth Enforcement of Lease Rentals and Debt Service Payments” herein.) The School Code provides that upon any failure to pay such amount pursuant to the Sublease with SPSBA, the Pennsylvania Department of Education shall notify the defaulting board of school directors of its obligation and shall withhold out of any State appropriations due to such school district an amount equal to the amount owing by such school district to

the SPSBA and shall pay over the amount so withheld to the SPSBA. The Department of Education has confirmed that such intercept provision applies to a non-debt annual appropriation-based lease, such as the Sublease. A failure by any of the Participating Districts to appropriate or pay its respective lease or sublease rental payment in any given year would constitute a failure “to pay or to provide for the payment of any rental or rentals” due the SPSBA, within the meaning of Section 7-785 of the School Code. Consequently, any such non-appropriation or non-payment would be subject to the intercept. See “SECURITY FOR THE BONDS” herein.

<b>Insurance</b> .....	The payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy (the “Municipal Bond Insurance Policy”) to be issued by Build America Mutual Assurance Company (“BAM”). See “BOND INSURANCE” herein.
<b>Ratings</b> .....	The Bonds have received an underlying credit rating of “A” (stable outlook) from S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), and are expected to receive a credit rating of “AA” (stable outlook) with the understanding that the above-described Municipal Bond Insurance Policy will be issued at the time of settlement of the Bonds by BAM. See “MISCELLANEOUS - Ratings” herein.
<b>Record Date</b> .....	The 15 <sup>th</sup> day of the calendar month immediately preceding each Interest Payment Date. See “DESCRIPTION OF THE BONDS” herein.



## OFFICIAL STATEMENT

\$4,615,000

### STATE PUBLIC SCHOOL BUILDING AUTHORITY

(Commonwealth of Pennsylvania)

CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER

GUARANTEED SCHOOL REVENUE BONDS,

SERIES OF 2017

#### INTRODUCTION

This Official Statement, including the Cover Page hereof and the Appendices hereto, provides certain information in connection with the offering of the State Public School Building Authority, Clearfield County Career and Technology Center Guaranteed School Revenue Bonds, Series of 2017, in the aggregate principal amount of \$4,615,000 (the "Bonds"). The Bonds mature on September 15, 2018 through and including September 15, 2025, with interest payable March 15 and September 15, beginning March 15, 2018.

The Clearfield County Career and Technology Center (the "Career and Technology Center") is situated on real estate in Clearfield Borough, Clearfield County, Pennsylvania on which the educational facilities of the Career and Technology Center are located (the "Educational Facilities"). The Career and Technology Center is sponsored by the following six public school districts in the area of Clearfield County: Clearfield Area School District, Curwensville Area School District, Harmony Area School District, Moshannon Valley School District, Philipsburg-Osceola Area School District and West Branch Area School District (each a "Participating District" and collectively, the "Participating Districts"). The Career and Technology Center and the Educational Facilities are wholly owned, *prorata* by the Participating Districts in accordance with the School Code (defined herein) and the Articles of Agreement (defined herein). The Participating Districts and the Career and Technology Center will lease said real estate, together with the Educational Facilities located thereon (collectively the "Leased Property"), to the State Public School Building Authority (the "Authority" or "SPSBA"), under a Lease Agreement, dated as of September 20, 2017 (the "Lease") for a term not less than the final maturity of the Bonds, and the Authority under the Lease covenants and agrees to make available to the Career and Technology Center the proceeds of the Bonds, to pay the costs of the Refunding Project (hereinafter defined). The Authority will then sublease the Leased Property to the Career and Technology Center and the Participating Districts under the Sublease Agreement dated as of September 20, 2017 (the "Sublease"), between the Authority, as sublessor, and the Career and Technology Center Board and the Participating Districts, as sublessee, for rental payments (the "Sublease Rentals") adequate and appropriate to provide for the payment of the debt service on the Bonds. The Bonds are being issued by the Authority under a Trust Indenture (the "Indenture") dated as of September 20, 2017 made between the Authority and Wells Fargo Bank, N. A. as trustee (the "Trustee"). Under the Indenture, the Authority will pledge and assign to the Trustee the Sublease Rentals to be paid pursuant to the Sublease. Such Sublease Rentals are pledged by the Authority for the benefit of the holders of the Bonds. See "SECURITY FOR THE BONDS" herein.

The Bonds shall be issued in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 15 and September 15 of each year beginning March 15, 2018. Interest on any Bond is payable by check mailed to the registered owner at the address as it appears on the registration books maintained by the Paying Agent (hereinafter defined) on the appropriate Record Date (hereinafter defined). The principal of the Bonds is payable at the corporate trust office of Wells Fargo Bank, N.A. (the "Paying Agent"), located in Philadelphia, Pennsylvania. The Bonds are only transferable on the registration books maintained by the Paying Agent upon presentation and surrender thereof (see "DESCRIPTION OF THE BONDS" herein). The Bonds are not subject to optional or mandatory sinking fund redemption prior to maturity (see "REDEMPTION PROVISIONS" herein). The Bonds shall be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"). Purchasers of the Bonds will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "BOOK-ENTRY ONLY SYSTEM" herein.

The SPSBA is a body corporate and politic created by The State Public School Authority Act of 1947, as amended (the "Act"). Under the Act, the SPSBA is constituted a public corporation and governmental instrumentality, having perpetual existence, for the purpose of acquiring, financing, refinancing, constructing, improving, maintaining and operating public school and educational broadcasting facilities, and furnishing and equipping the same for use as part of the public school system of the Commonwealth of Pennsylvania (the "Commonwealth") under the jurisdiction of the Pennsylvania Department of Education (the "Department"). Under the Act and Article XVIII of the Public School Code, Act of September 12, 1961, P.L. 1272, No. 31, Section 1 et seq., as amended (the "School Code"), the SPSBA also has for its purpose the

acquiring, financing, refinancing, construction, improvement, maintenance and operation of area Career and Technology Centers and school buildings and furnishing and equipping them for use, to the extent permitted by law. See "THE AUTHORITY" herein.

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the "Policy") issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company. See "BOND INSURANCE" herein.

### **PURPOSE OF THE ISSUE**

The proceeds to be derived by the SPSBA from the issuance and sale of the Bonds, will be used to: (1) currently refund all of the Clearfield County Industrial Development Authority, Guaranteed School Building Revenue Bonds, Series of 2011 (the "Refunded Bonds") and (2) pay all or a portion of the costs and expenses incurred by the SPSBA and the Career and Technology Center in connection with the issuance and sale of the Bonds.

### **THE AUTHORITY**

The SPSBA and the Pennsylvania Higher Educational Facilities Authority (the "PHEFA") share an executive, fiscal and administrative staff, and operate under a joint administrative budget. The SPSBA has issued, and may continue to issue, other series of bonds for the purpose of financing other projects under the Act. Each such series of bonds is or will be secured by instruments separate and apart from the Indenture securing the Bonds.

The Authority is a public corporation and a governmental instrumentality of the Commonwealth of Pennsylvania, created by the Act of July 5, 1947 (P.L. 1217, No. 498), known as the State Public School Building Authority Act of 1947 (24 P.S. §791.1 et seq.), for the purpose of financing the construction and improvement of public school facilities. The Authority is governed by a nine-member body composed of the Governor, State Treasurer, Auditor General, Secretary of Education, Secretary of General Services, President Pro Tempore of the Senate, Speaker of the House of Representatives, Minority Leader of the Senate, and Minority Leader of the House of Representatives.

The Authority finances projects through the issuance of bonds, the principal and interest of which are paid by the annual lease/loan payments collected from public schools. The Authority has no general liability with respect to these obligations and has no beneficial interest in the related assets held by trustees. Acting solely in an agency capacity, the Authority serves as a financing conduit, bringing the ultimate borrower and the ultimate lender together. The goal of the Authority is to make lower cost tax-exempt financings available to school districts, area vocational/technical schools, and community colleges.

The Authority does not receive an appropriation from the Commonwealth of Pennsylvania. The Authority's two primary revenue sources are management fees charged to the Pennsylvania Higher Educational Facilities Authority (PHEFA) and investment income. PHEFA is operated by Authority staff and issues bonds for higher educational institutions. Administrative fees collected by PHEFA are remitted to the Authority's Administrative Fund in exchange for all management and administrative services and operating expenses.

Under the Act, the members of the Authority are the Governor of the Commonwealth, the State Treasurer, the Auditor General, the Secretary of the Department of Education, the Secretary of the Department of General Services, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate and the Minority Leader of the House of Representatives. Pursuant to Section 791.3 of the Act, the President Pro Tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives may designate any member of his or her legislative bodies to act as a member of the SPSBA in his or her stead. The members of the SPSBA serve without compensation but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members. The powers of the SPSBA are exercised by a governing body consisting of the member of the SPSBA acting as a board.

The following are key staff members of the SPSBA who are involved in the administration of the financing and projects:

**Robert Baccon**  
**Executive Director**

Mr. Baccon has served as an executive with the SPSBA and the PHEFA since 1984. He is a graduate of St. John's University with a bachelor's degree in management, and holds a master's degree in international business from the Columbia University Graduate School of Business. Prior to his present post, Mr. Baccon held financial management positions with multinational U.S. corporations and was Vice President - Finance for a major highway construction contractor.

**David Player**  
**Comptroller & Director of Financial Management**

Mr. Player serves as the Comptroller & Director of Financial Management of both the SPSBA and the PHEFA. He has been with the Authorities since 1999. Prior to his present post, he served as Senior Accountant for both Authorities and as an auditor with the Pennsylvania Department of the Auditor General. Mr. Player is a graduate of the Pennsylvania State University, Certified Public Accountant and Certified Internal Auditor.

**Beverly M. Nawa**  
**Administrative Officer**

Mrs. Nawa has served as the Administrative Officer of both the SPSBA and the PHEFA since 2004. She is a graduate of Alvernia University with a bachelor's degree in business administration. Prior to her present employment, Mrs. Nawa served as an Audit Senior and an Accounting Systems Analyst with the Pennsylvania Department of the Auditor General.

The Bonds are being issued under the Act pursuant to a resolution of the Authority duly adopted on November 17, 2016 and pursuant to the Indenture.

The Authority has issued, and may continue to issue, other series of revenue bonds and notes for the purpose of financing projects for other eligible institutions in the Commonwealth. Except for other series of bonds which may be issued by the Authority on behalf of the Career and Technology Center under the Indenture, none of the revenues of the Authority with respect to any of the revenue bonds and notes referred to above are pledged as security for the Bonds and, conversely, the revenue bonds and notes referred to above are not payable from or secured by the revenue of the Authority under the Indenture or other monies securing the Bonds. See "SECURITY FOR THE BONDS" herein.

The Bonds are limited obligations of the Authority and are secured under the provisions of the Indenture, and are payable solely from the funds held under the Indenture and from Sublease Rentals to be made by the Career and Technology Center pursuant to the Sublease between the Authority and the Career and Technology Center and the Participating Districts, as described herein. Neither the principal of the Bonds, nor the interest accruing thereon, shall ever constitute a general indebtedness of the Authority or an indebtedness of the Commonwealth of Pennsylvania or any political subdivision thereof (except the Participating Districts) within the meaning of any constitutional or statutory provision whatsoever, or shall ever constitute or give rise to a pecuniary liability of the Authority or of the Commonwealth of Pennsylvania or any political subdivision thereof (except the Participating Districts) or a charge against the general credit of the Authority or the general credit or taxing power of the Commonwealth of Pennsylvania or any political subdivision thereof (except the Participating Districts), nor will the Bonds be, or be deemed to be, a general obligation of the Authority or an obligation of the Commonwealth of Pennsylvania or any political subdivision thereof (except the Participating Districts). The Authority and the Career and Technology Center have no taxing power. Each of the Participating Districts has provided in resolutions supporting the Bonds to annually budget, appropriate and pay from its general revenues an amount equal to its allocable share. Payment of such allocable shares by the Participating Districts is secured by a pledge of each of the Participating Districts' full faith, credit and taxing power. A failure by any of the Participating Districts to appropriate or pay its respective payment in any given year would constitute a failure "to pay or to provide for the payment of any rental or rentals" due the SPSBA, within the meaning of Section 7-785 of the School Code. Consequently, any such non-appropriation or nonpayment would be subject to the intercept provision of the School Code (defined herein). (See "Commonwealth Enforcement of Lease Rentals and Debt Service Payments" herein.)

THE BONDS DO NOT PLEDGE THE CREDIT OR TAXING POWER OF THE AUTHORITY OR THE CREDIT OR TAXING POWER OF THE COMMONWEALTH. THE AUTHORITY HAS NO TAXING POWER. THE CAREER AND TECHNOLOGY CENTER HAS NO TAXING POWER. THE PARTICIPATING SCHOOL DISTRICTS HAVE PLEDGED THEIR RESPECTIVE TAXING POWERS FOR THEIR PROPORTIONATE SHARE OF THE DEBT SERVICE PAYMENTS OF THE BONDS. HOWEVER, IF DEBT SERVICE PAYMENTS ARE NOT PAID BY PARTICIPATING

DISTRICTS, THE COMMONWEALTH MAY WITHHOLD OUT OF ANY STATE APPROPRIATIONS DUE TO SUCH PARTICIPATING DISTRICT, THE AMOUNT DUE FOR ITS DEBT SERVICE OBLIGATION (See "COMMONWEALTH ENFORCEMENT OF LEASE RENTALS AND DEBT SERVICE PAYMENTS" below).

The Authority has not prepared or assisted in the preparation of this Official Statement except for the statements under this section in respect of the Authority, and, except as aforesaid, the Authority is not responsible for any statements made herein and will not participate in, or otherwise be responsible for, the sale of the Bonds. Accordingly, except as aforesaid, the Authority disclaims responsibility for the disclosure set forth herein made in connection with the sale of the Bonds.

### **CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER**

Clearfield County Career and Technology Center is an Area Career and Technology School created pursuant to Article XVIII of the Pennsylvania School Code of 1949, as amended (the "School Code") for the purpose of providing career and technical education to the students in its participating school districts. The Career and Technology Center was created and operates under the Articles of Agreement for the Operation of the Clearfield County Career and Technology Center, dated April 21, 1965 (the "Articles of Agreement") with amendment dated July 1, 1966, June 17, 1968, May 22, 1972, May 10, 1975, January 5, 1976, August 11, 1986 and March 8, 1993. The March 8, 1993 amendment added Harmony Area School District as a Participating District.

The Articles of Agreement were entered into by the six Participating Districts: Clearfield Area School District, Curwensville Area School District, Harmony Area School District, Moshannon Valley School District, Philipsburg-Osceola Area School District and West Branch Area School District.

Pursuant to the Lease, the Participating Districts and the Career and Technology Center are leasing the Leased Property (which includes the Educational Facilities and the related real estate located in Clearfield Borough, Clearfield County, Pennsylvania) to the Authority. Pursuant to the Sublease, the Authority is subleasing the Leased Property to the Career and Technology Center and the Participating Districts.

Pursuant to the School Code and the Articles of Agreement, the Area Board of the Career and Technology Center (the "Area Board") consists of all of the members of the boards of school directors of the six Participating Districts -- a maximum total of 54 members. The Area Board has various powers, including, without limitation, formulating policies relating to the operation of the Career and Technology Center, adopting budgets for the Career and Technology Center and designating a superintendent of the Career and Technology Center. As of July 1, 2016, the Superintendent of Record is Mr. Ronald A. Matchock, who is also the Superintendent of Curwensville Area School District, one of the Participating Districts.

Pursuant to the School Code and the Articles of Agreement, the Participating Districts have instituted a Joint Committee consisting of one member from each Participating District. The Area Board has delegated to the Joint Committee certain powers related to the operation, administration and management of the Career and Technology Center.

Under the Articles of Agreement, the annual operating expenses are allocated to and paid by the Participating Districts under a formula based on each Participating District's usage of the Career and Technology Center, and the capital expenses (including the Sublease Rentals) are allocated to and paid by the Participating Districts under a formula based on each Participating District's market value, adjusted annually, all as more fully described in the Articles of Agreement.

THE PAYMENT OBLIGATIONS FOR DEBT SERVICE OF THE PARTICIPATING DISTRICTS ARE STATUTORY DEBT OBLIGATIONS OF THE PARTICIPATING DISTRICTS, AND THE FULL FAITH, CREDIT AND TAXING POWERS OF THE PARTICIPATING DISTRICTS ARE SPECIFICALLY PLEDGED THEREFOR PURSUANT TO THE LOCAL GOVERNMENT UNIT DEBT ACT (53 Pa.C.S. §8001 ET SEQ.).

The Articles of Agreement shall remain in full force and effect until all obligations for financing or refinancing the Capital Projects and all obligations created in connection therewith or in the financing of any subsequent capital expenditures shall have been paid in full. No Participating District may withdraw from the Articles of Agreement unless (a) all of the other Participating Districts approve the withdrawal, and (b) the withdrawing Participating District pays to the Career and Technology Center an amount approved by the other Participating Districts equal to the withdrawing Participating District's portion of the total "unamortized costs" of land, buildings, facilities, equipment and related costs for the Career and Technology Center. For purposes of this provision, "unamortized costs" means the outstanding principal balance of any debt obligation relating to the Career and Technology Center, plus, if such debt obligations cannot be prepaid at the time of the withdrawal, an amount equal to the present value of interest payments on such debt obligations until they can be prepaid.

Such present value shall be determined by discounting all future interest payments to the withdrawal rate using the average interest rate on such debt obligation as the discount rate. Each Participating District agrees under the Articles of Agreement, that, so long as any financing of Career and Technology Center facilities remains outstanding, it will not approve any amendment to the foregoing provision relating to the term of the Articles of Agreement or withdrawal therefrom by a Participating District.

The Area Board has approved the Refunding Project and its financing through the issuance of Bonds by the Authority in a principal amount not to exceed \$6,000,000 and has delegated to the Joint Committee the power to approve the final terms of the Bonds and the financing documents.

#### **ESTIMATED SOURCES AND USES OF FUNDS**

##### **Sources of Funds**

Proceeds	\$ 4,615,000.00
Original Issue Premium	<u>381,595.65</u>
Total Sources of Funds	\$4,996,595.65

##### **Uses of Funds**

Deposit to Redeem the Refunded Bonds	\$4,882,138.30
Financing Costs (1)	109,522.01
Additional Proceeds	<u>4,935.34</u>
Total Uses of Funds	\$4,996,595.65

(1) Includes underwriter's discount, bond insurance, legal, printing, rating, CUSIP, Trustee, bond redemption fees, filing fees and miscellaneous fees.

#### **SECURITY FOR THE BONDS**

The Bonds are limited obligations of the SPSBA, payable solely from (a) Sublease Rentals payable to the SPSBA by the Career and Technology Center, (b) moneys derived from the investment of such Sublease Rentals; and (c) other receipts, revenues and moneys otherwise available to the SPSBA under the Indenture. The SPSBA has no taxing power. The Career and Technology Center has no taxing power.

The Sublease Rentals, which will be assigned to the Trustee pursuant to the Indenture, are payable under the Sublease by the Career and Technology Center from its general revenues, which include payments made by the Participating Districts. Each of the Participating Districts is a party to the Sublease, with a direct obligation to make payment of their allocable share of the Sublease Rentals to the SPSBA. Under the Articles of Agreement among the Participating Districts, pursuant to which the Career and Technology Center was established, the Participating Districts are obligated to pay allocable shares of all operating and capital costs, including Sublease Rentals. Each of the Participating Districts have provided in resolutions supporting the Bonds and the Sublease with SPSBA to annually budget, appropriate and provide for the payment from its general revenues as a current expense of such Participating District of an amount equal to such allocable share. The School Code provides that upon any failure to pay such amount pursuant to the Sublease with SPSBA the Pennsylvania Department of Education shall notify the defaulting board of school directors of its obligation and shall withhold out of any State appropriations due such school district an amount equal to the amount owing by such school district to the SPSBA and shall pay over the amount so withheld to the SPSBA. The Department of Education has confirmed that such intercept provision applies to a non-debt appropriation-based leases, such as the Sublease. A failure by any of the Participating Districts to appropriate or pay its respective lease or sublease rental payment in any given year would constitute a failure to pay or to provide for the payment of any rental or rentals due the SPSBA, within the meaning of Section 7-785 of the School Code. Consequently, any such non-appropriation or non-payment would be subject to the intercept.

