DAC Bond®

NEW ISSUE – Book Entry Only

Ratings: S&P "A" Stable Outlook (Underlying Rating)
"A+" Stable Outlook (Intercept Program Rating)
"AA" Insured Bond Rating (Insured Rating)
(See "RATINGS" herein)

In the opinion of Stevens & Lee, P.C., Reading, Pennsylvania, Bond Counsel, assuming continuing compliance by the Authority and the School District with certain covenants to comply with provisions of the Internal Revenue Code of 1986, as amended (the "Code") and any applicable regulations thereunder, interest on the 2014B-2 Bonds is not includable in gross income under Section 103(a) of the Code and interest on the 2014B-2 Bonds is not an item of tax preference for purposes of the federal individual and corporate alternative minimum taxes. See "Tax Matters" in this Official Statement. Other provisions of the Code may affect purchasers and holders of the 2014B-2 Bonds. See "Tax Exemption and Certain Other Tax Matters" herein for a brief description of these provisions. Interest on the 2014A Bonds and 2014B-1 Bonds is included in the gross income of the owners of the 2014A Bonds and the 2014B-1 Bonds for federal income tax purposes. See "Tax Exemption and Certain other Tax Matters" herein. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds shall be subject to State and local taxation within the Commonwealth of Pennsylvania.

$51,515,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
School Revenue Bonds (The School District of the City of Harrisburg Project)
$23,880,000 Federally Taxable Series A of 2014
$6,740,000 Federally Taxable Series B-1 of 2014
$20,895,000 Series B-2 of 2014

DATED: Date of Delivery
PRINCIPAL DUE: December 1 as shown on inside front cover

INTEREST PAYABLE: June 1 and December 1
FIRST INTEREST PAYMENT: December 1, 2014

The Federally Taxable School Revenue Bonds (The School District of the City of Harrisburg Project) Series A of 2014, in the principal amount of $23,880,000 (the "2014A Bonds"), the Federally Taxable School Revenue Bonds (The School District of the City of Harrisburg Project) Series B-1 of 2014, in the principal amount of $6,740,000 (the "2014B-1 Bonds"), and the School Revenue Bonds (The School District of the City of Harrisburg Project) Series B-2 of 2014, in the principal amount of $20,895,000 (the "2014B-2 Bonds," and together with the 2014B-1 Bonds, the "2014B Bonds," and together with the 2014A Bonds, the "Bonds") will be issued in fully registered form without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial ownership interests in the Bonds will be made in book-entry form only in denominations of $5,000 or integral multiples thereof, and Beneficial Owners will not receive certificates representing their interests in the Bonds. While Cede & Co. is the registered owner, references herein to registered owners of the Bonds shall mean Cede & Co. and not the Beneficial Owners, and Manufacturers and Traders Trust Company, as trustee for the Bonds, will pay principal of and interest on the Bonds to DTC, which will remit such principal and interest to its participants (as defined herein), which will in turn remit such principal and interest to the Beneficial Owners of the Bonds, as more fully described herein. See "THE BONDS – Book-Entry Only System" herein.

The 2014A Bonds will be issued under a Second Supplemental Trust Indenture dated as of June 15, 2014, amending and supplementing that certain Trust Indenture dated as of May 1, 2009, as previously amended and supplemented (collectively, the "2014A Indenture"), by and between the State Public School Building Authority (the "Authority") and Manufacturers and Traders Trust Company, as trustee (the "2014A Trustee") and will be equally and ratably secured under the 2014A Indenture by an assignment and pledge by the Authority to the 2014A Trustee of payments to be made to the Authority by the School District of the City of Harrisburg, Dauphin County, Pennsylvania (the "School District") pursuant to the provisions of a Third Amendment to Sublease Agreement dated as of June 15, 2014, amending and supplementing that certain Sublease Agreement dated as of May 1, 2009, as previously amended and supplemented (collectively, the "Sublease").