Each Participating District's allocable share of Sublease Rentals is based on the relative market value of property in each district as compared to all districts. Accordingly, although the Sublease Rental will not change, the allocable share of each Participating District will change from year to year as market valuations change. Based on the most recent values available, the 2015 values, the allocable shares of the Participating Districts were: Clearfield Area School District, 36.60%, Curwensville Area School District, 11.90%, Harmony Area School District, 3.74%, Moshannon Valley School District, 10.00%, Philipsburg-Osceola, 25.61%, West Branch Area School District, 12.15%.

<u>Participating District</u>	<u>2016 Market Value</u>	<u>Percentage (of total MV)</u>
Clearfield Area School District	\$ 810,628,493.00	36.60%
Curwensville Area School District	\$ 263,445,069.00	11.90%
Harmony Area School District	\$ 82,796,702.00	3.74%
Moshannon Valley School district	\$ 221,596,150.00	10.00%
Philipsburg-Osceola School District	\$ 567,107,106.00	25.61%
West Branch Area School District	\$ 269,008,260.00	12.15%
Total:	\$ 2,214,581,780.00	100.00%

Source: State Tax Equalization Board

THE BONDS DO NOT PLEDGE THE CREDIT OR TAXING POWER OF THE AUTHORITY OR THE CREDIT OR TAXING POWER OF THE COMMONWEALTH. THE AUTHORITY HAS NO TAXING POWER. THE CAREER AND TECHNOLOGY CENTER HAS NO TAXING POWER. THE PARTICIPATING SCHOOL DISTRICTS HAVE PLEDGED THEIR RESPECTIVE TAXING POWERS FOR THEIR PROPORTIONATE SHARE OF THE DEBT SERVICE PAYMENTS OF THE BONDS. HOWEVER, IF DEBT SERVICE PAYMENTS ARE NOT PAID BY PARTICIPATING DISTRICTS, THE COMMONWEALTH MAY WITHHOLD OUT OF ANY STATE APPROPRIATIONS DUE TO SUCH PARTICIPATING DISTRICT, THE AMOUNT DUE FOR ITS DEBT SERVICE OBLIGATION (See "COMMONWEALTH ENFORCEMENT OF LEASE RENTALS AND DEBT SERVICE PAYMENTS" below).

#### **COMMONWEALTH ENFORCEMENT OF LEASE RENTALS AND DEBT SERVICE PAYMENTS**

Section 7-785 of the School Code, as amended, presently provides that if any school district fails to pay any rental, payment or rentals or payments due the SPSBA for any period in accordance with the terms of any lease, loan agreement or other lending instrument or contract entered into under the terms of subdivision (f) of Article VII of the School Code, the Secretary of Education shall notify the Participating District of its obligation and shall withhold out of any state appropriation due such school district an amount equal to the amount of the rental, payment or rentals or payments owing by such school district to the SPSBA and pay over the amount so withheld to the SPSBA in the payment of the rental or payment.

The withholding provisions of Section 785 described above are not part of any contract with the registered owners of the Bonds and may be amended or repealed by future legislation. The effectiveness of Section 785 may be limited by the application of other withholding provisions contained in the School Code, such as the provisions for withholding and paying over of appropriations for payment of teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles effecting the enforcement of creditors' rights generally. There can be no assurance that any payments pursuant to such withholding provision will be made by the date on which such payment is due to the Bondholders.

#### **BOND INSURANCE**

##### **BOND INSURANCE POLICY**

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

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

##### **BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of

states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), which rating was affirmed on June 26, 2017. An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

#### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2017 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$500.3 million, \$68.8 million and \$431.5 million, respectively.

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

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

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

#### *Additional Information Available from BAM*

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

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

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

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

## **DESCRIPTION OF THE BONDS**

### **General Provisions**

The Bonds shall be dated as of the date of their issuance and delivery, shall mature on the dates and in the amounts set forth on the inside cover hereof and shall be payable as to interest on March 15 and September 15 of each year, commencing March 15, 2018 (each an “Interest Payment Date”), at the rates set forth on the inside front cover. The Bonds are not subject to redemption prior to maturity as described below.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., the nominee of The Depository Trust Company (“DTC”), as registered owner. Purchases of Bonds may be made in book-entry only form, in denominations of \$5,000 principal amount or any integral multiple thereof, but only through brokers and dealers who are, or act through, DTC Participants (see “Book-Entry Only System” herein). Purchasers of Bonds (“Beneficial Owners”) will not receive certificates representing their interests in the Bonds and must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant, so long as they desire to retain an ownership interest in Bonds. So long as Cede & Co. is the registered owner of the Bonds, references herein to the registered owners or holders of the Bonds shall mean Cede & Co., and not the Beneficial Owners of the Bonds.

Payments of principal and interest on the Bonds will be made directly to DTC by the Trustee on behalf of the SPSBA, and DTC will, in turn, remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. Disbursement of such payments to DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants (defined below), as more fully described below.

### **Payment of Principal and Interest**

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds (see “Book-Entry Only System” herein), payments of principal of and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the SPSBA with respect to, and to the extent of, principal and interest so paid. If the date for the payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the jurisdiction in which the corporate trust payment office is located are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions in which the corporate trust payment office is located are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:

The principal of the Bonds will be paid, when due, to the registered owners thereof or their transferees upon presentation and surrender of the Bonds at the designated corporate trust payment office of the Trustee presently located in Philadelphia, Pennsylvania.

Interest will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall



bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to March 15, 2018 in which event such Bond shall bear interest from the date of issuance and delivery thereof, or (d) as shown by the records of the Trustee, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on March 15, 2018, and thereafter semiannually on March 15 and September 15 of each year until the principal sum thereof is paid. Interest on each Bond will be payable by check drawn on the Trustee, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15<sup>th</sup>) day (whether or not a business day) next preceding each Interest Payment Date (the “Record Date”), on the registration books maintained by the Trustee, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the SPSBA shall be in default in payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owners of Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5<sup>th</sup>) day preceding the date of mailing.

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

### **Transfer, Exchange and Registration of Bonds**

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

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

The SPSBA and the Trustee shall not be required to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifth (5<sup>th</sup>) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed, or to register the transfer of or exchange any portion of any Bond selected for redemption until the redemption date.

### **BOOK-ENTRY ONLY SYSTEM**

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates

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

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

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

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

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

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

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

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

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

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

## **REDEMPTION PROVISIONS**

### **Optional Redemption**

The Bonds are not subject to optional redemption.

### **Mandatory Redemption**

The Bonds are not subject to mandatory sinking fund redemption.

## **LEGALITY FOR INVESTMENTS**

Under the Act, the Bonds are securities in which all officers of the Commonwealth and its political subdivisions and municipal officers and administrative departments, boards and commissions of the Commonwealth, all banks, bankers, savings banks, trust companies, savings and loan associations, investment companies and other person carrying on a banking business, all insurance companies, insurance associations and other person carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons who are authorized to invest in bonds or other obligations of the Commonwealth may properly and legally invest any funds, including capital belonging to them or within their control, and the Bonds are securities which may properly and legally be deposited with, and received by, any Commonwealth or municipal officer or agency of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth is authorized by law.

## **REVENUE FROM COMMONWEALTH SOURCES TO PARTICIPATING DISTRICTS**

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

School districts in the Commonwealth of Pennsylvania receive financial assistance from the Pennsylvania Department of Education. The amount of such assistance is based upon (i) the market value of real estate per weighted average daily membership, (ii) income per weighted average daily membership and (iii) the school district's tax effort, all as compared with such figures on a state-wide basis. The basic instructional subsidy received by a School District is calculated by multiplying the number of students in weighted average daily membership by the School District's Market Value/Personal Income Aid Ratio and by the factor for educational expense.

Debt Service and sinking fund reimbursement from the Commonwealth for school projects is determined by the "Reimbursable Percentage" assigned to the school building project and by the school district's "Market Value Aid Ratio" or "Capital Account Reimbursement Factor", whichever is higher for the Participating District. Most school building projects in Pennsylvania are eligible for Commonwealth reimbursement. Certain school building projects, such as school administration buildings and vehicle maintenance buildings, are ineligible for reimbursement. A reimbursable percentage, based upon the rated pupil capacity of the new or renovated structure and certain other costs, is assigned to the building project. This reimbursement percentage multiplied by the School District's applicable aid ratio determines the Commonwealth's share of the annual lease rental or debt service for that school year.

## **PARTICIPATING SCHOOL DISTRICTS POST EMPLOYMENT PROGRAMS**

### **Pension Program**

School districts in Pennsylvania are required to participate in a statewide pension program administered by the State Public School Employees Retirement Board ("PSERS"). All of the School District full-time employees, part-time employees who work more than 80 days in a school year, and hourly employees who work over 500 hours a year are required to participate in the program.

The Commonwealth, School District and employees each contribute a share of the employee's pension account. The Commonwealth shares in the employer contribution at a rate which is at least one-half of the total employer rate. The contribution rates are set by the Pennsylvania Public School Code of 1949, 24 Pa.C.S. §8101 et seq. which requires contributions by active members, employers and the Commonwealth. Active members who began contributions prior to July 22, 1983, contribute at 5.25% or at 6.50% of the member's qualifying compensation. Members who began contributions after July 22, 1983 and who are active or inactive as of July 1, 2001, contribute at 6.25% or at 7.50% of the member's qualifying compensation. For all new hires the higher contribution rates began with service rendered on or after January 1, 2002, the contributions required of employers are based on an actuarial valuation and are expressed as a percentage of annual covered payroll during the period for which the amounts are determined.

Present rates are set at 5.25% to 10.30% for the employee contribution. On December 10, 2013, the PSERS Board of Trustees certified a new employer contribution rate of 21.40% for fiscal year 2014/15, which began on July 1, 2014. The PSERS Board of Trustees certified a new employer contribution rate of 25.84% for fiscal year 2015/16, which began on July 1, 2015. The PSERS Board of Trustees certified a new employer contribution rate of 30.03% for fiscal year 2016/17, which began July 1, 2016. On December 7, 2016 the Board of Trustees certified an annual employer contribution rate of 32.57% for fiscal year 2017/18, which commences July 1, 2017. The rate caps established under Act 120 of 2010 are no longer in effect. This year's increase in the pension component of the rate was less than the 4.50% rate collar. The PSERS Board of Trustees 10-year projected employer contribution rates are projected to increase to 36.40% in fiscal year 2021/22.

PSERS is primarily responsible for administering a defined benefit pension plan for public school employees in the Commonwealth of Pennsylvania. The time-weighted rate of return on investment was 14.91% for the fiscal year ended June 30, 2014, 3.04% for the fiscal year ended June 30, 2015 and 1.29% for fiscal year ended June 30, 2016.

As of June 30, 2013, PSERS had net assets of \$49.3 billion. As of June 30, 2014, PSERS had net assets of \$53.3 billion and on June 30, 2015 the total net position decreased to \$51.9 billion. As of June 30, 2016 PSERS had net assets of \$50.2 billion.

PSERS' funded ratio as of the latest actuarial valuation dated June 30, 2016 was 57.3%. The Fund's complete report is available on the PSERS website on the Internet: [www.psers.state.pa.us](http://www.psers.state.pa.us).

In June 2012, the Government Accounting Standards Board ("GASB") issued "Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27." The primary objective of this Statement is to improve accounting and financial reporting by state and local government for pensions. The new accounting standard will require the School District to report in its government-wide financial statements its proportionate share of the net pension liability of the pension systems to which it contributes. GASB 68 is effective for fiscal years beginning after June 30, 2015, which, in the case of the School District, began with fiscal year ending June 30, 2016.

### **Other Post-Employment Benefits**

The Participating Districts may provide "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the Participating District and have satisfied specified eligibility standards of the Participating District's plan.

## **TAXING POWERS OF THE PARTICIPATING DISTRICTS**

### **Powers under School Code and Local Tax Enabling Act**

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006 (see below), each of the Participating Districts are empowered by the School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
  - a. for minimum salaries and increments of the teaching and supervisory staff;
  - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
  - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, an additional per capita tax, wage and other earned income taxes, real estate transfer taxes, gross receipts taxes, and occupation taxes, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – "STEB") multiplied by twelve mills. The Local Tax Enabling Act was amended by Act 222 of 2004 to authorize all taxing authorities to exempt from per capita, occupation, emergency and municipal service or earned income taxes any person whose total income from all source is less than \$12,000 per year.

### **The Taxpayer Relief Act (Act 1)**

Pennsylvania Act No. 1 of the Special Session of 2006 ("Act 1"), which became effective June 27, 2006, provides, inter alia, that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions provided therein. On June 30, 2011, the General Assembly adopted legislation (Act 25 of 2011) amending Act 1 eliminating several exceptions previously permitted under Act 1 and providing for the rescission of certain prior approved referendum exceptions for disaster/emergency costs, implementation of a court order, school construction and non-academic school construction (effective after the last payment of principal and interest on debt incurred to finance same). (Act 1 together with Act 25 of 2011 will hereinafter be referred to as the "Taxpayer Relief Act"). The exceptions available under the Taxpayer Relief Act are summarized as follows:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004 (the School District did not so elect); to pay interest and principal on any indebtedness approved by the voters at referendum;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;
3. To make payments into the State Public School Employees' Retirement System when the increase in the actual dollar amount of estimated payments between the current year and the upcoming year is greater than the Index.

A school district intending to utilize the foregoing exceptions is entitled to apply to the Pennsylvania Department of Education ("PDE") for approval thereof, if and to the extent a tax increase greater than the Index is needed in any particular fiscal year. The Taxpayer Relief Act provides that PDE shall approve a school district's request if a review of the data demonstrates that the school district qualifies for the exception sought and the sum of the dollar amounts of all exceptions for

which the school district qualifies is not more than what is necessary to balance the budget after giving effect to the revenue to be raised by the allowable increase under the Index. There can be no assurance, however, that approval will be given by PDE to utilize a referendum exception in any future fiscal year or years.

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

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

#### **Status of the Bonds Under Act 1**

The Bonds described in this Official Statement are being issued to refund the 2011 Bonds, which were issued to refinance previous debt of the Career and Technology Center which was authorized or "incurred" as interpreted by Act 1, by the Career and Technology Center under the Local Government Unit Debt Act prior to June 27, 2006, the effective date of the Taxpayer Relief Act, and eligible for the exception to the referendum requirement described in paragraph 3 above.

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

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

#### **Act 130 of 2008**

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

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

#### **Act 24 of 2001**

Act 24 of 2001 authorizes a board of school directors to schedule a public hearing and to conduct a ballot referendum to approve replacement of the school district's occupation tax with an increase in the local earned income tax. Currently, school districts in Pennsylvania share a 1.0% local earned income tax on the annual amount of resident's wages and other earned income (which excludes unearned or investment income). The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation and professional titles, regardless of income. Upon approval of a referendum, the occupation tax is authorized to be discontinued and the local earned income tax is permitted to be increased by the percentage necessary to generate revenue equal to the amount collected during the preceding year on the occupation tax. The restructured tax is designed to be revenue neutral to the school district.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 24. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 24 NOR A LEGAL INTERPRETATION OF

ANY PROVISION OF ACT 24. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 24 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

#### **Act 48 of 2003**

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

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

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

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

#### **LABOR RELATIONS OF THE CAREER AND TECHNOLOGY CENTER**

There are approximately 43 employees of the Career and Technology Center, including 16 secondary teachers, 8 post-secondary teachers, 6 administrators, and 13 support personnel including secretaries, aides, and maintenance/custodial staff.

The Career and Technology Center’s teachers are represented by the Clearfield County Career and Technology Center Education Association, an affiliate of the Pennsylvania State Education Association (“PSEA”), under a contract which expires June 30, 2020.

#### **CAREER AND TECHNOLOGY CENTER FINANCIAL HISTORY**

The Career and Technology Center has never defaulted on the payment of lease rentals or debt service.

#### **PARTICIPATING DISTRICTS FINANCIAL HISTORY**

A description of each of the Participating School Districts and their respective financial factors are described herein. See APPENDIX C, D, E, F, G, and H.

#### **FUTURE FINANCING**

The Career and Technology Center does not plan any future additional financing at this time.

## **TAX EXEMPTION AND OTHER TAX MATTERS**

### **Opinion of Bond Counsel**

The information which follows is a summary of Bond Counsel's opinion. This summary does not purport and should not be construed to be a complete recitation of Bond Counsel's opinion. The full text draft of Bond Counsel's opinion is appended hereto in Appendix K and reference is made hereto.

On the date of delivery of the Bonds, King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, as Bond Counsel to the SPSBA, will issue an opinion to the effect that under existing statutes, regulations and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, but that in the case of corporations (as defined for federal income tax purposes) such interest for bonds will be taken into account in determining adjusted current earnings for purposes of such alternative minimum tax. This opinion of Bond Counsel will assume the accuracy of certifications made by the SPSBA and the Career and Technology Center and will be subject to the condition that the SPSBA and the Career and Technology Center will comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The SPSBA and the Career and Technology Center have covenanted to comply with all such requirements, which include, among others, restrictions upon the yield at which proceeds of the Bonds and other money held for the payment of the Bonds and deemed to be "proceeds" thereof may be invested and the requirement to calculate and rebate any arbitrage that may be generated with respect to investments allocable to the Bonds. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. In the opinion of Bond Counsel, under the law of the Commonwealth of Pennsylvania, the Bonds, their transfer and income therefrom shall at all times be free from taxation for state and local purposes within the Commonwealth of Pennsylvania but such exemption does not extend to gift, succession, or inheritance taxes, taxes on gain on the sale or transfer thereof, or other taxes not levied or assessed directly on the Bonds or the transfer thereof. All other discussions concerning the Code or tax consequences discussed within the Official Statement are not statements or comments of Bond Counsel and are not matters to which Bond Counsel will opine. A draft of Bond Counsel's opinion is appended hereto in Appendix K and reference made thereto.

### **Federal Matters**

Certain maturities of the Bonds may be sold to the public in the initial offering at a price less than the stated redemption price of such Bonds at maturity (that is, at less than par or the stated principal amount), the difference being "original issue discount." Generally, original issue discount accruing on a tax-exempt obligation is treated as interest excludable from gross income for federal income tax purposes. In addition, original issue discount that has accrued on a tax-exempt obligation is treated as an adjustment to the issue price of the obligation for the purpose of determining taxable gain upon sale or other disposition of such obligation prior to maturity. The Internal Revenue Code of 1986, as amended, provides specific rules for the accrual of original issue discount on tax-exempt obligations for federal income tax purposes. Prospective purchasers of Bonds being sold with original issue discount should consult their tax advisors for further information.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain Subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion as to such collateral tax consequences, and prospective purchasers of the Bonds should consult their tax advisors.

No representation is made or can be made as to whether or not any legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Bonds to inclusion in gross income for Federal income tax purposes or so as to otherwise affect the marketability or market value of the Bonds. Enactment of any legislation that subjects the interest on the Bonds to inclusion in gross income for federal income tax purposes or otherwise imposes taxation on the Bonds or the interest paid thereon may have an adverse effect on the market value or marketability of the Bonds.

### **Pennsylvania Tax Matters**

Profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to state and local taxation within the Commonwealth, in accordance with Pennsylvania Act No. 1993-68.



Certain maturities of the Bonds may be sold to the public in the initial offering at a price less than their stated redemption price at maturity (that is, at an “original issue discount”). For Pennsylvania Personal Income Tax purposes, original issue discount on publicly offered obligations is treated under current regulations of the Pennsylvania Department of Revenue as interest and, for purposes of determining taxable gain upon sale or other disposition of an obligation the interest on which is exempt from income taxation by the Commonwealth, as an adjustment to basis. For Pennsylvania Corporate Net Income Tax purposes, original issue discount is to be accorded similar treatment, according to a Private Letter Ruling issued by the Office of the Chief Counsel of the Pennsylvania Department of Revenue dated December 2, 1993.

Prospective purchasers of Bonds issued with original issue discount should consult their tax advisors for further information and advice concerning the reporting of profits, gains or other income related to a sale, exchange or other disposition of such Bonds for Pennsylvania tax purposes.

## **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the Career and Technology Center (being an “obligated person” within the meaning of the Rule) will agree:

(i) to provide at least annually to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (EMMA) system, the following annual financial information and operating data with respect to the Career and Technology Center for each of its fiscal years, beginning with the fiscal year ending June 30, 2018, within 275 days following the end of such fiscal year:

- The financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards
- A copy of (or summary of) the budget for the current fiscal year

(ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, to file with the MSRB in such electronic format as is proscribed by the MSRB and accompanied by such identifying information as prescribed by the MSRB, notice of the occurrence of any of the following events with respect to the Bond: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the Career and Technology Center; (13) the consummation of a merger, consolidation, or acquisition involving the Career and Technology Center or the sale of all or substantially all of the assets of the Career and Technology Center, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(iii) to file, in a timely manner, to the MSRB and accompanied by such identifying information as prescribed by the MSRB, notice of a failure of the Career and Technology Center to provide the required annual information set forth in subparagraph (i) above on or before the date specified above.

The Career and Technology Center may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, but Career and Technology Center does not commit to provide any such notice of the occurrence of any events except those specifically listed above.

The Career and Technology Center reserves the right to terminate its obligation to provide annual financial information and notices of material events, as set forth above, if and when the Career and Technology Center no longer remains an “obligated person” with respect to the Bonds within the meaning of the Rule. The Career and Technology Center acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders or beneficial owners of the Bonds and shall be enforceable by the holders or beneficial owners of such Bonds; provided that the Bondholders’ right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Career and Technology Center’s obligations hereunder and any failure by the Career and Technology Center to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

The Career and Technology Center has agreed to provide annual financial information and operating data and notices of certain events under the Rule with respect to its previously issued bonds beginning with the fiscal year ending June 30, 2012. Over the past five years, the Career and Technology Center failed to timely file its annual financial information by submitting the documents more than 180 days after the end of their fiscal year. All or a portion of the annual financial information for the fiscal years ending June 30 of 2012, 2013 and 2014 were submitted later than 180 days past the fiscal year end for each year. The annual financial information for the fiscal year ending June 30 of 2015 and 2016 were timely submitted.

The Career and Technology Center may have from time to time missed certain material event postings during the past five years, including bond rating downgrades by insurance companies. However, notice of these bond insurer rating changes was made public by the bond insurers and the rating agencies at the time of the rating actions.

Clearfield Area School District has agreed to provide annual financial information and operating data and notices of certain events under the Rule with respect to its previously issued bonds. Over the past five years, the School District failed to timely file its annual financial information by submitting the documents more than 180 days after the end of their fiscal year. All or a portion of the annual financial information for the fiscal year end June 30 of 2012, 2013, 2014 and 2016 was submitted later than 180 days past the fiscal year end. The annual financial information for the fiscal years ending June 30 of 2015 was timely submitted. The Clearfield Area School District's continuing disclosure requirements for their general obligation issuance is 270 days under which all submissions have been on time.

Clearfield Area School District may have from time to time missed certain material event postings during the past five years, including bond rating downgrades by insurance companies. However, notice of these bond insurer rating changes was made public by the bond insurers and the rating agencies at the time of the rating actions.

Curwensville Area School District has agreed to provide annual financial information and operating data and notices of certain events under the Rule with respect to its previously issued bonds. Over the past five years, the School District failed to timely file its annual financial information by submitting the documents more than 180 days after the end of their fiscal year. All or a portion of the annual financial information for the fiscal years ending June 30 of 2015 and 2016 were submitted later than 180 days past the fiscal year end for each year. The annual financial information for the fiscal years ending June 30 of 2012, 2013 and 2014 were timely submitted.

Curwensville Area School District may have from time to time missed certain material event postings during the past five years, including bond rating downgrades by insurance companies. However, notice of these bond insurer rating changes was made public by the bond insurers and the rating agencies at the time of the rating actions.

Harmony Area School District has agreed to provide annual financial information and operating data and notices of certain events under the Rule with respect to its previously issued bonds. Over the past five years, the School District failed to timely file its annual financial information by submitting the documents more than 180 days after the end of their fiscal year. All or a portion of the annual financial information for the fiscal year end June 30, 2016 was submitted later than 180 days past the fiscal year end. The annual financial information for the fiscal years ending June 30 of 2012, 2013, 2014 and 2015 were timely submitted.

Harmony Area School District may have from time to time missed certain material event postings during the past five years, including bond rating downgrades by insurance companies. However, notice of these bond insurer rating changes was made public by the bond insurers and the rating agencies at the time of the rating actions.

Moshannon Valley School District has agreed to provide annual financial information and operating data and notices of certain events under the Rule with respect to its previously issued bonds. Over the past five years, the School District failed to timely file its annual financial information by submitting the documents more than 180 days after the end of their fiscal year. All or a portion of the annual financial information for the fiscal year ending June 30, 2013 was submitted later than 180 days past the fiscal year end for each year. The annual financial information for the fiscal years ending June 30 of 2012, 2014, 2015 and 2016 were timely submitted.

Moshannon Valley School District may have from time to time missed certain material event postings during the past five years, including bond rating downgrades by insurance companies. However, notice of these bond insurer rating changes was made public by the bond insurers and the rating agencies at the time of the rating actions.

Phillipsburg-Osceola Area School District has agreed to provide annual financial information and operating data and notices of certain events under the Rule with respect to its previously issued bonds. Over the past five years, the School District failed to timely file its annual financial information by submitting the documents more than 180 days after the end of their fiscal

year. All or a portion of the annual financial information for the fiscal years ending June 30 of 2012, 2013, 2014, 2015 and 2016 were submitted later than 180 days past the fiscal year end for each year.

Phillipsburg-Osceola School District may have from time to time missed certain material event postings during the past five years, including bond rating downgrades by insurance companies. However, notice of these bond insurer rating changes was made public by the bond insurers and the rating agencies at the time of the rating actions.

West Branch Area School District has agreed to provide annual financial information and operating data and notices of certain events under the Rule with respect to its previously issued bonds. Over the past five years, the School District failed to timely file its annual financial information by submitting the documents more than 180 days after the end of their fiscal year. All or a portion of the annual financial information for the fiscal years ending June 30 of 2012, 2013, 2014, and 2015 were submitted later than 180 days past the fiscal year end for each year. The annual financial information for the fiscal year ending June 30 of 2016 was timely submitted.

West Branch Area School District may have from time to time missed certain material event postings during the past five years, including bond rating downgrades by insurance companies. However, notice of these bond insurer rating changes was made public by the bond insurers and the rating agencies at the time of the rating actions.

The Career and Technology Center and the Participating School Districts will continue to provide ongoing disclosure of annual financial information and notice of material events affecting its securities by filing with the MSRB through EMMA System in the future.

#### **SUMMARY OF CERTAIN PROVISIONS OF THE LEASE, SUBLEASE AND INDENTURE**

The following pages contain descriptions of certain provisions of the Indenture, the Lease and the Sublease. The Bonds are secured by the Indenture and are payable from payments due under the Sublease. *These descriptions are brief summaries and do not purport to be and should not be regarded as complete statements of the terms of either the Lease, Sublease or the Indenture or as complete synopses thereof. Reference is made to the documents in their entirety, copies of which may be obtained from the Trustee, for the complete statement of the terms and conditions thereof.*

##### **Lease**

The Lease provides for the leasing of the “Leased Property” by the Participating Districts, as owners and lessors, and the Career and Technology Center, as co-lessor, to the SPSBA, as lessee. The Leased Property will be subleased to the Career and Technology Center and the Participating Districts pursuant to the Sublease, as described below. The term of the Lease commences on the date of issuance of the Bonds, and subject to the Career and Technology Center’s option to discharge its obligation under the Sublease by prepaying its obligations thereunder, ends 15 calendar days after the earlier to occur of the final maturity date of the Bonds or such time as the terms of the Indenture have been satisfied and discharged. As rental under the Lease, the SPSBA will deposit with the Trustee the net proceeds of the issuance and sale of the Bonds for application to the payment of the costs of refunding the 2011 Bonds and the costs of issuance of the Bonds. Under the terms of the Lease, the SPSBA has no responsibilities with respect to the maintenance, repair or operation of the Leased Property. All such obligations, including the duties to insure the Leased Property and pay all expenses related thereto, are assumed by the Career and Technology Center under the terms of the Lease and Sublease.

##### **Sublease**

In connection with the issuance of the Bonds, the Career and Technology Center and the Participating Districts will enter into the Sublease with the SPSBA. The Sublease will provide for Sublease Rentals by the Career and Technology Center to the SPSBA at the times and in the amounts sufficient to pay the debt service requirements on the Bonds. The Career and Technology Center has the right to prepay Sublease Rentals to redeem the Bonds pursuant to optional redemption provisions of the Bonds.

**Source of Rental Payments:** The Sublease Rentals are payable by the Career and Technology Center from its current revenues, appropriated by the Participating Districts under the Articles of Agreement. See “Security for the Bonds” above.

**Assignment of Sublease:** The Sublease Rentals shall be paid by Career and Technology Center directly to the Trustee under an assignment by the SPSBA to the Trustee of such payments for the benefit and security of the registered Owners of Bonds issued under the Indenture.

**Unconditional Obligation of the Career and Technology Center:** The obligation of the Career and Technology Center to pay the Sublease Rentals due under the Sublease and all other sums payable under the Sublease is absolute and unconditional. The Sublease Rentals are required to be paid in full directly to the Trustee when due without delay or diminution for any cause whatsoever, including, without limitation thereto, destruction of the Educational Facilities (as defined in the Sublease), and without right of set-off for default on the part of the Career and Technology Center under the Sublease.

**Maintenance and Repair:** The Career and Technology Center covenants under the terms of the Sublease to pay the costs to operate, to maintain and repair the Educational Facilities from time to time as may be necessary. It is understood that this provision applies to all repairs major as well as minor, without exception.

**Insurance:** The Career and Technology Center also covenants in the Sublease to maintain adequate insurance on the Educational Facilities in the name of Career and Technology Center, the SPSBA and the Trustee as their interest may appear, with any loss payable to the Trustee. The total recovered from time to time in connection with any fire or other causality covered by insurance shall, at the option of Career and Technology Center be made available by the Trustee to the SPSBA for the purpose of rebuilding, repairing, or replacing such destroyed or partially destroyed Educational Facilities or to be used toward the purchase or redemption of Bonds. The Career and Technology Center agrees to remain in possession of its Educational Facilities during the period of reconstruction or repair and to continue to pay its Sublease Rentals irrespective of the damage.

**Compliance with Code:** The Career and Technology Center covenants to comply with all applicable provisions of the Code in order to protect the tax-exempt status of the Bonds.

**Defaults and Remedies:** Under the Sublease, the failure of Career and Technology Center to make any payments required of it as Sublease Rentals or otherwise, or the failure to comply with covenants after written notice, or the occurrence of a default under the Indenture on payment of the Bonds by acceleration, or the failure to carry out the Project to be financed in part by the proceeds of the Bonds, shall constitute events of default. In the event of any such default, and after due notice as required, the SPSBA, and/or Trustee as its assignee, may, in addition to any other remedies (i) declare all sums payable under the Sublease to be immediately due; or (ii) by legal action enforce call rights of SPSBA under the Sublease; and (iii) in the event of a default in payment, notify the Secretary of the Department of Education of the Commonwealth to commence proceedings for the withholding of any appropriation due the Participating Districts under the School Code, as appropriate.

## **Indenture**

**Limited Obligation of the SPSBA:** The Bonds are limited obligations of the SPSBA and are secured by a pledge and assignment to the Trustee of the payments or other revenues or income derived by or for the SPSBA from or with respect to the Sublease and the Educational Facilities leased thereunder and all moneys to be paid over to the Trustee under the provisions of the Indenture. The SPSBA has no taxing power. Neither the general credit of the SPSBA, the Commonwealth, or any other political subdivision of the Commonwealth (except the Participating Districts) is pledged for the payment of the principal of or interest on the Bonds; nor shall the Bonds be deemed to be general obligations of SPSBA or obligations of the Commonwealth, or any other political subdivision thereof (except the Participating Districts).

**Pledge and Assignment:** The SPSBA has assigned to the Trustee, in the Indenture, its right, title and interest in all Sublease Rentals and other sums payable to it under the Sublease except for "Reserved Rights" as described below, for the benefit and security of the Registered Owners of the Bonds issued under such Indenture.

**Revenue Fund:** All Sublease Rentals with respect to the Bonds are required to be deposited to the Revenue Fund established with the Trustee, together with any other amounts required to be deposited therein by the Indenture. Moneys in the Revenue Fund are required to be transferred by the Trustee on or before the date of any required or permitted payment of principal of and interest on the Bonds to the Debt Service and Sinking Fund, in the aggregate amount required on such date for the payment of principal and interest on the Bonds next due.

**Debt Service and Sinking Fund:** The Trustee shall deposit and maintain a Debt Service and Sinking Fund for the Bonds, into which the Trustee shall make appropriate deposits in respect of the required Debt Service, as defined by the Indenture. The moneys in deposit in the Debt Service and Sinking Fund shall be applied by the Trustee to the payment of principal and interest on the Bonds.

**Rebate Fund:** The Trustee shall establish a Rebate Fund. Periodically while the Bonds are outstanding and upon retirement of the last Bond, the SPSBA will determine the sum required to be deposited in the Rebate Fund and direct the Trustee to transfer such sum from the other funds and accounts established under the Indenture. The SPSBA will direct the

Trustee to pay to the United States of America the sums on deposit in the Rebate Fund at the times and in the amount required by the Code and all regulations promulgated thereunder.

**Investment of Funds:** Moneys held in the funds and accounts established by the Indenture shall be wholly or partially deposited and redeposited in Permitted Investments, as defined by the Indenture.

**Default and Remedies:** The Act, which governs the SPSBA, provides remedies to the Bondholders in the event of default or failure on the part of the SPSBA to fulfill its covenants under the Indenture.

Under the Indenture, in the event of any such event of default (as defined in the Indenture), the Trustee may enforce, and upon the written request of the holders of 25% in principal amount of the Bonds then outstanding accompanied by indemnity as provided in the Indenture and the consent of the Bond Insurer, shall enforce for the benefit of all Bondholders all their rights of entry, of bringing suit, action or proceeding at law or in equity and of having a receiver appointed.

Neither the Trustee nor any receiver, however, may sell, assign, mortgage or otherwise dispose of any assets of the SPSBA other than its right to receive Sublease Rentals. For a more complete statement of rights and remedies of the Bondholders and of the limitations thereon, reference is made to the Indenture.

**Modifications and Amendments:** Amendments to the Indenture are permitted without consent of Bondholders for certain purposes, including the imposition of additional restrictions and conditions respecting issuance of bonds, the addition of covenants and agreements by the SPSBA, the modification of the Indenture to conform the same with governmental regulations (so long as the rights of Bondholders issued thereunder are not adversely affected thereby), the curing of any ambiguity, defect of inconsistency in the Indenture and the making of provision for matters which are necessary or desirable and which do not adversely affect the interest of Bondholders. Certain other modifications may be made to the Indenture, but only with consent of owners of not less than 51% in principal amount or in maturity value of outstanding Bonds issued thereunder.

**Reserved Rights:** Under the terms of the Indenture, the SPSBA has reserved the right to receive payment of any fees, costs and expenses from the Career and Technology Center and its right to indemnification by the Career and Technology Center. Such rights are not assigned to the Trustee.

**Defeasance:** Whenever all Bonds outstanding under the Indenture and all other sums due thereunder have been paid, or provision shall have been made for payment, then the rights, title and interest of the Trustee under the Indenture shall cease and the Trustee shall release and discharge the lien of the Indenture. Provision for payment of the Bonds may be made by depositing any combination of direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America with the Trustee.

**Rights of Bond Insurer:** The Indenture contains various provisions giving Build America Mutual Assurance (the "Bond Insurer") certain rights, including without limitation the right to consent to amendments to the Indenture, the Lease or the Sublease that require the consent of the Bondholders or affect the rights and interests of the Bond Insurer, and the right to consent on behalf of the Bondholders or direct the Trustee to exercise remedies, accelerate the Bonds, waive Events of Default or provide consents, directions or approvals under the Indenture. Such provisions are applicable only for so long as the Municipal Bond Insurance Policy is in effect with respect to the Bonds and the Bond Insurer is not in default or its obligations thereunder.

## **ABSENCE OF LITIGATION**

There is no litigation of any nature now pending, or, to the SPSBA's knowledge, threatened against it restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, the Indenture, or any proceedings of the SPSBA taken in connection with the issuance or sale of the Bonds, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the SPSBA.

There is no litigation, individually or in the aggregate, currently pending or to the knowledge of the Career and Technology Center threatened against it, which will have a material adverse effect on its financial condition or which will affect the validity or enforceability of the Sublease or which in any way contests the existence or powers of the Career and Technology Center.

## **CERTAIN LEGAL MATTERS**

Purchase of the Bonds by the Underwriter is subject to the receipt of the approving legal opinion of King, Spry, Herman, Freund & Faul LLC, Bethlehem, Pennsylvania, Bond Counsel. Certain legal matters relating to the SPSBA will be passed upon by Barley Snyder LLP, Lancaster, Pennsylvania, SPSBA Counsel, and certain legal matters relating to the Career and Technology Center will be passed upon by Fanelli Willett Law Offices Duncansville, Pennsylvania, Solicitor to the Career and Technology Center.

## **RATING**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned the underlying "A" (stable outlook) rating. S&P is also expected to assign its municipal bond rating of "AA" (stable outlook) to the issue of the Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of the principal of and the interest on the Bonds will be issued by BAM. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Standard & Poor's, 55 Water Street, New York, New York 10041. There is no assurance that such rating will remain for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in their judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **THE TRUSTEE**

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties which are expressly set forth in the Indenture. The Trustee has not independently passed upon the validity of the Series 2017 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax-exempt status of the interest on the Series 2017 Bonds. The Trustee has relied upon the opinion of Bond Counsel for the validity of and tax-exempt status of the interest on the Series 2017 Bonds.

The Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information given in this Official Statement or for the recitals contained in the Indenture or for the validity, sufficiency, or legal effect of any of such documents. Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by Issuer of the proceeds from the sale of the Bonds. The Trustee has no duty to, has not undertaken to evaluate, and has not evaluated, the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

## **UNDERWRITING**

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the SPSBA at a purchase price of \$4,950,445.65, plus accrued interest, if any, from the dated date of the Bonds to the date of settlement of the Bonds. The Underwriter's obligation to purchase the Bonds is subject to certain conditions precedent; however, the Underwriter is obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

## **MISCELLANEOUS**

The SPSBA has no responsibility for the Career and Technology Center's compliance or any Participating District's compliance with the Continuing Disclosure Agreement or for the contents of, or any omissions from, the financial information, operating data, or notices provided thereunder.

The references herein to the Indenture, the Lease, the Sublease, the Bonds, the Continuing Disclosure Agreement, the Act, the School Code and other materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof, copies of which will be furnished by the SPSBA upon request.

The information contained in this Official Statement has been compiled or prepared from official and other sources deemed to be reliable and, although not guaranteed as to completeness or accuracy, are believed to be correct as of this date. Statements involving matters of opinion, whether or not expressly so stated are intended as such and not as representations of fact.

The information contained in this Official Statement should not be construed as representing all the conditions affecting the SPSBA, the Career and Technology Center or the Bonds.

The SPSBA has not assisted in the preparation of this Official Statement, except for the statements concerning the SPSBA under the sections captioned "The SPSBA" and "Absence of Litigation" herein and, except for those sections, the SPSBA is not responsible for any statement made in this Official Statement. Except for the authorization, execution and delivery of documents required to affect the issuance of the Bonds, the SPSBA has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except aforesaid, the SPSBA assumes no responsibility for the disclosures set forth in this Official Statement.

STATE PUBLIC SCHOOL BUILDING AUTHORITY  
Commonwealth of Pennsylvania

By: /s/ Robert Baccon

Robert Baccon  
Executive Director

The Career and Technology Center hereby approves the use and distribution of this Official Statement in connection with the issuance and sale of the Bonds and hereby certifies that, as of the date hereof, the statements contained in this Official Statement relating to the Career and Technology Center do not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER  
Clearfield County, Pennsylvania

By: /s/ Todd Jeffries

Todd Jeffries  
Chairperson, Joint Operating Committee

## **APPENDIX A**

### **Summaries of Financial Statements of the Career and Technology Center**



## **FINANCIAL REVIEW**

The table on page A-4 is a summary only and is not intended to be a complete report. For more complete information, the individual financial statements and the Budget of the Career and Technology Center should be reviewed at the Career and Technology Center's Business Office, Clearfield, Pennsylvania.

### **Review of Recent General Fund Audited Financial Statements and Budget**

The table on page A-4 is a summary of the Career and Technology Center's General Fund audited statement of revenues and expenditures for fiscal years ending June 30<sup>th</sup> 2013-2016, and the Career and Technology Center's General Fund Budget for 2016-17. The figures have been arranged in a form believed to be convenient for the purposes of this Official Statement.