The 2014B Bonds will be issued under a Trust Indenture dated as of June 15, 2014 (the "2014B Indenture") between the Authority and Manufacturers and Traders Trust Company, as trustee (the "2014B Trustee," and together with the 2014A Trustee, the "Trustee") and will be equally and ratably secured under the 2014B Indenture by an assignment and pledge by the Authority to the Trustee of payments to be made to the Authority by the School District pursuant to the provisions of a Loan Agreement dated as of June 15, 2014 (the "Loan Agreement"). The School District will deliver its General Obligation Bonds to the Authority evidencing its obligations under the Loan Agreement with respect to the 2014B Bonds.

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

The Bonds are special limited obligations of the Authority. Neither the principal or redemption price of the Bonds, nor the interest accruing thereon, shall constitute a general indebtedness of the Authority or an indebtedness of the Commonwealth of Pennsylvania (the "Commonwealth") or any political subdivision thereof (except the School District's obligations under the Sublease, the Loan Agreement and the General Obligation Bonds) within the meaning of any constitutional or statutory provision whatsoever; constitute a charge against the general credit of the Authority or the general credit or taxing power of the Commonwealth or any political subdivision thereof (except the School District's obligations under the Sublease, the Loan Agreement and the General Obligation Bonds); or be deemed to be a general obligation of the Authority or an obligation of the Commonwealth or any political subdivision thereof (except the School District's obligations under the Sublease, the Loan Agreement and the General Obligation Bonds) thereof. The Authority has no taxing power.

Payments of debt service on the 2014A Bonds and 2014B-1 Bonds are *not* eligible for exception from the provisions of Act 1, as amended. For a discussion on recent legislation affecting the taxing powers of the School District and its applicability to the Bonds, see "The Taxpayer Relief Act (Act 1), as Amended – The Bonds" herein.

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

BAM
BUILD AMERICA MUTUAL

MATURITIES, AMOUNTS, RATES AND PRICES
See Inside Front Cover

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.

The Bonds are offered, subject to prior sale and withdrawal of such offer without notice, when, as and if issued by the Authority and received by the Underwriter, and subject to approval of legality of the Bonds by Stevens & Lee, P.C., Reading, Pennsylvania, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by Hartman Underhill & Brubaker, LLC, Lancaster, Pennsylvania, for the School District by Dilworth Paxson LLP, Harrisburg, Pennsylvania, and for the Underwriter by its counsel, McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania. Susquehanna Group Advisors, Inc., Harrisburg, Pennsylvania, will act as Financial Advisor to the School District in connection with the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about June 30, 2014.

PNC

The date of this Official Statement is June 11, 2014.

$51,515,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
School Revenue Bonds (The School District of the City of Harrisburg Project)
$23,880,000 Federally Taxable Series A of 2014
$6,740,000 Federally Taxable Series B-1 of 2014
$20,895,000 Series B-2 of 2014

Dated: Date of Delivery
Interest Due: June 1 and December 1

Principal Due: December 1, as shown below
First Interest Payment: December 1, 2014

MATURITY SCHEDULE – FEDERALLY TAXABLE 2014A BONDS

December 1	Amount	Rate	Price[1]	CUSIP[*] No.
2016	$175,000	1.273%	100.000	85732TGD8
2017	$4,820,000	1.965%	100.000	85732TGE6
2018	$8,575,000	2.406%	100.000	85732TGF3
2019	$8,765,000	2.836%	100.000	85732TGG1
2020	$1,545,000	3.284%	100.000	85732TGH9

MATURITY SCHEDULE – FEDERALLY TAXABLE 2014B-1 BONDS

December 1	Amount	Rate	Price[1]	CUSIP[*] No.
2017	$5,000	2.015%	100.000	85732TGJ5
2018	$5,000	2.436%	100.000	85732TGK2
2019	$5,000	2.886%	100.000	85732TGL0
2020	$150,000	3.314%	100.000	85732TGM8
2021	$400,000	3.614%	100.000	85732TGN6
2022	$3,030,000	3.829%	100.000	85732TGP1
2023	$3,145,000	4.079%	100.000	85732TGQ9

[1] Based upon expected settlement date of June 30, 2014

*The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority, the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refundings or defeasance of such issue or the use of secondary market financial products. None of the Authority, the School District or the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

MATURITY SCHEDULE – 2014B-2 BONDS

December 1	Amount	Rate	Price[1]	CUSIP* No.
2022	$215,000	3.000%	101.414	85732TGT3
2023	$215,000	3.000%	99.835	85732TGU0
2024	$4,240,000	5.000%	115.839	85732TGV8
2025	$4,445,000	5.000%	114.408[2]	85732TGW6
2026	$4,405,000	5.000%	113.466[2]	85732TGX4
2027	$3,330,000	5.000%	112.627[2]	85732TGY2
2028	$415,000	3.500%	97.450	85732TGZ9
2029	$425,000	3.625%	97.741	85732THA3
2030	$445,000	3.750%	98.191	85732THB1
2031	$455,000	3.875%	98.811	85732THC9
2032	$475,000	4.000%	99.481	85732THD7
2033	$495,000	4.000%	98.799	85732THE5
2034	$1,230,000	4.000%	98.487	85732THF2

$40,000 2.000% Term Bonds due December 1, 2016 Price: 103.133, Yield 0.700%; CUSIP 85732TGR7

$65,000 2.375% Term Bonds due December 1, 2021 Price: 99.023, Yield 2.520%; CUSIP 85732TGS5

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[1] Based upon expected settlement date of June 30, 2014

[2] Based on first optional redemption date of December 1, 2024

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

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

No quotations from or summaries or explanations of provisions of law and documents herein purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Authority, the School District and the purchasers or holders of any of the securities described herein. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly, so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page, the inside cover page, the list of officials, this page and the Appendices attached hereto are part of this Official Statement.

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

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH AND AS PART OF ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT ARE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1965. “FORWARD-LOOKING STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE USE OF FORWARD-LOOKING TERMS SUCH AS “PLAN”, “EXPECT”, “ESTIMATE”, “BUDGET, “WILL”, “SHOULD”, “BELIEVES” OR OTHER SIMILAR WORDS. SUCH FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, CERTAIN STATEMENTS CONTAINED IN APPENDIX D. THE SCHOOL DISTRICT BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS, AND THE ESTIMATES AND ASSUMPTIONS ON WHICH THEY ARE BASED, ARE REASONABLE. HOWEVER, ESTIMATES AND ASSUMPTIONS ARE INHERENTLY UNCERTAIN, AND NO ASSURANCE CAN BE GIVEN THAT THEY WILL PROVE TO BE CORRECT OR THAT EXPECTATIONS BASED UPON THEM WILL BE REALIZED. NEITHER THE SCHOOL DISTRICT, NOR THE UNDERWRITER, THEREFORE, CAN OR DOES WARRANT THAT THE RESULTS CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS WILL BE ACHIEVED, AND IT IS LIKELY THAT ACTUAL RESULTS WILL DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS.

ACCORDINGLY, UNDUE RELIANCE SHOULD NOT BE PLACED UPON SUCH FORWARD-LOOKING STATEMENTS.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED. IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS, THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN THE OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE, OR OTHER GOVERNMENTAL ENTITY WILL HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE BONDS FOR SALE.

STATE PUBLIC
SCHOOL BUILDING AUTHORITY
1035 MUMMA ROAD
WORMLEYSBURG, PA 17043

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Pittsburgh, Pennsylvania

UNDERWRITER'S COUNSEL
McNees Wallace & Nurick LLC
Harrisburg, Pennsylvania

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG

BOARD OF SCHOOL DIRECTORS

Jennifer Smallwood .... President
James Thompson .... Vice President
Monica Blackston-Bailey .... Member
LaTasha Frye. .... Member
Destini Hodges .... Member
Adara Jackson .... Member
Lola D. Lawson .... Member
Danielle Robinson .... Member
Patricia Whitehead-Myers .... Member

CENTRAL ADMINISTRATION

Dr. Sybil Knight-Burney .... Superintendent
Ms. Barbara Hasan .... Assistant to the Superintendent
Ms. Peggy Morningstar .... Chief Financial Officer / Board Treasurer
Mr. William Gretton .... Business Manager
Ms. Carol Kaufmann .... Board Secretary

SOLICITOR

Dilworth Paxson LLP
Harrisburg, Pennsylvania

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OFFICIAL STATEMENT

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(Commonwealth of Pennsylvania)
School Revenue Bonds (The School District of the City of Harrisburg Project)
$23,880,000 Federally Taxable Series A of 2014
$6,740,000 Federally Taxable Series B-1 of 2014
$20,895,000 Series B-2 of 2014