### **Accounting Method**

The Career and Technology Center and the Participating Districts keep their books and prepare their financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. The Career and Technology Center and the Participating Districts financial statements are audited annually by a firm of independent certified public accountants, as required by State law.

### **Budgeting Process in School Districts under the Taxpayer Relief Act**

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

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

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

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

To use any of the referendum exceptions for which court approval is required under the Taxpayer Relief Act, the school district must petition the court of common pleas no later than 75 days prior to the upcoming election, after giving one week's public notice of the intent to file such petition. The court may schedule a hearing on the petition and, if the court determines to hold a hearing on the petition, the school district must publish a notice of the date, time and place of such hearing. At any such proceeding, the school district must prove by clear and convincing evidence that it qualifies for the exception sought and the anticipated dollar amount of the expenditure for each exception sought. The Taxpayer Relief Act requires that the court rule on the petition and inform the school district of its decision no later than 55 days prior to the upcoming election. The Taxpayer Relief Act provides that the court in approving the petition shall determine the dollar amount for which the exception

is granted, the tax rate increase required to fund the exception and the appropriate duration of the tax increase. If the court denies the school district's petition, the Taxpayer Relief Act permits the school district to submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

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

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

**CLEARFIELD COUNTY CAREER & TECHNOLOGY CENTER**  
**Comparative Statement of General Fund Revenues**  
**and Expenditures for the Fiscal Years ending**  
**June 30, 2013-16 & 2016-17 Budget**

	2012-13 <u>Audited</u>	2013-14 <u>Audited</u>	2014-15 <u>Audited</u>	2015-16 <u>Audited</u>	2016-17 <u>Budgeted</u>
<b><u>REVENUES:</u></b>					
Local Sources	\$3,819,566	\$3,846,365	\$3,789,468	\$3,950,446	\$4,067,667
State Sources	721,605	751,728	825,458	889,541	915,936
Federal Sources	124,417	112,476	160,704	128,803	112,270
Other Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL REVENUES</b>	<b>\$4,665,588</b>	<b>\$4,710,569</b>	<b>\$4,775,630</b>	<b>\$4,968,790</b>	<b>\$5,095,873</b>
<b><u>EXPENDITURES:</u></b>					
Instruction	\$2,815,484	\$2,460,228	\$2,703,842	\$2,721,980	\$2,853,565
Support Services	1,244,409	1,350,431	1,284,572	1,224,949	1,408,241
Non-instructional Services	5,150	5,600	0	0	58,269
Facilities	43,533	23,577	51,006	28,318	24,000
<u>Other:</u>					
Debt Service	607,790	696,633	696,633	691,469	691,482
Other uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<b>\$4,716,366</b>	<b>\$4,536,469</b>	<b>\$4,736,053</b>	<b>\$4,666,716</b>	<b>\$5,035,557</b>
Interfund Transfers	0	0	0	0	0
Net increase (decrease) in General Fund Balance:	(50,778)	174,100	39,577	302,074	60,316
Opening Fund Balance (July 1)	\$626,281	\$358,261	\$532,361	\$571,938	\$874,012
Prior Year Adjustment	0	0	0	0	0
Ending Fund Balance (June 30)	<u>\$358,261</u>	<u>\$532,361</u>	<u>\$571,938</u>	<u>\$874,012</u>	<u>\$934,328</u>

Source: Career and Technology Center financial records

## **APPENDIX B**

### **Description of the Career and Technology Center and Financial Factors**

## **DESCRIPTION OF THE CAREER AND TECHNOLOGY CENTER**

### **Introduction**

The Clearfield County Career and Technology Center (the "CCCTC") is located in Central Pennsylvania and is a technical educational institution founded in 1969 to meet the needs of the community and the six secondary schools in Clearfield County.

The Clearfield County Career and Technology Center has six Participating School Districts (the "Participating Districts"), all of which are public school districts in Clearfield County, Pennsylvania. These Participating Districts are: Clearfield Area School District, Curwensville Area School District, Harmony Area School District, Moshannon Valley School District, Philipsburg-Osceola Area School District and West Branch Area School District. CCCTC is considered an Area Career and Technical School under Pennsylvania's Department of Education.

CCCTC is committed to preparing young adolescent and adult students with the skills necessary to be successful in the workforce and/or in future education at a technical school or college. The technology and skills needed to be successful in the workforce are constantly changing, as does the technology and curriculum found in the Clearfield County Career and Technology Center. All the high school programs are two year courses that start in the students' junior year, except cosmetology, which is a three-year program, and Diversified Occupations, which is a one-year program. Students apply in their ninth and tenth grade years. CCCTC offers High School Programs as well as Adult Education Programs, all described below.

#### High School Programs:

Administrative Office Technology  
Automotive Mechanics  
Carpentry and Building Construction  
Collision Repair  
Cooperative Education  
Cosmetology  
Culinary Arts and Food Management  
Diesel Equipment Maintenance and Repair

Drafting and Design  
Electrical Occupations  
Health Occupations  
Information Technology  
Masonry Construction  
Precision Machine Technology  
Welding and Metal Fabrication

#### Adult Education Programs:

Adult Cosmetology  
Cosmetology Instructor  
Nail Technician

Practical Nursing  
Truck Driver Training

Additional adult evening course are offered and vary each semester.

Source: Career and Technology Center Officials

## **Demographic Characteristics**

The following tables provide population trends, age, and housing indices for the County and the Commonwealth.

### **Population**

	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
Clearfield County	81,642	83,382	78,097	83,578
Commonwealth	12,702,379	12,281,054	11,881,643	11,864,720

### **Age Composition as Percentage for 2010**

	<u>Under 18</u>	<u>65 or Over</u>
Clearfield County	19.96%	17.46%
Commonwealth	21.98%	15.42%

### **Occupied Housing**

	<u>Total</u> <u>Housing</u> <u>Units</u>	<u>Occupied</u> <u>Housing</u> <u>Units</u>	<u>Percent</u> <u>Occupied</u> <u>Housing</u>	<u>Owner-</u> <u>Occupied</u> <u>Housing</u> <u>Units</u>	<u>Percent</u> <u>Owner</u> <u>Occupied</u>
Clearfield County	38,644	32,288	83.55%	24,825	76.89%
Commonwealth	5,567,315	5,018,904	90.15%	3,491,722	69.57%

Source: The Pennsylvania State Data Center, 2010 Census figures

## **Medical Facilities**

The following medical facilities are located in the area: Mount Nittany Health System, Penn Highlands Clearfield location, Penn Highlands DuBois location, Tyrone Regional Health Network, and the Penn Highlands Philipsburg Q-Care Urgent Care facility.

## **Transportation**

Interstate 80 and Route 322 are the principal arteries dissecting Clearfield County. Local and long distance bus service is handled by Kip Bus Service.

## **Utilities**

Electricity is provided to the residents of the District by Penelec – Frist Energy, UGI Central Penn Gas Inc., United Electric Cooperative Inc. The Penn-American Water Company provides water to the residents. Phone service is provided by Verizon and Verizon Wireless. Water and sewer services are provided by various municipalities within the County.

## **Recreational Facilities**

Clearfield County is part of the Pennsylvania Wilds, a 12-county region spanning the northern part of the state which is known for its vast expanse of outdoor beauty and wildlife. More than 375 species of birds and countless animals call the Pennsylvania Wilds home, including the state's majestic elk herd. Thousands of acres of State Forest provide a variety of sporting and recreational activities four seasons a year for residents and visitors. Some of these parks include: Parker Dam State Park, Curwensville Dam Park, Elliot State Park, and Black Moshannon State Park.

<http://www.visitclearfieldcounty.org/>

## THE ECONOMY

### Trends in Clearfield County Labor Market Area Employment and Unemployment

The trend in total employment rates in the Clearfield County compared with the same rates for Pennsylvania and the United States, since 2005, is shown in the following table.

<u>Year</u>	<u>Civilian Labor Force</u>	<u>Total Employment</u>	<u>County Percentage</u>	<u>Pennsylvania Percentage</u>	<u>U.S. Percentage</u>
2005	41,100	38,600	6.2	5.0	4.9
2006	40,200	37,700	4.8	4.6	4.5
2007	40,800	38,200	6.3	4.3	4.8
2008	40,200	36,800	8.4	6.4	7.1
2009	41,000	36,500	10.9	8.5	9.7
2010	40,500	36,400	10.2	8.1	9.1
2011	40,500	37,000	8.6	7.2	8.3
2012	42,000	38,000	9.6	7.9	7.6
2013	41,200	37,900	7.9	6.2	6.5
2014	39,300	37,100	5.7	4.6	5.4
2015	36,400	34,200	6.2	4.1	4.8
2016	36,000	33,500	7.0	5.1	4.6
2017 (June)	35,900	33,800	5.8	5.1	4.5

Source: Center for Workforce Information and Analysis, Pennsylvania Dept. of Labor and Industry

## CAREER AND TECHNOLOGY CENTER FACILITIES AND ENROLLMENT

### School Year 2016-17

<u>School Facility</u>	<u>Original Construction Date</u>	<u>Renovations or Additions</u>	<u>Student Capacity (1)</u>	<u>2016-17 Enrollment</u>
Clearfield County Career and Technology Center (2)	1968	2006	450	413

(1) Rated capacity for Pennsylvania Department of Education reimbursement purposes

(2) Formerly the Clearfield County Vocational-Technical School

Source: Technology Center Officials

### Pupil Enrollment - History and Projection

The following Table presents recent trends in school enrollment and projections of enrollment for over the next two years, as prepared by Career and Technology Center officials. The historical enrollment numbers are shown as of October 1<sup>st</sup> of each school year.

<u>School Year</u>	<u>Total</u>
2004-05	393
2005-06	400
2006-07	393
2007-08	374
2008-09	351
2009-10	358
2010-11	360
2011-12	339
2012-13	294
2013-14	304
2014-15	327
2015-16	386
2016-17	413
2017-18*	420
2018-19*	427

\* Projected

Source: Career and Technology Center Officials



**DEBT SUMMARY AND RELATED INFORMATION**

## Condition of School Financing

Revenue:	<u>Issue Date:</u>	<u>Long-Term Debt Outstanding</u>	<u>Project Reimbursement Percentage</u>	<u>Estimated Reimbursement (1)</u>
Bonds	2017	<u>\$4,615,000</u>	56.40%	See below
Total:		\$4,615,000		

\* Preliminary, Subject to Change

- (1) Project Reimbursement is multiplied by the each Participating District's Market Value Aid Ratio ("MVAR") or 50.00% whichever is higher.

<u>Participating District</u>	<u>2016/17 MVAR or 50.00</u>
Clearfield Area School District	66.46%
Curwensville Area School District	76.41%
Harmony Area School District	75.01%
Moshannon Valley School district	76.61%
Philipsburg-Osceola School District	68.50%
West Branch Area School District	77.12%

## **APPENDIX C**

### **Description of the Clearfield Area School District And Financial Factors**

## **DESCRIPTION OF THE CLEARFIELD AREA SCHOOL DISTRICT**

### **Introduction**

The Clearfield Area School District, Clearfield County, Pennsylvania (the "School District") is comprised of the Borough of Clearfield and the Townships of Bradford, Covington, Girard, Goshen, Knox, Lawrence and Pine. The School District covers approximately 365 square miles with Cameron and Elk Counties to its north and Coopers and Karthaus Townships to its west.

The governing body of the School District is a board of nine school directors who are elected on a staggered basis. The daily operations and management of the School District are carried out by the administrative staff of the School District headed by the Superintendent of Schools who is appointed by the Board of School Directors.

## **TAX REVENUES OF THE SCHOOL DISTRICT**

### **Market and Assessed Values of Real Property**

Market values of real property in the School District, as reported by the Pennsylvania State Tax Equalization Board, are listed below.

<u>Year</u>	<u>Market Value</u>	<u>Assessed Valuation</u>	<u>Ratio</u>
2005	\$591,816,000	\$128,008,528	21.63
2006	615,492,000	130,764,106	21.25
2007	623,436,800	131,479,555	21.08
2008	658,212,000	131,100,271	19.92
2009	659,034,200	130,668,682	19.83
2010	685,506,186	131,802,979	19.22
2011	735,196,250	138,684,005	18.86
2012	742,393,719	139,259,025	18.76
2013	755,140,964	142,058,289	18.81
2014	768,016,287	142,143,935	18.51
2015	755,140,963	142,089,935	18.82
2016	810,628,493	142,789,646	17.61

Source: Pennsylvania State Tax Equalization Board

### **Tax Rates (2016-17)**

Real Estate (mills)	
Clearfield Area School District .....	94.84
Clearfield County .....	18.50
Local Services Tax.....	\$5.00
Real Estate Transfer	
Clearfield Area School District .....	0.5%
Municipalities.....	0.5%
Earned Income Tax	
Clearfield Area School District .....	0.5%
Municipalities.....	0.5%

### Ten Largest Taxpayers in the School District

The ten largest real estate taxpayers in the School District and the 2016-17 assessed valuation of their real estate are as follows:

<u>Taxpayer</u>	<u>Business</u>	<u>Assessed Valuation</u>
Wal-Mart Stores, Inc.	Distribution Warehouse	\$6,002,400
Pennsylvanian Grain Processing	Ethanol Plant	5,040, 925
Shawville Lessor Genco LLC	Power Plant	1,760,000
Appalachian Wood Products, Inc.	Wood Products Manufacturer	1,381,675
Wal-Mart Stores, Inc.	Retail Store	1,207,318
Lowe's Home Centers, Inc.	Retail Home Improvement	1,136,625
CNB Bank	Financial Institution	894,675
ZRAJ Clearfield LTD Partnership	Mall	825,008
EOG Resources	Gas Drilling	744,250
Mountain Laurel RE LP	Nursing Home	718,710
Total:		\$19,711,586

Source: School District Officials

### Tax Collection Record

School District real estate taxes are billed on July 1 of the levy year, with a discount of 2% available to the taxpayer if paid before September 1. The taxes are payable at the face value between September 1, and October 31, and a 10% penalty is added to any payment made after November 1 of the levy year. The District also accepts real estate taxes in three installment payments as required by Act 1 on August 31<sup>st</sup>, September 30<sup>th</sup> and October 31<sup>st</sup>. Taxes are returned to the County and liened after February 28 of the levy year.

<u>School Year</u>	<u>Assessed Value</u>	<u>Levy</u>	<u>Current Collections (1)</u>	<u>Percent of Levy</u>	<u>Total Collections</u>	<u>Percent of Levy</u>
2006-07	\$130,481,156	\$10,438,492	\$9,358,015	89.65	\$10,224,308	97.95
2007-08	131,394,380	11,016,106	9,742,349	88.44	10,802,385	98.06
2008-09	130,921,275	10,317,364	9,312,422	90.26	10,353,258	100.35
2009-10	129,209,722	10,453,263	9,255,012	88.54	10,346,320	98.98
2010-11	128,607,313	10,923,113	9,704,603	88.84	10,855,115	99.38
2011-12	138,573,355	11,987,053	10,743,197	89.62	11,880,852	99.11
2012-13	139,451,987	12,042,683	10,875,077	90.30	11,994,170	99.60
2013-14	141,947,639	12,263,971	11,097,120	90.49	12,133,831	98.94
2014-15	142,143,935	12,320,912	11,228,607	91.13	12,283,380	99.70
2015-16	142,089,935	12,370,061	11,220,102	90.70	12,250,876	99.04

(1) Beginning in 2008-09 the amount of the Levy is reduced by the amount of the Homestead/Farmstead Exemptions. The levy shown excludes the amount payable from the Property Tax and Rent Rebate Program funded pursuant to Act 1 of the Commonwealth.

Source: School District Officials

## SCHOOL FACILITIES AND ENROLLMENTS

The School District currently operates one elementary schools and one junior-senior high school. The District's high school students may also attend the Clearfield County Career and Technology Center.

<u>School Facility</u>	<u>Original Construction Date</u>	<u>Renovations or Additions</u>	<u>Grades Served</u>	<u>Rated Pupil Capacity</u>	<u>2016-17 Enrollment</u>
<u>Elementary Schools:</u>					
Clearfield	1996	1996	K-6	1,831	1,204
<u>Secondary Schools:</u>					
Clearfield Junior-Senior School	1956	2008	7-12	1,792	<u>1,075</u>
<u>Total Enrollment:</u>					2,279

Source: School District Officials

### Pupil Enrollment - Historical and Projected

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

<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2007-08	1,240	1,374	2,614
2008-09	1,198	1,372	2,570
2009-10	1,203	1,269	2,472
2010-11	1,183	1,208	2,391
2011-12	1,133	1,203	2,336
2012-13	1,148	1,151	2,299
2013-14	1,165	1,165	2,330
2014-15	1,190	1,073	2,263
2015-16	1,156	1,076	2,232
2016-17	1,204	1,075	2,279
2017-18*	1,099	1,016	2,115
2018-19*	1,061	1,027	2,088

\* Projected

Source: School District Officials

## **APPENDIX D**

### **Description of the Curwensville Area School District And Financial Factors**

## **DESCRIPTION OF THE CURWENSVILLE AREA SCHOOL DISTRICT**

### **Introduction**

The Curwensville Area School District covers 104.7 square miles including Curwensville Borough, Ferguson Township, Grampian Borough, Greenwood Township, Lumber City Borough, Penn Township and Pike Township. It is situated in the west-central portion of the Clearfield County. Lumber City Borough merged with Ferguson Township January 1, 2015.

The governing body of the School District is a board of nine school directors who are elected on a staggered basis. The daily operations and management of the School District are carried out by the administrative staff of the School District headed by the Superintendent of Schools who is appointed by the Board of School Directors.

## **TAX REVENUES OF THE SCHOOL DISTRICT**

### **Market and Assessed Values of Real Property**

Market values of real property in the Curwensville Area School District, as reported by the Pennsylvania State Tax Equalization Board are listed below.

<u>Year</u>	<u>Market Value</u>	<u>Assessed Valuation</u>	<u>Ratio</u>
2005	\$188,227,800	\$40,567,169	21.55
2006	208,611,300	41,627,830	19.95
2007	214,182,800	42,508,473	19.84
2008	223,748,800	42,735,321	19.10
2009	224,615,600	42,940,326	19.12
2010	226,159,351	43,368,335	19.18
2011	229,455,211	44,024,592	19.19
2012	234,811,696	44,979,360	19.16
2013	236,282,456	45,246,153	19.15
2014	251,120,786	45,436,311	18.09
2015	253,344,258	45,629,844	18.01
2016	263,445,069	45,608,039	17.31

Source: Pennsylvania State Tax Equalization Board

### **Tax Rates (2016-17)**

Real Estate (mills)	
Curwensville Area School District.....	83.3857
Clearfield County.....	19.5000
Curwensville Borough.....	27.0000
Ferguson Township.....	4.0000
Grampian Borough.....	25.0000
Greenwood Township.....	3.0000
Penn Township.....	6.5000
Pike Township.....	4.0000
Real Estate Transfer	
Curwensville Area School District.....	0.5%
Municipalities.....	0.5%
Earned Income Tax	
Curwensville Area School District.....	0.5%
Municipalities.....	0.5%

### Ten Largest Taxpayers in the School District

The ten largest real estate taxpayers in the School District and the 2015-16 assessed valuation of their real estate are as follows:

<u>Taxpayer</u>	<u>Assessed Value</u>
OHI Asset (PA) Trust	\$638,575
Clearfield Leather, Inc.	292,350
CSB Bank	263,775
Curwensville House Associates	225,650
Curwensville Park Associates	223,525
Lezzer Truss Systems, Inc.	193,425
Fleming Holdings, LP	181,250
DelMar Properties, LLC	175,875
Wriglesworth, Duane E & Darlene A	171,492
Faccone Family Trust	<u>138,155</u>
Total:	\$2,504,072

Source: School District Officials

\* The taxpayers listed above represent 5.49% of total assessed values of the School District.

### Tax Collection Record

School District real estate taxes are billed on July 1 of the levy year, with a discount of 2% available to the taxpayer if paid before September 1. The taxes are payable at the face value between September 1 and October 31, and a 10% penalty is added to any payment made after November 1 of the levy year. Taxes are returned to the County and lienied after February 28 of the levy year.