INTRODUCTION

This Official Statement, which includes the cover pages hereof and the Appendices hereto, provides certain information relating to the State Public School Building Authority (the "Authority"), the School District of the City of Harrisburg, Dauphin County, Pennsylvania (the "School District") and the Authority's $23,880,000 principal amount of Federally Taxable School Revenue Bonds (The School District of the City of Harrisburg Project) Series A of 2014 (the "2014A Bonds"), the Authority's $6,740,000 principal amount of Federally Taxable School Revenue Bonds (The School District of the City of Harrisburg Project) Series B-1 of 2014 (the "2014B-1 Bonds") and the Authority's $20,895,000 principal amount of School Revenue Bonds (The School District of the City of Harrisburg Project) Series B-2 of 2014 (the "2014B-2 Bonds" and together with the 2014B-1 Bonds, the "2014B Bonds," and together with the 2014A Bonds, the "Bonds").

The 2014A Bonds

The 2014A Bonds are being issued pursuant to the State Public School Building Authority Act, P.L. 1217 approved by the General Assembly of the Commonwealth of Pennsylvania on July 5, 1947, as supplemented and amended (the "Act"), a resolution duly adopted by the Authority on May 29, 2014 (the "Authority Resolution"), and a Second Supplemental Trust Indenture dated as of June 15, 2014 (the "Second Supplemental Indenture"), amending and supplementing that certain Trust Indenture dated as of May 1, 2009, as previously amended and supplemented (the "Original Indenture," as amended and supplemented by the Second Supplemental Indenture, the "2014A Indenture"), each between the Authority and Manufacturers and Traders Trust Company, as trustee (the "2014A Trustee") and will be equally and ratably secured under the 2014A Indenture with the 2009A Bonds and 2009C Bonds (as hereinafter defined).

Concurrently with the issuance of the 2014A Bonds: (i) the School District will enter into a Third Amendment to Lease dated as of June 15, 2014 (the "Third Amendment to Lease"), which amends and supplements that certain Lease Agreement dated as of May 1, 2009 (the "Original Lease"), as amended and supplemented by a First Amendment to Lease Agreement dated as of October 7, 2011 (the "First Amendment to Lease") and a Second Amendment to Lease Agreement dated as of November 15, 2013 (the "Second Amendment to Lease," and together with the Original Lease, First Amendment to Lease and the Third Amendment to Lease, the "Lease"), pursuant to which the School District leases certain real property and the school buildings, fixtures, improvements, furnishing and equipment situated thereon (the "Property") to the Authority, as lessee; and (ii) the Authority, as sublessor, and the School District, as sublessee, will enter into a Third Amendment to Sublease Agreement dated as of June 15, 2014 (the "Third Amendment to Sublease"), which amends and supplements that certain Sublease Agreement dated as of May 1, 2009 (the "Original Sublease"), as amended and supplemented by a First Amendment to Sublease Agreement dated as of October 7, 2011 (the "First Amendment to Sublease") and a Second Amendment to Sublease Agreement dated as of November 15, 2013 (the "Second Amendment to Sublease," and together with the Original Sublease, the First Amendment to Sublease, and the Third Amendment to Sublease, the "Sublease"), pursuant to which the Authority subleases the Property to the School District.

Proceeds of the 2014A Bonds will be paid by the Authority, to the School District, as a lump sum lease rental payment under the Lease, which lump sum rental payment will be applied by the School District to fund the current refunding of all of the Authority's outstanding School Revenue Bonds (The School District of the City of Harrisburg Project), Series of 2013 (the "Series 2013 Refunded Bonds") and to finance the costs of issuance of the 2014A Bonds. See "PURPOSE OF THE BONDS" herein. Pursuant to the Sublease, the School District will pay, or cause to be paid, lease rental payments to the Authority on June 1 and December 1 of each year, commencing December 1, 2014 to pay debt service on the 2014A Bonds.