<u>School Year</u>	<u>Total Flat Billing</u>	<u>Total Adjusted Flat Billing (1)</u>	<u>Current Collections</u>	<u>Percentage of Levy</u>	<u>Current &amp; Delinquent Collections</u>	<u>Percentage of Levy</u>
2006-07	\$2,655,613	\$2,390,052	\$2,392,457	100.10	\$2,655,376	110.99
2007-08	2,711,968	2,440,771	2,422,509	99.25	2,664,480	109.99
2008-09	2,903,708	2,613,337	2,314,624	88.57	2,542,283	109.84
2009-10	3,070,959	2,763,863	2,479,721	89.72	2,734,633	110.02
2010-11	N/A	2,906,913	2,609,501	89.77	2,902,199	99.84
2011-12	N/A	3,035,125	2,758,505	90.89	3,052,015	100.56
2012-13	N/A	3,110,994	2,818,885	90.61	3,118,523	100.24
2013-14	N/A	3,219,562	2,939,602	91.30	3,206,010	99.58
2014-15	N/A	3,345,672	3,058,494	91.42	3,312,410	99.01
2015-16	N/A	3,469,512	3,164,035	91.21	3,342,211	96.33

(1) Real estate assessment multiplied by realty tax rate

Source: School District Officials



## SCHOOL FACILITIES AND FINANCIAL SUMMARY

The School District presently operates two elementary schools and one Junior & Senior High School as described in the following table. The District's high school students may also attend the Clearfield County Career and Technology Center.

<u>Building</u>	<u>Year Constructed</u>	<u>Years Renovated</u>	<u>Grades Served</u>	<u>Rated Capacity</u>	<u>2016-17 Enrollment</u>
Elementary Schools:					
Penn Grampian	1956	1991	K-4	280	70
Curwensville Elementary	1961	1972/1991	K-6	1,085	<u>451</u> 521
Secondary School:					
Junior-Senior HS	1954	1972/1991	7-12	900	<u>498</u>
Total Enrollment:					1,019

Source: School District Officials

## Pupil Enrollment - History and Projection

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

<u>School Year</u>	<u>Elementary (1)</u>	<u>Secondary (2)</u>	<u>Total</u>
2007-08	591	604	1,195
2008-09	589	611	1,200
2009-10	583	545	1,128
2010-11	573	590	1,163
2011-12	550	577	1,127
2012-13	554	585	1,139
2013-14	568	537	1,105
2014-15	578	519	1,097
2015-16	533	511	1,044
2016-17	521	498	1,019
2017-18*	462	512	974
2018-19*	441	512	953

(1) Grades K to 6

(2) Grades 7 to 12

\* Projected

Source: Actual enrollments provided School District Officials; projected enrollments as provided by the Pennsylvania Department of Education.

## **APPENDIX E**

### **Description of the Harmony Area School District And Financial Factors**

## **DESCRIPTION OF THE HARMONY AREA SCHOOL DISTRICT**

### **Introduction**

The Harmony Area School District is rural, consisting of 82 square miles. The Cherry Tree and Westover Boroughs along with Chest and Burnside Townships comprise the district, with a combined population of approximately 2500. Agriculture, mining, lumbering, and related industries have been important to the area. There are several small businesses in the area. Additionally, a wide variety of businesses and industries exist in the area approximately 30 miles from the district including Altoona, Clearfield, Indiana, Johnstown and Punxsutawney, which provide a variety of employment opportunities. Many cultural, educational and recreation resources are available to residents.

The governing body of the School District is a board of nine school directors who are elected on a staggered basis. The daily operations and management of the School District are carried out by the administrative staff of the School District headed by the Superintendent of Schools who is appointed by the Board of School Directors.

## **TAX REVENUES OF THE SCHOOL DISTRICT**

### **Market and Assessed Values of Real Property**

Market values of real property in the School District, as reported by the Pennsylvania State Tax Equalization Board, are listed below.

<u>Year</u>	<u>Market Value</u>	<u>Assessed Valuation</u>	<u>Ratio</u>
2005	\$51,394,600	\$11,393,128	22.17
2006	55,631,400	11,805,049	21.22
2007	55,889,300	11,842,522	21.18
2008	60,085,800	12,046,277	20.05
2009	61,017,400	12,182,315	19.97
2010	64,510,369	12,300,433	19.07
2011	65,444,586	12,467,094	19.05
2012	67,564,247	12,547,953	18.57
2013	68,398,713	12,654,552	18.50
2014	74,270,198	12,748,870	17.17
2015	75,712,382	13,081,649	17.28
2016	82,796,702	21,091,537	25.47

Source: Pennsylvania State Tax Equalization Board

**Tax Rates (2015-16)**

Real Estate (mills) Harmony Area School District	
Clearfield County .....	83.5300
Indiana County .....	60.2800
Per Capita .....	\$10.00
Occupational Tax .....	\$10.00
Emergency and Municipal Services Tax	
Harmony Area School District .....	\$10.00
Municipalities .....	\$42.00
Earned Income	
Harmony Area School District .....	0.50%
Real Estate Transfer	
Harmony Area School District .....	0.50%
Municipalities .....	0.50%

Source: School District Officials

**Largest Taxpayers in the School District**

The ten largest real estate taxpayers in the School District and the 2015-16 assessed valuation of their real estate are as follows:

<u>Taxpayer</u>	<u>Business</u>	<u>Assessed Valuation</u>
Kovach, Richard	Commercial Building	\$92,450
Mt Calvary Evangelistic Assoc	Religious	87,775
Individual	Resident	61,700
National Bank of Commonwealth	Banking	54,760
Individual	Resident	45,775
Individual	Resident	41,982
Individual	Resident	41,160
Perera, Sugirtharani	Commercial Building	40,900
Individual	Resident	40,725
Rosebud Mining	Mining	<u>39,825</u>
TOTAL:		\$547,052

Percentage of Total Assessment: 4.49%

Source: School District Officials

### Tax Collection Record

The School District mails tax notices to taxpayers on or about July 1, of each year. The tax collection process of the School District allows taxpayers remitting in full within two months from the tax notice postdate a 2% discount on their tax obligations. Remittance after two, but within four months from the tax notice postdate are paid at par and taxpayers remitting after four months from the tax notice postdate pay a 10% penalty. After January 15, all unpaid real estate taxes are turned over to the Clearfield County Tax Claim Bureau for collection.

The School District's realty tax collection record for the previous several fiscal years is shown below:

<u>School Year</u>	<u>Flat Billing</u>	<u>Current Collections</u>	<u>% of Levy</u>	<u>Total Collections</u>	<u>% of Levy</u>
2006-07	\$926,764	\$770,423	83.13	\$895,774	96.66
2007-08	998,643	840,888	84.20	980,927	98.23
2008-09	999,990	762,365	76.24	953,159	95.32
2009-10	1,007,731	775,036	76.91	958,069	95.07
2010-11	1,011,592	793,170	78.41	937,014	92.63
2011-12	1,030,193	813,679	78.98	911,030	88.44
2012-13	1,017,757	787,560	77.38	946,195	92.97
2013-14	1,016,870	807,962	79.46	965,202	94.92
2014-15	1,037,209	841,747	81.16	987,635	95.22
2015-16	1,067,348	851,327	79.77	987,266	92.50

*Note: Beginning in Fiscal year 2008-09 amounts include property tax relief money from state gambling monies.*

Source: School District Officials

## **SCHOOL FACILITIES AND ENROLLMENTS**

The School District presently operates one elementary school, and one junior/senior high school, all as described on the following table. The District's high school students may also attend the Clearfield County Career and Technology Center.

<u>School Facility</u>	<u>Original Construction Date</u>	<u>Renovations or Additions</u>	<u>Grades Served</u>	<u>Student Capacity</u>	<u>2016-17 Enrollment</u>
Elementary School	1980 (1)	1995	K-5 Pre-K	406	165
JR/SR High School	1952	1980, 1995	6-12	343	<u>136</u>
Total Enrollment:				749	301

- (1) The Elementary School was constructed in 1980 as an addition to the existing High School building. The Jr/Sr High School portion of the building was renovated as shown.

Source: School District Officials

### **Pupil Enrollment – Historical and Projected**

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

<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2007-08	191	184	375
2008-09	187	186	373
2009-10	196	187	383
2010-11	206	176	382
2011-12	193	168	361
2012-13	185	157	342
2013-14	182	144	326
2014-15	175	141	316
2015-16	165	147	312
2016-17	165	136	301
2017-18*	150	148	298
2018-19*	147	146	293

Source: School District Officials

**APPENDIX F**

**Description of the  
Moshannon Valley School District  
And  
Financial Factors**

## **DESCRIPTION OF THE MOSHANNON VALLEY SCHOOL DISTRICT**

### **Introduction**

Moshannon Valley School District (the "School District") is located in the southeastern corner of Clearfield County, Pennsylvania (the "County"). The School District is located seventeen miles south of the Borough of Clearfield, the county seat. The School District serves the Boroughs of Brisbin, Glen Hope, Houtzdale, and Ramey and the Townships of Bigler, Gulich, Jordan and Woodward. The School District encompasses a combined land area of 93.5 square miles.

The governing body of the School District is a board of nine school directors who are elected on a staggered basis. The daily operations and management of the School District are carried out by the administrative staff of the School District headed by the Superintendent of Schools who is appointed by the Board of School Directors.

## **TAX REVENUES OF THE SCHOOL DISTRICT**

### **Market and Assessed Values of Real Property**

Market values of real property in the School District, as reported by the Pennsylvania State Tax Equalization Board, are listed below.

<u>Year</u>	<u>Market Value</u>	<u>Assessed Valuation</u>	<u>Ratio</u>
2005	\$150,844,900	\$31,939,462	21.17
2006	164,680,400	32,382,872	19.66
2007	168,046,700	32,943,344	19.60
2008	179,926,900	33,353,735	18.54
2009	180,772,300	33,492,826	18.53
2010	192,447,184	33,872,295	17.60
2011	194,887,009	34,347,428	17.62
2012	200,800,482	34,784,313	17.32
2013	202,038,918	34,991,636	17.32
2014	211,599,695	35,071,246	16.57
2015	214,387,710	35,565,449	16.59
2016	221,596,150	35,885,198	16.19

Source: Pennsylvania State Tax Equalization Board

### **Tax Rates (2016-17)**

Real Estate (mills)	
School District .....	89.8000
Per Capita	
Act 511 .....	\$5.00
Section 679 .....	\$5.00
Earned Income	
School District .....	0.5%
Municipalities .....	0.5%
Real Estate Transfer	
School District .....	0.5%
Municipalities .....	0.5%
Source: School District Officials	



### Ten Largest Taxpayers in the School District

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

<u>Taxpayer</u>	<u>Assessed Valuation</u>
Gathagan Investment Co.	\$228,900
Kitko Wood Products, Inc.	216,125
McAteer Village Associates	197,275
Mid-Pen Coal Company	159,918
Middle Pennsylvania Coal	159,788
Kitko, Clementine K	114,712
Central Pennsylvania Development Corp.	106,075
Murphy, Michael J. Trustee	103,300
George, Jacob Ford Sales, INC	90,325
JR Land Company, Inc	<u>86,619</u>
TOTAL:	\$1,463,037

Percentage of Total Assessment: 3.19%

Source: School District Officials

### Tax Collection Record

The School District mails tax notices to taxpayers on or about July 1, of each year. The tax collection process of the School District allows taxpayers remitting in full within two months from the tax notice postdate a 2% discount on their tax obligations. Remittance after two, but within four months from the tax notice postdate are paid at par and taxpayers remitting after four months from the tax notice postdate pay a 10% penalty. After January 15, all unpaid real estate taxes are turned over to the Clearfield County Tax Claim Bureau for collection.

The School District's realty tax collection record for the previous several fiscal years is shown below:

<u>School Year</u>	<u>Gross Levy</u>	<u>Current Collections</u>	<u>% of Levy</u>	<u>Current and Delinquent Collections</u>	<u>% of Levy</u>
2006-07	\$2,740,406	\$2,303,567	84.06	\$2,775,403	101.28
2007-08	2,895,104	2,347,015	81.07	2,748,475	94.94
2008-09	2,105,937	2,132,428	101.26	2,510,780	119.22
2009-10	2,144,960	2,163,231	100.85	2,601,275	121.27
2010-11	2,196,027	2,191,394	99.79	2,582,117	117.58
2011-12	2,981,357	2,253,829	75.60	3,196,338	107.21
2012-13	3,244,396	2,877,110	88.68	3,244,396	100.00
2013-14	3,277,301	2,348,566	71.66	2,684,215	81.90
2014-15	3,277,301	2,394,439	73.06	2,722,431	83.07
2015-16	2,838,722	2,482,757	87.50	2,771,334	97.60

Source: School District Officials

## **SCHOOL FACILITIES AND ENROLLMENTS**

The Moshannon Valley School District presently operates one elementary school, and one high school, all as described on the following table. The District's high school students may also attend the Clearfield County Career and Technology Center.

<u>School Facility</u>	<u>Original Construction Date</u>	<u>Renovations or Additions</u>	<u>Grades Served</u>	<u>Student Capacity</u>	<u>2016-17 Enrollment</u>
Elementary School: Moshannon Valley	1977	1992, 2004	K-6	1074	444
Secondary School: Moshannon Valley Jr/Sr. High	1963	1988, 1995, 2005	7-12	1062	<u>426</u>
Total Enrollment:					870

Source: School District Officials

### **Pupil Enrollment – Historical and Projected**

The following Table presents recent trends in school enrollment and projections of enrollment for the next two years.

<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2007-08	506	481	987
2008-09	512	454	966
2009-10	506	424	930
2010-11	506	424	930
2011-12	525	421	946
2012-13	509	413	922
2013-14	494	435	929
2014-15	505	376	881
2015-16	469	433	902
2016-17	444	426	870
2017-18*	450	419	869
2018-19*	445	429	874

\* Projections

Source: School District Officials

**APPENDIX G**

**Description of the  
Philipsburg-Osceola Area School District  
And  
Financial Factors**

## **DESCRIPTION OF THE PHILIPSBURG-OSCEOLA AREA SCHOOL DISTRICT**

### **Introduction**

The Philipsburg-Osceola Area School District is comprised of the Boroughs of Chester Hill, Osceola Mills, Wallacetown and Philipsburg and the Townships of Boggs, Decatur and Rush. The School District encompasses an area of 222 square miles and lies in the eastern portion of Clearfield County and the western edge of Centre County.

The governing body of the School District is a board of nine school directors who are elected on a staggered basis. The daily operations and management of the School District are carried out by the administrative staff of the School District headed by the Superintendent of Schools who is appointed by the Board of School Directors.

## **TAX REVENUES OF THE SCHOOL DISTRICT**

### **Market and Assessed Values of Real Property**

Market values of real property in the School District, as reported by the Pennsylvania State Tax Equalization Board are listed below.

<u>Year</u>	<u>Market Value</u>	<u>Assessed Valuation</u>	<u>Ratio</u>
2005	\$365,762,700	\$128,691,284	35.18
2006	406,669,400	130,123,545	32.00
2007	434,541,900	137,406,376	31.62
2008	464,841,400	134,130,138	28.86
2009	470,783,000	135,526,053	28.79
2010	500,805,599	135,607,220	27.08
2011	527,251,177	141,025,522	26.75
2012	543,665,237	142,090,843	26.14
2013	547,933,486	143,057,005	26.11
2014	553,688,764	143,076,760	25.84
2015	560,183,619	144,362,771	25.77
2016	567,107,106	144,912,836	25.55

Source: Pennsylvania State Tax Equalization Board

### **Tax Rates (2016-17)**

Real Estate (mills)	
Clearfield County Residents .....	113.37
Centre County Residents .....	52.08
Per Capital Tax (School Code and Act 511 taxes).....	\$5.00
Real Estate Transfer	
Philipsburg-Osceola Area School District .....	0.5%
Municipalities.....	0.5%
Earned Income Tax	
Philipsburg-Osceola Area School District .....	0.5%
Municipalities.....	0.5%

### Ten Largest Taxpayers in the School District

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

<u>Taxpayer</u>	<u>Assessed Value</u>
WBP Leasing, Inc.	\$4,000,000
Urban Philipsburg Towers LLC	1,274,550
Moshannon Economic Redevelopment	854,085
Elks Home Association	758,420
Philipsburg Lodge 1173	725,185
JR Land Company LLC	625,280
Penn State Geisinger Clinic	600,220
Greater PHB Association	577,480
Philipsburg Association of Commerce	567,875
NATAFO LLC	<u>530,165</u>
Total:	\$10,513,260

\* The taxpayers listed above represent 12.63% of total assessed values of the School District.

Source: School District Officials

### Tax Collection Record

School District real estate taxes are billed on July 1 of the levy year, with a discount of 2% available to the taxpayer if paid before September 1. The taxes are payable at the face value between September 1 and October 31, and a 10% penalty is added to any payment made after November 1 of the levy year. Taxes are returned to the County and lienied after February 28 of the levy year.

<u>School Year</u>	<u>Assessment</u>	<u>Total Adjusted Flat Billing (1)</u>	<u>Current Collections</u>	<u>Percent of Billing</u>	<u>Current &amp; Delinquent Collections</u>	<u>Percent of Billing</u>
2006-07	\$129,081,900	\$6,970,141	\$6,248,462	89.65	\$6,912,381	99.17
2007-08	131,857,736	8,283,346	7,336,702	88.57	7,020,654	84.76
2008-09	133,746,118	8,909,690	7,271,284	81.61	8,222,061	92.28
2009-10	135,080,133	9,392,936	7,667,411	81.63	9,042,707	96.27
2010-11	135,159,000	9,701,287	8,296,818	85.52	9,016,000	92.94
2011-12	141,148,732	10,021,903	8,356,695	83.38	9,365,093	93.45
2012-13	143,506,123	10,014,963	8,299,528	82.87	9,191,976	91.78
2013-14	142,838,945	9,882,512	8,195,398	82.93	9,032,012	91.39
2014-15	142,867,710	9,884,881	8,272,981	83.69	9,108,694	92.15

(1) Real estate assessment multiplied by realty tax rate.

Source: School District Officials

## SCHOOL FACILITIES AND ENROLLMENTS

The School District presently operates two elementary schools and one junior high and one senior high school. The District's high school students may also attend the Clearfield County Career and Technology Center.

<u>Building</u>	<u>Year Constructed</u>	<u>Year(s) Renovated</u>	<u>Grades Served</u>	<u>Student Capacity</u>	<u>2016-17 Enrollment</u>
Elementary Schools:					
Osceola Mills	1905	1929, 1958, 1994	K-6	450	
Philipsburg	1929	1972, 2005	K-6	350	
					942
Secondary Schools:					
Middle School	1935	1972	7-8	586	
Senior High	1958	1997, 2003	9-12	969	
					<u>783</u>
Total Enrollment:					1,725

Source: School District Officials

### Pupil Enrollment - History and Projection

The following Table presents recent trends in school enrollment and projections of enrollment for over the next few years. The table shows a trend of increasing enrollment.

<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
	(1)	(2)	
2007-08	1,001	994	1,995
2008-09	1,013	974	1,987
2009-10	1,016	967	1,983
2010-11	991	923	1,914
2011-12	684	1,162	1,846
2012-13	694	1,127	1,821
2013-14	687	1,114	1,811
2014-15	676	1,065	1,741
2015-16	676	1,065	1,741
2016-17	942	783	1,725
2017-18*	911	780	1,691
2018-19*	912	770	1,682

(1) Grades K to 6

(2) Grades 7 to 12

\* Projected

Source: School District Officials

## **APPENDIX H**

### **Description of the West Branch Area School District And Financial Factors**

## **DESCRIPTION OF THE WEST BRANCH AREA SCHOOL DISTRICT**

### **Introduction**

West Branch Area School District, encompassing an area of 165 square miles, consisting of the Townships of Cooper, Graham, Karthaus, Morris all in Clearfield County and West Keating Township in Clinton County. The School District lies in the northeastern portion of Clearfield County and the southwestern corner of Clinton County, along the Susquehanna River.

The governing body of the School District is a board of nine school directors who are elected on a staggered basis. The daily operations and management of the School District are carried out by the administrative staff of the School District headed by the Superintendent of Schools who is appointed by the Board of School Directors.

### **TAX REVENUES OF THE SCHOOL DISTRICT**

#### **Market and Assessed Values of Real Property**

Market values of real property in the School District, as reported by the Pennsylvania State Tax Equalization Board, are listed below.

<u>Year</u>	<u>Market Value</u>	<u>Assessed Valuation</u>	<u>Ratio</u>
2005	\$188,948,600	\$38,213,204	20.22
2006	205,894,500	39,113,807	19.00
2007	209,838,500	39,806,865	18.97
2008	222,010,200	40,420,075	18.21
2009	225,304,400	48,178,541	21.38
2010	239,444,521	48,566,905	20.28
2011	241,524,905	48,742,482	20.18
2012	244,445,704	49,050,833	20.07
2013	245,750,455	49,142,828	19.98
2014	246,948,701	49,190,735	19.92
2015	254,581,946	50,086,372	19.67
2016	269,008,260	50,419,010	18.74

Source: Pennsylvania State Tax Equalization Board

#### **Tax Rates (2016-17)**

Real Estate (mills)	
Clearfield County Residents .....	98.5
Clinton County Residents .....	12.3
Real Estate Transfer	
School District .....	0.5%
Borough and Township .....	0.5%
Per Capita	
School District .....	\$10.00
Occupational Assessment (Mills)	
School District .....	5.00
Townships .....	5.00
Earned Income Tax	
School District .....	0.5%
Municipalities .....	0.5%



### Ten Largest Taxpayers in the School District

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

<u>Taxpayer</u>	<u>Business</u>	<u>Assessed Valuation</u>
River Hill Coal Company, Inc.	Exploration and development of coal	\$326,306
Mountain View Center, Inc.	Gas, fuel, motel	280,510
Brown, E.M. Inc.	Cargo and freight	193,490
United Refining Company of PA	Integrated refiner and marketer of petroleum products	165,150
Individual	N/A	146,525
W W Engine	Medium and heavy duty truck sales and service	136,525
Individual	N/A	130,005
Midwest XV, LLC	Unknown	105,200
Individual	N/A	97,925
M&M Enterprises Transportation	Cargo and freight	<u>92,800</u>
Total:		\$1,674,436

Source: School District Officials

### Tax Collection Record

School District real estate taxes are billed on July 1 of the levy year, with a discount of 2% available to the taxpayer if paid before September 1. The taxes are payable at the face value between September 1, and October 31, and a 10% penalty is added to any payment made after November 1 of the levy year. The District also accepts real estate taxes in three installment payments as required by Act 1 on August 31<sup>st</sup>, September 30<sup>th</sup> and October 31<sup>st</sup>. Taxes are returned to the County and lienied after February 28 of the levy year.

<u>School Year</u>	<u>Gross Levy</u>	<u>Current Collections (1)</u>	<u>% of Levy</u>	<u>Prior Year's Collections</u>	<u>Total Collections</u>	<u>% of Levy</u>
2006-07	\$3,433,100	\$2,940,579	85.7	\$789,978	\$3,730,557	108.66
2007-08	3,434,893	3,017,085	87.8	795,916	3,813,001	111.01
2008-09	3,634,561	2,897,517	79.72	703,904	3,601,421	99.09
2009-10	3,727,857	3,136,001	84.12	628,699	3,764,700	100.99
2010-11	3,736,281	3,187,191	85.30	294,873	3,774,415	101.02
2011-12	3,782,790	3,087,721	81.63	375,707	3,418,043	90.36
2012-13	3,891,626	3,222,379	82.80	402,000	3,260,111	83.77
2013-14	3,957,915	3,065,224	77.45	412,938	3,078,203	77.77
2014-15	4,085,443	3,363,412	82.33	407,416	3,401,345	83.26

(1) Fiscal years beginning in 2008-09 include property tax relief money from state gambling monies as current collections.

Source: School District Officials

## **SCHOOL FACILITIES AND ENROLLMENTS**

The School District presently operates one elementary school, and one middle school/high school, as described on the following table. High school students may also attend the Clearfield County Career and Technology Center.

<u>Building</u>	<u>Year Constructed</u>	<u>Years Renovated</u>	<u>Grades Served</u>	<u>Rated Capacity</u>	<u>2016-17 Enrollment</u>
Elementary:	1971	1993	Pre K-5	1,118	580
Secondary:					
High School	1962	None	6-12	867	
Addition (1)	2005	None	6-12	240	<u>504</u>
Total Enrollment:					1,084

(1) The Math Wing addition (Built 1976) demolished and replaced with a new addition.

Source: School District Officials

### **Pupil Enrollment - Historical and Projected**

The following Table presents recent trends in school enrollment and projections of enrollment for over the next two years, as prepared by School District officials.

<u>School Year</u>	<u>Pre-K-6</u>	<u>7-12</u>	<u>Total</u>
2007-08	610	645	1,255
2008-09	573	636	1,209
2009-10	597	612	1,209
2010-11	564	590	1,154
2011-12	557	575	1,132
2012-13	552	549	1,101
2013-14	556	558	1,114
2014-15	552	520	1,072
2015-16	566	502	1,068
2016-17	580	504	1,084
2017-18*	514	451	965
2018-19*	518	420	938

\* Projected

(1)Pupil Enrollment now includes pre-K-6 and 7-12, including projected years.

Source: School District Officials

## **APPENDIX I**

### **Bond Amortization Schedule**

**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
**(Commonwealth of Pennsylvania)**  
**CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER**  
**GUARANTEED SCHOOL REVENUE BONDS,**  
**SERIES OF 2017**

<u>DATE</u>	<u>PRINCIPAL</u>	<u>COUPON</u>	<u>INTEREST</u>	<u>SEMI-ANNUAL DEBT SERVICE</u>	<u>ANNUAL DEBT SERVICE</u>
3/15/2018			\$79,333.33	\$79,333.33	\$79,333.33
9/15/2018	\$510,000	3.000%	81,600.00	591,600.00	
3/15/2019			73,950.00	73,950.00	665,550.00
9/15/2019	525,000	3.000%	73,950.00	598,950.00	
3/15/2020			66,075.00	66,075.00	665,025.00
9/15/2020	545,000	3.000%	66,075.00	611,075.00	
3/15/2021			57,900.00	57,900.00	668,975.00
9/15/2021	560,000	3.000%	57,900.00	617,900.00	
3/15/2022			49,500.00	49,500.00	667,400.00
9/15/2022	580,000	4.000%	49,500.00	629,500.00	
3/15/2023			37,900.00	37,900.00	667,400.00
9/15/2023	610,000	4.000%	37,900.00	647,900.00	
3/15/2024			25,700.00	25,700.00	673,600.00
9/15/2024	630,000	4.000%	25,700.00	655,700.00	
3/15/2025			13,100.00	13,100.00	668,800.00
9/15/2025	<u>655,000</u>	4.000%	<u>13,100.00</u>	<u>668,100.00</u>	
3/15/2026					<u>668,100.00</u>
	\$4,615,000		\$809,183.33	\$5,424,183.33	\$5,424,183.33

## **APPENDIX J**

### **Specimen Municipal Bond Insurance Policy**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

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

MEMBER: [NAME OF MEMBER]

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

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

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

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

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

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

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

Email:

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

Address:

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

Telecopy:

212-962-1524 (attention: Claims)

SUBMITTED



**APPENDIX K**

**Form of Opinion of Bond Counsel**

**[DRAFT]**

***King, Spry, Herman, Freund & Faul, LLC  
One West Broad Street, Suite 700  
Bethlehem, Pennsylvania 18018-5716***

September 20, 2017

State Public School Building Authority  
1035 Mumma Road  
Wormleysburg, PA 17043

Wells Fargo Bank, N.A.  
123 South Broad Street, Suite 1500  
MAC Y1379-157  
Philadelphia, PA 19109

Clearfield County Career and  
Technology Center  
1620 River Road  
Clearfield, PA 16830

Re: \$4,615,000 State Public School Building Authority  
Clearfield County Career and Technology Center  
Guaranteed School Revenue Bonds, Series of 2017

The Clearfield County Career and Technology Center (the "Career Center") and its supporting component public school districts, being Clearfield Area School District, Curwensville Area School District, Harmony Area School District, Moshannon Valley School District, Philipsburg-Osceola Area School District and West Branch Area School District (the "Participating School Districts") have determined to fund a refunding program (the "Refunding Program"). The Career Center and Participating School Districts have requested the State Public School Building Authority (the "SPSBA") to provide the financing for the Refunding Program, and the SPSBA has agreed to undertake such financing by the issuance of its Clearfield County Career and Technology Center, Guaranteed School Revenue Bonds, Series of 2017 ("Bonds"). We have acted as Bond Counsel in connection with the issuance and sale by SPSBA of

\$4,615,000 aggregate principal amount of the Bonds, being issued under the provisions of the State Public School Building Authority Act of 1947, P.L. 1217, as supplemented and amended (the "Act"), and pursuant to a Trust Indenture, dated as of September 20, 2017 (the "Indenture"), by and between the SPSBA and Wells Fargo Bank, National Association, as trustee (the "Trustee").

The Bonds are dated September 20, 2017 in the aggregate principal amount as set forth in the Indenture, and mature on the dates, in the principal amounts, and bear interest, payable on the dates at the respective rates per annum, as set forth in the Indenture.

The Bonds are being issued for the purpose of (i) providing the funds required for the funding of the Refunding Program of Career Center; (ii) payment of the costs and expenses of issuing the Bonds, as defined in the Indenture.

The proceeds of the Bonds are being made available by the SPSBA to Career Center pursuant to a Lease and a Sublease, dated September 20, 2017 between the SPSBA and the Career Center and the Participating School Districts (the "Lease" and the "Sublease"), under which the Sublease, the Participating School Districts are required to make rental payments in the amounts and on the dates required for the payment of principal of and interest on the Bonds. Under the Indenture, the SPSBA has pledged and assigned to the Trustee as security for the payment of the Bonds all revenues and all right, title and interest of the SPSBA under the Sublease (except certain rights to indemnification thereunder).

The Participating School Districts have made application to the Department of Community and Economic Development of the Commonwealth (the "Department") for

approval to become bound by the lease rental debt amortizing the Bonds and the guarantee, as required by the Local Government Unit Debt Act ("Debt Act") of the Commonwealth, and approval of the Department has been received.

The Participating School Districts have approved the Lease and the Sublease and the Participating School Districts have further undertaken in each case to guarantee the full payment of their proportionate shares, determined pursuant to the Sublease, of the principal of and interest on the Bonds (the "Guarantee"), for purposes of which Guarantee they have each pledged their full faith, credit, and available taxing power. The Debt Act provides that the foregoing covenant of Participating School Districts shall be enforceable specifically. The Bonds are additionally secured by the "State Aid" Intercept Provisions of Section 785 of the Public School Code of 1999, as amended by Act 150 of 1975. The proportionate shares of the Sublease rental payment due from the Participating School Districts will be adjusted periodically in accordance with certain articles of agreement pursuant to which the Participating School Districts created the Career Center (the "Articles of Agreement").

As Bond Counsel to the SPSBA, we have examined certified copies of the proceedings of the SPSBA relative to the issuance of the Bonds, together with such statutes and other materials as we have deemed necessary and appropriate to render the opinion set forth herein. In rendering such opinion, we have examined and relied upon (i) the opinion of counsel to the SPSBA with respect to the due organization and existence of the SPSBA, the authorization, execution and delivery of the documents to which the SPSBA is a party; and (ii) the opinion of counsel to Career Center with

respect to the due execution and delivery by Career Center of the Sublease and the valid and binding effect of the Sublease on Career Center.

We have further relied upon covenants of the SPSBA, Career Center and Participating School Districts set forth in the Indenture and the Sublease, respectively, wherein the SPSBA, Career Center, and Participating School Districts agree to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations in effect thereunder in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Based upon the foregoing, we are of the opinion that:

1. The SPSBA is a body corporate and politic, is validly existing under the laws of the Commonwealth of Pennsylvania and has the corporate power and lawful authority (a) to execute and deliver the Indenture, and (b) to issue and deliver the Bonds.

2. Each of the Indenture, the Lease, and the Sublease has been duly executed, acknowledged and delivered by the SPSBA, Career Center and the Participating School Districts, as applicable, and, assuming due authorization, execution, acknowledgment and delivery of the Indenture by the Trustee, each is a legal, valid and binding obligation of the SPSBA, the Career Center and the Participating School Districts enforceable against each of them, to the extent they are a party thereto, in accordance with its respective terms.

3. All conditions precedent and concurrent to the issuance and sale of the Bonds have been complied with and the issuance and sale of the Bonds have been duly authorized by the SPSBA. The Bonds have been duly executed and delivered by the SPSBA and, assuming their due authentication by the Trustee, the Bonds are valid,

binding and enforceable obligation of the SPSBA and is entitled to the benefit and security of the Indenture, to the extent indicated therein.

4. The Indenture creates the valid pledge it purports to create in respect of the revenues of the SPSBA payable by the Career Center and the Participating School Districts under the Sublease.

5. Under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the Bonds are exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

6. Assuming compliance by the SPSBA and Career Center and the Participating School Districts with certain covenants contained in the Indenture and the Sublease pertaining to tax matters, interest on the Bonds is excluded from gross income for purposes of federal income tax under existing statutes, regulations, rulings and court decisions; except that no opinion is expressed with respect to application of a minimum tax on the interest on the Bonds as part of the "adjusted current earnings" of corporations, with respect to the branch profits tax on the adjusted effectively connected earnings and profits of certain foreign corporations doing business in the United States, or with respect to the environmental tax imposed under Section 59A of the Internal Revenue Code of 1986, as amended. Interest on the Bonds will not be an item of tax preference for purposes of the alternative minimum tax with respect to individuals or corporations. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

In rendering the foregoing opinions, we advise you as follows:

(a) It may be determined in the future that interest on the Bonds, retroactive to the date of issuance thereof or prospectively, is not exempt from federal income tax if certain requirements of the Code are not met. The SPSBA, Career Center and the Participating School Districts have covenanted in the Indenture and the Sublease to comply with these requirements.

(b) The enforceability (but not the validity) of the documents mentioned herein, may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter enacted by any state or federal government and affecting the enforcement of creditors' rights generally, and "enforceable obligation of the SPSBA" shall not mean that specific performance would necessarily be available in every situation.

(c) The Bonds do not pledge the credit of the SPSBA nor the credit or taxing power of the Commonwealth of Pennsylvania, or of any political subdivision thereof (other than the pledge of the Participating School Districts to pay their respective shares of the sublease rental payments due under the Sublease and the guarantee of payment of the principal and interest on the Bonds contained in the Participating School Districts resolutions, as described herein), nor will the Commonwealth of Pennsylvania, or any political subdivision thereof, be liable for payment of the principal of, premium, if any, or interest on the Bonds, nor shall the Bonds be deemed a general obligation of the SPSBA or an obligation of the Commonwealth of Pennsylvania or of any political subdivision thereof.

This opinion is expressly limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated herein. This opinion is given as of the date hereof and we assume no obligation to update this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. This opinion is expressly limited to the present internal laws of the Commonwealth and present federal law.

KING, SPRY, HERMAN, FREUND  
& FAUL, LLC

---

Kevin C. Reid, Esquire



## **APPENDIX L**

### **Draft of Continuing Disclosure Agreement**

[DRAFT]

**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
**(Commonwealth of Pennsylvania)**  
**Clearfield County Career and Technology Center**  
**Guaranteed School Revenue Bonds, Series of 2017**

CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") given as of September 20, 2017, by the CLEARFIELD COUNTY CAREER AND TECHNOLOGY CENTER ("CCCTC"), in connection with the issuance of the above-captioned bonds (the "Bonds"):

WITNESSETH:

WHEREAS, pursuant to a certain Bond Purchase Contract (the "Purchase Contract") dated August 17, 2017, among State Public School Building Authority (the "Authority"), CCCTC and Robert W. Baird & Co. (the "Underwriter"), the Underwriter has agreed to purchase the Authority's Clearfield County Career and Technology Center Guaranteed School Revenue Bonds, Series of 2017 in the aggregate principal amount of \$4,615,000, issued under a Trust Indenture dated as of September 20, 2017, between the Authority and Wells Fargo Bank, N.A., as trustee (the "Trustee"); and

WHEREAS, the Bonds are limited obligations of the Authority payable solely from amounts paid by CCCTC under a Sublease Agreement dated as of September 20, 2017 between the Authority and CCCTC, which amounts have been assigned by the Authority to the Trustee for the benefit of the owners of the Bonds (and all other bonds issued under the Indenture); and

WHEREAS, in order to induce the Underwriter to purchase the Bonds, CCCTC has agreed pursuant to the Purchase Contract to provide certain information and notices as and to the extent specified under Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

NOW, THEREFORE, in consideration of the premises, CCCTC intending to be legally bound hereby, agree as follows:

Section 1. Definitions.

In addition to the terms defined in the above recitals, the following terms shall have the meanings specified below:

"Annual Financial Information" shall mean the financial information and operating data specified in Schedule 1 hereto, as such schedule may be amended as provided herein.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bond (including persons holding Bonds through nominees, depositories or other intermediaries).

"EMMA" is the Electronic Municipal Market Access System maintained by the MSRB at <http://emma.msrb.org/> or such other address as may be designated by the MSRB, which serves as the sole nationally recognized municipal securities information repository under the Rule.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Reportable Event” shall mean any of the events listed on Schedule 2 hereto with respect to the Bonds.

Section 2. Purpose of the Disclosure Certificate.

This Certificate is executed and delivered by CCCTC for the benefit of the Beneficial Owners of the Bonds in accordance with, and as a condition to the Underwriter’s obligations under, the Purchase Contract, in order to provide assurances of the availability of certain information regarding CCCTC, as the sole obligated person (as defined in the Rule) with respect to the Bonds. This Certificate is intended to remain in effect for the benefit of the Beneficial Owners of the Bonds.

Section 3. Provision of Annual Reports.

CCCTC agrees to provide to the MSRB, through EMMA, the Annual Financial Information within 275 days following the end of each fiscal year of CCCTC, beginning with the fiscal year ending June 30, 2017. In addition, CCCTC covenants to provide in a timely manner to the MSRB, through EMMA, notice of a failure by CCCTC to provide the Annual Financial Information as and when specified in the preceding sentence. Any such notice shall include the anticipated filing date of the Annual Financial Information.

In the event that audited financial statements for any fiscal year are not available within 275 days, CCCTC shall provide its unaudited financial statements for such fiscal year and shall provide the audited financial statements as soon as practicable after they become available for distribution.

Section 4. Notice of Reportable Events.

CCCTC agrees to provide to the MSRB, through EMMA, notice of the occurrence of any Reportable Event in a timely manner not in excess of ten business days after the occurrence of such Reportable Event.

Section 5. Termination of Reporting Obligations.

CCCTC’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, CCCTC’s obligation to provide information and notices as specified in Sections 3 and 4 hereof may be terminated by CCCTC as set forth in Section 6.

Section 6. Modifications of Information.

CCCTC reserves the right (i) to modify from time to time the specific types of information provided or the format of the presentation of the Annual Financial Information, to the extent necessary or appropriate in the judgment of CCCTC and (ii) upon prior written notice to the MSRB, to amend or terminate any or all of its continuing disclosure covenants for any reason if permitted to do so under the Rule. Any such amendment or modification must be supported by an opinion of counsel expert in federal securities law addressed to CCCTC, the Authority and the Trustee, to the effect that such amendment or modification would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or modification had been effective on the date hereof but taking into account any subsequent change in an official interpretation of the Rule.

Section 7. Additional Information; Format of Filings.

(a) Nothing in this Certificate shall be deemed to prevent CCCTC from disseminating any other information with respect to CCCTC or the Bonds, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Reportable Event, in addition to that which is required by this Certificate. If CCCTC provides additional information that is not specifically required by this Certificate, CCCTC shall have no obligation under this Certificate to update such additional information or include it in any future Annual Financial Information or notice of occurrence of a Reportable Event.

(b) All documents provided to the MSRB pursuant to the terms of this Certificate shall be accompanied by identifying information as prescribed by the MSRB, and shall be made in electronic format or in any other format which meets any applicable requirements or guidelines of the Securities and Exchange Commission and of the MSRB. Unless otherwise prescribed by the MSRB, such submission to the MSRB shall be made via EMMA.

Section 8. Remedies for Default.

In the event of a breach or default by CCCTC of its covenants to provide information and notices as specified in Sections 3 and 4 hereof, the Trustee or any record owner or Beneficial Owner of the Bonds shall have the right, but shall not be required, to bring an action in a court of competent jurisdiction to compel specific performance by CCCTC. No monetary damages may be recovered under any circumstances for any breach or default by CCCTC of its covenants hereunder. A breach or default under this Certificate shall not constitute an event of default with respect to the Bonds or the Indenture or the Sublease Agreement.

Section 9. Reserved.

Section 10. No Obligation of the Authority; Indemnification of the Authority.

The Authority shall not have any responsibility or liability with respect to this Certificate or in connection with CCCTC's compliance with the Rule, its filing obligations under this Certificate or in connection with the contents of such filings. CCCTC further agrees to indemnify and save the Authority, and its members, officers, employees and agents, harmless against any loss, expense (including reasonable attorney's fees) or liability arising out of (i) any breach by CCCTC of this Certificate or (ii) any annual financial information or notices provided under this Certificate or any misstatements therein or omissions therefrom.

Section 11. Miscellaneous.

(a) Binding Nature of Certificate. This Certificate shall be binding upon CCCTC and inure to the benefit of CCCTC, the Trustee, the Underwriter and each of their respective successors and assigns. In addition, record owners and Beneficial Owners of the Bonds from time to time shall be third party beneficiaries hereof and shall be entitled to enforce the provisions hereof as if they were parties hereto; but no consent of record owners or Beneficial Owners of the Bonds shall be required in connection with any amendment undertaken or made pursuant to Section 6 of this Certificate.

(b) Notices. All notices and other communications to the Authority, CCCTC or the Trustee with respect to this Certificate shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other

messenger, for delivery to the intended addressee) or when deposited in the United States mails, registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the Authority:

State Public School Building Authority  
1035 Mumma Road  
Wormleysburg, PA 17043  
Attention: Executive Director  
Fax: (717) 975-2215

If to CCCTC:

Clearfield County Career and Technology Center  
1620 River Road  
Clearfield, PA 16830  
Attention: Business Administrator  
Fax: ( ) \_\_\_\_\_

If to the Trustee:

Wells Fargo Bank, N.A.

\_\_\_\_\_  
Attention: Corporate Trust

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section for the giving of notice.

(c) Submission of Information. Notwithstanding anything in this Certificate which may appear to be to the contrary, CCCTC may in its discretion elect to provide the information required pursuant to the terms of this Certificate either (i) in written paper format, or (ii) in any electronic format which meets any applicable requirements or guidelines of the Securities and Exchange Commission and of the MSRB.

(d) Execution in Counterparts. This Certificate may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Certificate shall become binding when one or more counterparts hereof individually or taken together shall bear the signatures of all of the parties reflected hereon as the signatories.

(e) Controlling Law. This Certificate shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

*[The remainder of this page is intentionally left blank.]*

IN WITNESS WHEREOF, CCCTC has executed this Certificate as of the date above first written.

CLEARFIELD COUNTY CAREER AND  
TECHNOLOGY CENTER

By: \_\_\_\_\_

## Schedule 1

### Annual Financial Information

CCCTC will provide a copy of its annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant, and an update of the financial information and operating data of the sort relating to it in Appendix A of the Official Statement dated August 17, 2017, for the Bonds under the following headings (terms used herein having the same meanings set for in such Official Statements):

- (i) The financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards
- (ii) A copy of (or summary of) the budget for the current fiscal year

The annual financial information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided herein. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of CCCTC or related public entities which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. CCCTC shall clearly identify each other document so incorporated by reference.

Schedule 2

Reportable Events

- A. The following events shall constitute, in all events, Reportable Events hereunder:
1. principal and interest payment delinquencies;
  2. unscheduled draws on debt service reserves reflecting financial difficulties;
  3. unscheduled draws on credit enhancements reflecting financial difficulties;
  4. substitution of credit or liquidity providers, or their failure to perform;
  5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  6. tender offers;
  7. defeasances;
  8. rating changes; and
  9. bankruptcy, insolvency, receivership or similar proceeding of CCCTC.<sup>1</sup>
- B. The following events shall constitute Reportable Events hereunder, but only if determined to be material:
1. non-payment related defaults;
  2. material notices or determinations with respect to the tax status of the Bonds, or material events affecting the tax status of the Bonds;
  3. modifications to rights of the holders of the Bonds;
  4. Bond calls;
  5. release, substitution or sale of property securing repayment of the Bonds;
  6. appointment of a successor or additional paying agent, or the change of name of a paying agent; and
  7. the consummation of a merger, consolidation, or acquisition involving CCCTC, the sale of all or substantially all of the assets of CCCTC other than in the ordinary course of

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<sup>1</sup> This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.



business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

**APPENDIX M**

**Audited Financial States for Clearfield Career and Technology Center  
Fiscal Year Ended June 30, 2016**

# **Clearfield County Career and Technology Center**

**Financial Statements and  
Supplementary Information**

**June 30, 2016**



**BAKER TILLY**

Candor. Insight. Results.

# Clearfield County Career and Technology Center

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June 30, 2016

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Baker Tilly Virchow Krause, LLP  
1423 N Atherton St  
State College, PA 16803-3040  
tel 814 238 8474  
fax 814 214 3523  
bakertilly.com

## Independent Auditors' Report

Board of Directors  
Clearfield County Career and Technology Center

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clearfield County Career and Technology Center (the "Center"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Center'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; that 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.

### Auditors' 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clearfield County Career and Technology Center, as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 4 through 9, the General Fund Budgetary Comparison information on page 16, the schedule of Center's proportionate share of the net pension liability on page 32 and the schedule of Center's contributions on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The supplementary information contained in the Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund (page 34) and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) (page 35), are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information contained in the Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund (page 34) and the Schedule of Expenditures of Federal Awards (page 35), are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information contained in the Schedule of Revenues, Expenditures, and Changes in Fund Balances - General Fund (page 34) and the Schedule of Expenditures of Federal Awards (page 35), are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016 on our consideration of the Center'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

*Baker Tilly Viechow Krause, LLP*

State College, Pennsylvania  
November 15, 2016

## **Clearfield County Career and Technology Center**

Management's Discussion and Analysis (Unaudited)

June 30, 2016

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### **Introductory**

The management's discussion and analysis of the financial performance of Clearfield County Career & Technology Center (the "Center") provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

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

### **Overview of the Center**

The Center is a joint venture operated in accordance with the established articles of agreement by its six member school districts located in Clearfield County. The Center provides vocational education and technical training to adult and secondary level students of its member districts. The Center received funding primarily from contributions from its member districts.

### **Overview of the Financial Statements**

This annual report consists of two components - Management's Discussion and Analysis (this section), and the basic financial statements (including the independent auditors' report thereon).

The basic financial statements include two types of statements that present the financial information of the Center in different ways:

- The first two statements of the basic financial statements are government-wide financial statements. These financial statements consist of the Statement of Net Deficit and the Statement of Activities. The government-wide financial statements provide both short-term and long-term information about the Center's overall financial status.
- The remaining basic financial statements consist of Fund Financial Statements. These statements focus on individual components, or funds, of the Center and provide a more detailed presentation of the Center's operation. The governmental funds statements provide a detailed short-term view of the Center's operations and the services it provides.

The basic financial statements also include notes that provide a more detailed explanation of some of the information in the financial statements.



## **Clearfield County Career and Technology Center**

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Management's Discussion and Analysis (Unaudited)

June 30, 2016

### **Financial Analysis of the Center as a Whole**

The government-wide statements, which begin on page 10 report financial information about the Center using accounting methods similar to the accounting used by private sector companies. The Statement of Net Deficit includes all of the Center's assets, deferred outflows of resources, liabilities and deferred inflows of resources utilizing the full accrual basis of accounting. The Statement of Activities accounts for all of the Center's revenues and expenses, regardless of when cash is received or paid.

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

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

The government-wide financial statements of the Center are the governmental activities:

- Governmental activities - All of the Center's basic services are included here, such as instruction, administration and support services. Tuition and contributions from the member school districts and state and federal government subsidies and grants are the primary funding sources for these activities.

### **Fund Financial Statements**

The Center's fund financial statements, which begin on page 12, provide detailed information about the most significant funds, or major funds, of the Center - not the Center as a whole. Some funds are required to be reported as major funds by state law and by other requirements.

- Governmental funds - Most of the Center's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using the 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 Center's operations and the services it provides.
- Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Center's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Deficit and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- The governmental fund that is considered to be a major fund of the Center is the General Fund (required by GASB Statement No. 34 to be reported as a major fund).

**Clearfield County Career and Technology Center**

Management's Discussion and Analysis (Unaudited)

June 30, 2016

**Fiscal Years Ended June 30, 2016 and 2015  
Statement of Net Position (Deficit)**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Current assets	\$ 1,134,633	\$ 683,741
Noncurrent assets	8,818,283	9,021,928
Deferred outflows of resources	458,299	395,411
Total	<u>\$ 10,411,215</u>	<u>\$ 10,101,080</u>
Current liabilities	\$ 312,066	\$ 166,223
Long-term liabilities:		
Due within one year	517,526	502,526
Due after one year	11,649,859	11,616,817
Total liabilities	<u>12,479,451</u>	<u>12,285,566</u>
Deferred inflows of resources	<u>89,000</u>	<u>473,000</u>
Net position (deficit):		
Net investment in capital assets	2,906,581	2,604,725
Unrestricted (deficit)	<u>(5,063,817)</u>	<u>(5,262,211)</u>
Total net position (deficit)	<u>(2,157,236)</u>	<u>(2,657,486)</u>
Total	<u>\$ 10,411,215</u>	<u>\$ 10,101,080</u>

**Changes in Entity-Wide Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities on page 11. 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 Center's activities that are supported by other general revenues.

The table below takes the information from the Statement of Activities and rearranges it slightly, so you can see our total revenues for the year.

## Clearfield County Career and Technology Center

Management's Discussion and Analysis (Unaudited)

June 30, 2016

### Fiscal Years Ended June 30, 2016 and 2015 Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Operating grants/contributions	\$ 562,313	\$ 570,527
Charges for services	701,545	565,228
General revenues:		
Receipts from member districts - AVTS	3,247,338	3,224,020
Other	457,594	415,855
Total revenues	4,968,790	4,775,630
Expenses:		
Instruction	2,686,055	2,480,695
Instructional staff	302,901	286,693
Administrative and financial support	425,283	447,669
Operation and maintenance	547,867	512,551
Pupil transportation	966	673
Interest on long-term debt	185,968	196,161
Depreciation, unallocated	319,500	300,987
Total expenses	4,468,540	4,225,429
Increase in net position	500,250	550,201
Net position, beginning, as previously reported	(2,657,486)	2,769,313
Effect of adoption of GASB No. 68	-	(5,977,000)
As restated	(2,657,486)	(3,207,687)
Net (deficit) position, ending	\$ (2,157,236)	\$ (2,657,486)

The largest sources of program revenues of the Center consist of charges for services and operating grants and contributions. Charges for services increased from the prior year due to the differences in start and end dates of the adult education classes during each fiscal year.

The largest source of general revenues of the Center consists of contributions from member school districts of \$3,247,338. This amount accounts for approximately 88% of total general revenues and approximately 65% of total revenues. These percentages demonstrate the reliance that the Center places on the contributions received from its member districts.

Instruction expense increased from the prior year as a new Precision Machine program was added to the Center in 2015-16 along with increases in payroll and retirement benefits expense.

#### The Center's Funds

At June 30, 2016, the Center's governmental fund reported a fund balance of \$874,012, which is an increase of \$302,074.

## Clearfield County Career and Technology Center

Management's Discussion and Analysis (Unaudited)

June 30, 2016

The General Fund had a beginning fund balance of \$571,938 and an ending fund balance of \$874,012 at June 30, 2016.

### General Fund Budget

The presentation of the General Fund includes both the adult education and secondary level activity.

A schedule showing the Center's original and final budget amounts compared with amounts actually paid and received is provided on page 16. The Center does not prepare budgets for the adult education portion of its operation.

The Center's actual revenues were \$348,013 more than the final budget, \$59,302 of which occurred within the "Local sources" revenue line item. This budget variance is attributable to the Center not budgeting for adult education. Actual revenues within the "State sources" revenue line item were \$277,060 more than budgeted as the Center does not budget for the vocational education subsidy it remits over its member Districts. The Center applies for certain state and federal grants each year. Certain grants may not be anticipated during the budget process thus causing variances in these lines.

The Center's actual expenditures for the year ended June 30, 2016 were \$598,222 more than was anticipated in the final budget. This negative budget variance is attributable to the Center not budgeting for debt service.

Function	General Fund Expenditure Comparison			
	2015-16	2014-15	Variance	Change
Vocational education	\$ 1,583,095	\$ 1,432,469	\$ 150,626	10.5 %
Adult education	1,021,733	1,160,529	(138,796)	(12.0) %
Instructional staff	242,976	227,398	15,578	6.9 %
Administration	299,993	368,284	(68,291)	(18.5) %
Business	114,802	102,822	11,980	11.7 %
Operation and maintenance	507,676	510,252	(2,576)	(0.5) %

Function	General Fund Revenue Comparison			
	2015-16	2014-15	Variance	Change
Local sources	\$ 3,950,446	\$ 3,789,468	\$ 160,978	4.2 %
State sources	889,541	825,458	64,083	7.8 %
Federal sources	128,803	160,704	(31,901)	(19.9) %

## **Clearfield County Career and Technology Center**

Management's Discussion and Analysis (Unaudited)

June 30, 2016

### **Capital Assets**

At June 30, 2016, the Center had \$8,818,283 invested in a broad range of capital assets, including, buildings, furniture and equipment.

#### **Governmental Activities Capital Assets - Net of Depreciation**

Land, building & improvements	\$ 12,132,786
Furniture & equipment	<u>1,715,625</u>
Total	13,848,411
Accumulated depreciation	<u>(5,030,128)</u>
Capital assets, net	<u><u>\$ 8,818,283</u></u>

### **Long-Term Liabilities**

At June 30, 2016, the Center's long-term debt was \$12,167,385. This includes compensated absences of \$68,128, revenue bonds of \$5,935,000, net pension liability of \$6,239,000 and unamortized bond discount of \$(74,743).

### **Requests for Information**

Questions concerning any of the information in this report or requests for additional information should be addressed to the Business Manager at the administration offices.

**Clearfield County Career & Technology Center**

## Statement of Net Deficit

June 30, 2016

**Assets and Deferred Outflows of Resources****Current Assets**

Cash and cash equivalents	\$ 989,757
Due from other governments	93,835
Other receivables	<u>51,041</u>
Total current assets	<u>1,134,633</u>

**Noncurrent Assets**

Land, buildings and improvements	12,132,786
Equipment and other capital assets	1,715,625
Accumulated depreciation	<u>(5,030,128)</u>
Total noncurrent assets	<u>8,818,283</u>

Total assets	9,952,916
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**Deferred Outflows of Resources**

Pension	<u>458,299</u>
Total	<u>\$ 10,411,215</u>

**Liabilities, Deferred Inflows of Resources and Net Deficit****Liabilities**

## Current liabilities:

Current maturities of long-term debt	\$ 517,526
Accounts payable	125,934
Due to other governments	134,687
Accrued interest	<u>51,445</u>

Total current liabilities	<u>829,592</u>
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## Noncurrent liabilities:

Long-term debt, net of current portion	5,342,731
Net pension liability	6,239,000
Compensated absences	<u>68,128</u>

Total noncurrent liabilities	<u>11,649,859</u>
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Total liabilities	<u>12,479,451</u>
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**Deferred Inflows of Resources**

Pension	<u>89,000</u>
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**Net Deficit**

Net investment in capital assets	2,906,581
Net deficit, unrestricted	<u>(5,063,817)</u>

Total net deficit	<u>(2,157,236)</u>
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Total	<u>\$ 10,411,215</u>
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See notes to financial statements

# Clearfield County Career and Technology Center

## Statement of Activities

Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ (2,686,055)	\$ 701,545	\$ 387,758	\$ (1,596,752)
Instructional student support	(302,901)	-	42,853	(260,048)
Administrative and financial support services	(425,283)	-	59,220	(366,063)
Operation and maintenance of plant services	(547,867)	-	72,482	(475,385)
Pupil transportation	(966)	-	-	(966)
Interest on long-term debt	(185,968)	-	-	(185,968)
Depreciation, unallocated	(319,500)	-	-	(319,500)
Total governmental activities	<u>\$ (4,468,540)</u>	<u>\$ 701,545</u>	<u>\$ 562,313</u>	<u>(3,204,682)</u>

### General revenues:

Grants, subsidies, and contributions	456,031
Unrestricted investment earnings	1,563
Receipts - member districts	<u>3,247,338</u>
Total general revenues	<u>3,704,932</u>
Increase in net position	500,250
Net deficit, beginning	<u>(2,657,486)</u>
Net deficit, ending	<u>\$ (2,157,236)</u>

See notes to financial statements

## Clearfield County Career and Technology Center

### Balance Sheet - Governmental Fund

June 30, 2016

#### Assets

Cash and cash equivalents	\$	989,757
Due from other governments		93,835
Other receivables		<u>51,041</u>
Total assets	\$	<u><u>1,134,633</u></u>

#### Liabilities and Fund Balance

##### Liabilities:

Accounts payable	\$	125,934
Due to other governments		<u>134,687</u>

Total liabilities 260,621

##### Fund balance,

Unassigned		<u>874,012</u>
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Total liabilities and fund balance \$ 1,134,633

See notes to financial statements



## Clearfield County Career and Technology Center

### Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Deficit

June 30, 2016

<b>Total Fund Balance - Governmental Funds</b>	<b>\$</b>	<b>874,012</b>
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Amounts reported for governmental activities  
in the statement of net deficit are different because:

Capital assets used in governmental activities of \$13,848,411 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$5,030,128.	8,818,283
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Deferred outflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net deficit.	458,299
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Deferred inflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net deficit.	(89,000)
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Long-term liabilities, including bonds payable,  
are not due and payable in the current period,  
and therefore are not reported as liabilities in  
the governmental funds. Long-term liabilities  
at year end consist of:

Bonds payable	(5,860,257)	
Accrued interest on bonds	(51,445)	
Net pension liability	(6,239,000)	
Compensated absences	(68,128)	(12,218,830)

<b>Total Net Deficit - Governmental Activities</b>	<b>\$</b>	<b><u>(2,157,236)</u></b>
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**Clearfield County Career and Technology Center****Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund**  
**Year Ended June 30, 2016****Revenues**

Local sources	\$ 3,950,446
State sources	889,541
Federal sources	<u>128,803</u>
Total revenues	<u>4,968,790</u>

**Expenditures**

Instruction	2,721,980
Support services	1,224,949
Capital outlay, facilities acquisitions construction, and improvement services	28,318
Debt service, principal and interest	<u>691,469</u>
Total expenditures	<u>4,666,716</u>

Net change in fund balance	302,074
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Fund Balance, Beginning	<u>571,938</u>
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Fund Balance, Ending	<u><u>\$ 874,012</u></u>
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*See notes to financial statements*

## Clearfield County Career and Technology Center

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Change in Fund Balance to the Statement of Activities  
Year Ended June 30, 2016

**Total Net Change in Fund Balance - Governmental Fund** \$ 302,074

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The capital outlays were \$115,855 and depreciation was \$319,500 in the current period. (203,645)

In the statement of activities, certain operating expenses - compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (11,568)

The issuance of long term debt (bond) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. This transaction, however, does not have an effect on net position. Also, governmental funds report the effect of premiums, discounts, and other similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended June 30, 2016 are as follows,

Scheduled principal payments on long-term debt 502,526

Net pension liability is considered long-term in nature, and is not reported as a liability within the funds. Such a liability is, however, reported within the statement of net deficit, and changes in the liability are reflected within the statement of net deficit. This represents the change in pension liability and the deferred outflows and inflows related to the pension. (92,112)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The net additional interest accrued in the statement of activities over the amount due is shown here. 2,975

**Change in Net Position of Governmental Activities** \$ 500,250

**Clearfield County Career and Technology Center****Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -**

General Fund

Year Ended June 30, 2016

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
Local sources	\$ 2,786,535	\$ 3,891,144	\$ 3,950,446	\$ 59,302
State sources	612,481	612,481	889,541	277,060
Federal sources	117,152	117,152	128,803	11,651
Total revenues	<u>3,516,168</u>	<u>4,620,777</u>	<u>4,968,790</u>	<u>348,013</u>
<b>Expenditures</b>				
Instruction:				
Regular programs	-	117,152	117,152	-
Vocational education programs	1,567,458	1,567,458	1,583,095	(15,637)
Adult education programs	-	1,104,609	1,021,733	82,876
Total instruction	<u>1,567,458</u>	<u>2,789,219</u>	<u>2,721,980</u>	<u>67,239</u>
Support services:				
Pupil personnel	83,595	83,595	57,749	25,846
Instructional staff	269,666	269,666	242,976	26,690
Administration	401,816	284,664	299,993	(15,329)
Pupil health	800	800	787	13
Business	117,048	117,048	114,802	2,246
Operation and maintenance of plant services	492,152	492,152	507,676	(15,524)
Student transportation services	750	750	966	(216)
Total support services	<u>1,365,827</u>	<u>1,248,675</u>	<u>1,224,949</u>	<u>23,726</u>
Noninstructional services,				
Student activities	<u>6,600</u>	<u>6,600</u>	<u>-</u>	<u>6,600</u>
Facilities acquisition, construction and improvement services	<u>24,000</u>	<u>24,000</u>	<u>28,318</u>	<u>(4,318)</u>
Debt service	<u>-</u>	<u>-</u>	<u>691,469</u>	<u>(691,469)</u>
Total expenditures	<u>2,963,885</u>	<u>4,068,494</u>	<u>4,666,716</u>	<u>(598,222)</u>
Net changes in fund balance	<u>\$ 552,283</u>	<u>\$ 552,283</u>	<u>302,074</u>	<u>\$ (250,209)</u>
<b>Fund Balance, Beginning</b>			<u>571,938</u>	
<b>Fund Balance, Ending</b>			<u>\$ 874,012</u>	

See notes to financial statements

**Clearfield County Career and Technology Center**

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Statement of Net Position - Fiduciary Fund - Agency

June 30, 2016

**Assets**

Cash and cash equivalents	<u>\$ 36,602</u>
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**Liabilities**

Due to others	<u>\$ 36,602</u>
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*See notes to financial statements*

## **Clearfield County Career and Technology Center**

### **Notes to Financial Statements**

June 30, 2016

#### **1. Nature of Operations and Summary of Significant Accounting Policies**

The major accounting principles and practices followed by the Clearfield County Career and Technology Center (the "Center") are summarized below:

##### **Nature of Operations**

The Center was created for the purpose of offering vocational and technical training programs for the benefit of secondary school pupils and post-secondary adults in the Clearfield County attendance area. The Center is a joint venture of its six member school districts (collectively, the "participating districts").

##### **Reporting Entity**

Pursuant to Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity* ("GASB 14") (as amended by GASB 39 and 61), the Center meets the definition of a joint venture, in that: it is a legal entity resulting from a contractual agreement; it is governed by two or more participants (i.e., the participating districts) as a specific activity subject to joint control, and; the participating districts retain an ongoing financial interest in and responsibility for the Center. As such, the Center does not meet the criteria in GASB 14 for inclusion within the reporting entity of any of its participating districts. Further, as the Center is financially accountable for no other entities, these financial statements do not include any component units pursuant to GASB Nos. 14, 39, and 61.

##### **Basis of Presentation - Government-Wide Financial Statements**

The government-wide financial statements include the statement of net deficit and the statement of activities. These financial statements report financial information for the Center as a whole, excluding fiduciary activities, on a full accrual, economic resource basis. The Center's General Fund is classified as governmental activities.

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the Center's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

##### **Basis of Presentation - Fund Financial Statements**

The accounts of the Center are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures/expenses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent.

## **Clearfield County Career and Technology Center**

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Notes to Financial Statements

June 30, 2016

The Center uses the following fund types:

### **Governmental Fund Types**

Governmental funds are those through which most governmental functions of the Center are financed. The acquisition, use and balances of the Center's expendable financial resources and the related liabilities are accounted for through governmental funds. The following is a description of the governmental funds of the Center:

#### **General Fund**

The General Fund accounts for the general operations of the Center and all financial transactions not accounted for in another fund. The General Fund is reported as a major fund.

#### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the Center in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to business-type activities.

Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

#### **Agency Funds**

Agency Funds are used to account for assets held by the Center as an agent for individuals, private organizations, other governmental units and/or other funds. The Agency Fund includes the student activity accounts.

### **Measurement Focus**

#### **Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Center are included on the statement of net deficit. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the Center's total net position.

#### **Fund Financial Statements**

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

## **Clearfield County Career and Technology Center**

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### **Notes to Financial Statements**

June 30, 2016

#### **Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### **Accrual Basis**

Government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Grant revenue is recognized when grantor eligibility requirements are met.

#### **Modified Accrual Basis**

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund revenues. Expenditures, other than compensated absences and claims and judgments, are recorded when the related fund liability is incurred. Compensated absences and claims and judgments are recorded as fund liabilities when due and unpaid.

#### **Budgets and Budgetary Accounting**

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. Approval of each budget requires an affirmative vote of two-thirds of the participating districts and a majority vote of all school directors.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval of the Board, budgetary transfers can be made. All budgeted appropriations lapse at the end of each fiscal year. The budgeted financial statements represented in this report are prepared using the same basis of accounting used to reflect actual revenues and expenditures recognized on the basis of accounting principles generally accepted in the United States of America, and reflect the final budget authorization, including all amendments and budgetary transfers.

#### **Cash Equivalents**

Cash consists of the Center's deposits with financial institutions, carried at cost. The Center considers all investments purchased with an original maturity of three months or less to be cash equivalents.



## Clearfield County Career and Technology Center

Notes to Financial Statements

June 30, 2016

### Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are reported at their fair value at date of receipt. The Center maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets except land and construction in progress are depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Governmental Activities</u>	
Land improvements	20 years
Buildings and improvements	20 - 45 years
Furniture and equipment	5 - 20 years

The Center does not have any infrastructure capital assets.

### Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the Center and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Center and its employees are accounted for in the period in which such services are rendered or such events take place.

### Revenues from Districts

The member school districts are responsible for the operating budget based upon the October 1 enrollment. A policy relating to the monthly invoicing has been adopted by the board.

## **Clearfield County Career and Technology Center**

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### **Notes to Financial Statements**

June 30, 2016

#### **Pension**

The Center provides eligible employees with retirement benefits through the Public School Employer's Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343.

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

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **New Accounting Principles**

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 objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The guidance is retrospective, and the adoption of this standard did not have a significant impact on the Center's financial position or results of operations.

In June of 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to clarify the applicability and use of authoritative and nonauthoritative sources of accounting and financial reporting for the preparation of state and local government financial statements. The adoption of this guidance did not have any impact on the Center's financial position or results of operations.

The District adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Statement No. 79, permits qualifying external investment pools to measure pool investments, which function similarly to private sector money market funds, at amortized cost. The statement also establishes additional disclosure requirements, which includes information about any limitations or restrictions on participant withdrawals, for both the pool and its participants. The Center implemented the accounting and reporting requirements of GASB No. 79 as of July 1, 2015. This implementation did not materially change the Center's accounting and reporting policies.

## Clearfield County Career and Technology Center

Notes to Financial Statements  
June 30, 2016

### 2. Cash and Cash Equivalents

The Center's investment policy requires monies to be invested in U.S. Treasury bills, time accounts or share accounts of institutions insured by the FDIC or FSLIC to the extent such certificates are insured by a proper bond in accordance with law and Board policy. At June 30, 2016, the Center's cash and cash equivalents include deposits with local financial institutions and the Pennsylvania Local Government Investment Trust ("PLGIT").

Custodial credit risk is the risk that, in the event of a bank failure, the Center's deposits may not be returned. The Center does not have a deposit policy for custodial credit risk. At June 30, 2016, \$83,977 of the Center's bank deposits were exposed to custodial credit risk as these deposits were not covered by depository insurance but were collateralized with securities held by the pledging financial institution, but not in the Center's name.

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. PLGIT functions similar to a money market fund, seeking to maintain a net asset value of \$1 per share. Participants purchase "shares" in PLGIT, which invests the proceeds in: obligations of the United States Government, its agencies or instrumentalities; obligations of the Commonwealth of Pennsylvania, its agencies, instrumentalities or political subdivisions; and deposits in savings accounts, 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. This external investment pool measures, for financial reporting purposes, all of its investments at amortized cost. There are no redemption notice periods, maximum transaction amounts, liquidity fees or redemption gates. Shares may be withdrawn at any time. PLGIT/PLGIT PLUS have received an "AAAm" rating from Standard & Poor's, an independent credit rating agency. At June 30, 2016, the carrying amount and bank balance of the Center's deposits with PLGIT was \$936,882.

### 3. Due from/to Other Governments

The amount reported in the General Fund at June 30, 2016 as due from/to other governments is summarized below:

Due from other governments, State source revenues	<u>\$ 93,835</u>
Due to other governments, Local source revenues	<u>\$ 134,687</u>

## Clearfield County Career and Technology Center

### Notes to Financial Statements

June 30, 2016

#### 4. Capital Assets

The change in the Center's capital assets in 2016 is summarized as follows:

	<u>Balance July 1, 2015</u>	<u>Acquisitions</u>	<u>Dispositions/ Transfers</u>	<u>Balance June 30, 2016</u>
Governmental activities:				
Capital assets, not being depreciated,				
Land	\$ 144,700	\$ -	\$ -	\$ 144,700
Capital assets being depreciated:				
Land improvements	162,110	-	-	162,110
Buildings and improvements	11,825,976	-	-	11,825,976
Furniture and equipment	1,599,770	115,855	-	1,715,625
Total capital assets being depreciated	13,587,856	115,855	-	13,703,711
Accumulated depreciation:				
Land improvements	(119,465)	(3,606)	-	(123,071)
Buildings and improvements	(3,230,050)	(234,964)	-	(3,465,014)
Furniture and equipment	(1,361,113)	(80,930)	-	(1,442,043)
Total accumulated depreciation	(4,710,628)	(319,500)	-	(5,030,128)
Governmental activities capital assets, net	\$ 9,021,928	\$ (203,645)	\$ -	\$ 8,818,283

#### 5. Line of Credit

The Center has an unsecured \$100,000 line of credit with interest due monthly at the prime rate, which was 3.5% at June 30, 2016. There were no borrowings at June 30, 2016.

## Clearfield County Career and Technology Center

Notes to Financial Statements

June 30, 2016

### 6. Long-Term Debt

The changes in long-term debt for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Current Portion
Bond Series of 2011	\$ 6,445,000	\$ -	\$ (510,000)	\$ 5,935,000	\$ 525,000
Bond discount	(82,217)	-	7,474	(74,743)	(7,474)
Total long-term debt	<u>\$ 6,362,783</u>	<u>\$ -</u>	<u>\$ (502,526)</u>	<u>\$ 5,860,257</u>	<u>\$ 517,526</u>

Long-term debt at June 30, 2016 consists of the following:

\$7,790,000 Revenue Bonds, Series of 2011, due in varying annual installments from September 2012 through September 2025, interest rates of .7% to 3.7%	\$ 5,935,000
Unamortized bond discount	(74,743)
Total	5,860,257
Current portion	(517,526)
Long-term debt	<u>\$ 5,342,731</u>

#### Year Ending June 30:

	Principal	Interest	Total
2017	\$ 517,526	\$ 171,132	\$ 688,658
2018	522,526	159,920	682,446
2019	537,526	147,418	684,944
2020	552,526	133,456	685,982
2021	572,526	117,338	689,864
2022 - 2026	3,157,627	288,505	3,446,132
Total	<u>\$ 5,860,257</u>	<u>\$ 1,017,769</u>	<u>\$ 6,878,026</u>

## **Clearfield County Career and Technology Center**

### **Notes to Financial Statements**

June 30, 2016

#### **7. Retirement Plan**

##### **Plan Description**

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

##### **Benefits Provided**

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E") and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied times the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

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

## **Clearfield County Career and Technology Center**

### **Notes to Financial Statements**

June 30, 2016

#### **Contributions**

Active members who joined PSERS prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS 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 7.5% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS after June 30, 2001 and before July 1, 2011, contribute at 7.5% (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 PSERS after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

#### **Employer Contributions**

The Center's contractually required contribution rate for the fiscal year ended June 30, 2016 was 25% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the Center were \$458,299 for the year ended June 30, 2016.

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2016, the Center reported a liability of \$6,239,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2014 to June 30, 2015. The Center's proportion of the PSERS 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, 2015, the Center's proportion was .0144%, which was unchanged from its proportion measured as of June 30, 2014.

## Clearfield County Career and Technology Center

### Notes to Financial Statements

June 30, 2016

For the year ended June 30, 2016, the Center recognized pension expense of \$527,000. At June 30, 2016, the Center 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
Differences between expected an actual experience	\$ -	\$ 26,000
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	13,000
Changes in proportion and differences between Center contributions and proportionate share of contributions	-	50,000
Center contributions subsequent to the measurement date	458,299	-
Total	\$ 458,299	\$ 89,000

\$458,299 reported as deferred outflows of resources related to pensions resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Years ending June 30:	
2017	\$ (51,000)
2018	(51,000)
2019	(51,000)
2020	64,000
Total	\$ (89,000)



## Clearfield County Career and Technology Center

Notes to Financial Statements

June 30, 2016

### Actuarial Assumptions

The total pension liability as of June 30, 2015 was determined by rolling forward the Center's total pension liability as of the June 30, 2014 actuarial valuation to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 7.50%, includes inflation at 3.00%
- Salary increases - Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females.

The actuarial assumptions used in the June 30, 2014 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the PSERS Board at its March 11, 2011 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 pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public markets global equity	22.5 %	4.8 %
Private markets (equity)	15.0	6.6
Private real estate	12.0	4.5
Global fixed income	7.5	2.4
U.S. long treasuries	3.0	1.4
TIPS	12.0	1.1
High yield bonds	6.0	3.3
Cash	3.0	0.7
Absolute return	10.0	4.9
Risk parity	10.0	3.7
MLPs/Infrastructure	5.0	5.2
Commodities	8.0	3.1
Financing (LIBOR)	(14.0)	1.1
	<u>100.00 %</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2015.

## Clearfield County Career and Technology Center

### Notes to Financial Statements

June 30, 2016

#### Discount Rate

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

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

The following presents the Center's proportionate share of the net pension liability, calculated using the discount rate of 7.50%, as well as what the Center'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%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Center's proportionate share of the net pension liability	\$ 7,688,000	\$ 6,239,000	\$ 5,018,000

#### 8. Pending Changes in Accounting Principles

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. To the extent applicable, the Center is required to adopt Statement No. 74 for its fiscal 2017 financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. To the extent applicable, the Center is required to adopt Statement No. 75 for its fiscal 2018 financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. To the extent applicable, the Center is required to adopt Statement No. 75 for its fiscal 2017 financial statements.

## Clearfield County Career and Technology Center

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Notes to Financial Statements

June 30, 2016

In December 2015, the GASB issued Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have specific characteristics. To the extent applicable, the Center is required to adopt Statement No. 78 for its 2017 fiscal year financial statements.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*. Statement No. 80 amends the blending requirements related to not-for-profit corporations for which the primary government is the sole corporate member. To the extent applicable, the Center is required to adopt Statement No. 80 for its 2017 fiscal year financial statements.

Center management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the financial reporting process.

**Clearfield County Career and Technology Center****Schedule of the Center's Proportionate Share of the Net Pension Liability**

Year Ended June 30, 2016

(Unaudited)

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Center's proportion of the net pension liability	0.0144%	0.0144%	0.0146%
Center's proportionate share of the net pension liability	\$ 6,239,000	\$ 5,700,000	\$ 5,977,000
Center's covered-employee payroll	1,862,222	1,841,633	1,882,166
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.85%	32.31%	31.49%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%

Note: Data is not available for years prior to June 30, 2014

**Clearfield County Career and Technology Center**

Schedule of Center's Contributions  
Year Ended June 30, 2016  
(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 458,299	\$ 395,411	\$ 311,789	\$ 232,784	\$ 157,569	\$ 115,525	\$ 97,036	\$ 90,400	\$ 132,971	\$ 109,837
Contributions in relation to the contractually required contribution	(458,299)	(395,411)	(311,789)	(232,784)	(157,569)	(115,525)	(97,036)	(90,400)	(132,971)	(109,837)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Center's covered-employee payroll	1,773,605	1,862,222	1,841,833	1,882,166	1,893,579	2,048,320	2,039,649	2,009,040	1,870,799	1,773,455
Contributions as a percentage of covered-employee payroll	25.84%	21.23%	16.93%	12.37%	8.32%	5.64%	4.76%	4.50%	7.11%	6.19%

# **Clearfield County Career and Technology Center**

## Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund

Year Ended June 30, 2016

(Unaudited)

	Maintenance	Practical Nursing	Adult Ed/ TDT	Other Grants	Debt Service	Total
<b>Revenues</b>						
Local sources	\$ 2,555,869	\$ 619,700	\$ 396,442	\$ -	\$ 691,469	\$ 4,263,480
Interest income allocated	117	905	541	-	-	1,563
State sources	64,745	86,825	54,609	-	-	206,179
Social security and retirement subsidy	214,765	96,360	57,640	-	-	368,765
Federal sources	-	-	-	128,803	-	128,803
Total revenues	2,835,496	803,790	509,232	128,803	691,469	4,968,790
<b>Expenditures</b>						
Salaries	1,288,695	299,404	179,095	65,373	-	1,832,567
Benefits	801,107	187,251	82,637	42,019	-	1,113,014
Purchased professional services	71,770	35,197	8,958	-	-	115,925
Purchased property services	66,385	4,470	27,900	-	-	98,755
Other purchased services	69,072	14,559	31,526	-	-	115,157
Supplies	325,599	71,187	51,492	18,904	-	467,182
Equipment maintenance and replacement	208,849	962	3,500	2,507	-	215,818
Other	4,019	4,957	7,853	-	-	16,829
Debt service	-	-	-	-	691,469	691,469
Total expenditures	2,835,496	617,987	392,961	128,803	691,469	4,668,716
Changes in fund balances	-	185,803	116,271	-	-	302,074
<b>Fund Balances, Beginning</b>	-	517,588	54,350	-	-	571,938
<b>Fund Balances, Ending</b>	\$ -	\$ 703,391	\$ 170,621	\$ -	\$ -	\$ 874,012

**Clearfield County Career and Technology Center**

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

<b>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Total Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of General Services</b>				
Passed through the Pennsylvania Department of General Services, Federal Surplus Property Personal Property Funds	39.003	246087	\$ 11,651	\$ -
<b>U.S. Department of Education</b>				
<b>Student Financial Assistance Cluster</b>				
Federal Direct Student Loans	84.268	N/A	509,925	-
Federal Pell Grant Program	84.063	N/A	229,999	-
Total student financial assistance cluster			739,924	-
Passed through the Pennsylvania Department of Education, Vocational Education	84.048	380-160011	117,152	-
Total expenditures of federal awards			\$ 868,727	\$ -

See notes to schedule of expenditures of federal awards

## **Clearfield County Career and Technology Center**

### **Notes to Schedule of Expenditures of Federal Awards**

Year Ended June 30, 2016

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#### **1. Basis of Accounting**

The accompanying schedule of expenditures of federal awards (the "Schedule") presents the expenditures of all federal award programs of Clearfield County Career and Technology Center (the "Center") using the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a select portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Center.

#### **2. Relationship to Basic Financial Statements**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **3. Student Financial Assistance Loan Programs**

The total loans granted under Federal Direct Student Loans, which were not made by the Center but were received by its students, were approximately \$510,000 for the year ended June 30, 2016.

#### **4. Major Programs**

The amount expended under major programs totaled approximately \$740,000, which is over 85% of total expenditures of federal awards for the year ended June 30, 2016. Federal awards expenditures for purposes of this calculation includes loans administered under the Federal Direct Student Loan Program during the year ended June 30, 2016.

#### **5. Indirect Cost Rate**

The Center has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.





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

Board of Directors  
Clearfield County Career and Technology Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clearfield County Career and Technology Center, (the "Center") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated November 15, 2016.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Baker Tilly Viechow Krause, LLP*

State College, Pennsylvania  
November 15, 2016



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## **Independent Auditors' Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors  
Clearfield County Career and Technology Center

### **Report on Compliance for the Major Federal Program**

We have audited Clearfield County Career and Technology Center's (the "Center") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2016. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Center's compliance.

## Opinion of the Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

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

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

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

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

*Baker Tilly Virchow Krause, LLP*

State College, Pennsylvania  
November 15, 2016

## Clearfield County Career and Technology Center

### Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

#### Section I - Summary of Auditors' Results

##### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?            yes          x         no
- Significant deficiency(ies) identified?            yes                 x         none reported

Noncompliance material to financial statements noted?            yes                 x         no

##### Federal Awards

Internal control over major program:

- Material weakness(es) identified?            yes                 x         no
- Significant deficiency(ies) identified?            yes                        x         none reported

Type of auditors' report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance?            yes                 x         no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
84.268	Student Financial Assistance Cluster:
84.063	Federal Direct Student Loans
	Federal Pell Grant Program

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

Auditee qualified as low-risk auditee?          x         yes            no

**Clearfield County Career and Technology Center**

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Schedule of Findings and Questioned Costs

Year Ended June 30, 2016

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.