The School District will use the lump sum lease rental payment it receives from the Authority under the Lease to (a) currently refund all of the Authority's outstanding Series 2013 Refunded Bonds; and (b) pay the costs of issuing the 2014A Bonds (the "2014A Project").

The School District has covenanted in the Sublease and in the resolutions adopted by the Board of School Directors of the School District on May 19, 2014 (the "School District Resolution"), authorizing among other things, the School District to enter into the Third Amendment to Sublease, that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the lease rental payments due under the Sublease for such year, and will duly and punctually pay or cause to be paid the lease rental payments on the dates and at the place and in the manner stated in the Sublease, which correspond to the payments due on the 2014A Bonds, and for such budgeting, appropriation and payment, the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an annual ad valorem tax on all taxable property within the School District within the limits provided by law (see "THE BONDS – Security and Source of Payment – The 2014A Bonds" herein and "TAXING POWERS OF THE SCHOOL DISTRICT" in Appendix A hereto).

The 2014A Intercept Agreement

The Authority will assign its rights in the Sublease (except for certain retained rights) to the 2014A Trustee. Pursuant to a Second Amended and Restated State Appropriation Intercept Agreement, dated as of June 15, 2014 (the "2014A Intercept Agreement"), among the Authority, the Treasurer of the Commonwealth of Pennsylvania (the "State Treasurer"), the Pennsylvania Department of Education of the Commonwealth (the "Department") and the School District, the School District has instructed the Department to withhold from the appropriations of the Commonwealth of Pennsylvania (the "Commonwealth") due to the School District on the last Thursdays of the months of April and October of each fiscal year of the School District, commencing in October 2014 (the "Appropriation Payment Dates"), amounts to pay the lease rental payments due from the School District under the Sublease on the next succeeding June 1 and December 1 (the "Scheduled Amounts"), commencing December 1, 2014, and to pay the same directly to the 2014A Trustee, as assignee of the Authority under the Sublease.

To the extent that the State Treasurer receives from the Department the appropriate voucher transmittal on or prior to the last Thursdays of the months of October and April of each fiscal year, the State Treasurer agrees to pay the Scheduled Amounts from any Commonwealth appropriations directly to the 2014A Trustee, as assignee of the Authority under the Sublease. In the event that the appropriation due to the School District in April or October of any year is less than the Scheduled Amounts due to the 2014A Trustee, the Department shall voucher any such deficiency from any appropriations due to the School District prior to such April or October, as applicable, to make up such deficiency and shall deliver a voucher transmittal for such amount directly to the State Treasurer prior to the applicable payment date, and the State Treasurer shall pay the Scheduled Amounts directly to the 2014A Trustee, as assignee of the Authority under the Sublease.

If on any Appropriation Payment Date, the 2014A Trustee receives less than the amount due on that Appropriation Payment Date from the State Treasurer, the 2014A Trustee shall immediately give notice of the deficiency to the School District, the Authority, the Department and the State Treasurer. The School District will transfer the amount of the deficiency, in immediately available funds, to the 2014A Trustee within two Business Days of receipt of notice of the deficiency from the 2014A Trustee. In the event that the School District fails to satisfy timely the deficiency in full as provided in the immediately preceding sentence, the 2014A Trustee shall immediately give notice of such failure, including the amount of the deficiency, to the Department, the State Treasurer, the Authority and the School District. Upon receipt of such notice from the 2014A Trustee, the Department shall voucher the unpaid amount from the next appropriation due to the School District, as provided in the 2014A Intercept Agreement. Notwithstanding the foregoing, the School District remains primarily liable to make rental payments under the Sublease.

The 2014B-1 Bonds and the 2014B-2 Bonds

The 2014B-1 Bonds and the 2014B-2 Bonds are being issued pursuant to the Act, the Authority Resolution and a Trust Indenture dated as of June 15, 2014 (the "2014B Indenture," and together with the 2014A Indenture, the "Indentures") between the Authority and Manufacturers and Traders Trust Company, as trustee (the "2014B Trustee," and together with the 2014A Trustee, the "Trustee").

The School District will use the proceeds of the 2014B-1 Bonds to (a) fund the termination payment associated with the cancellation of the RBC Swap, as defined herein, and (b) pay the costs of issuing and insuring the 2014B-1 Bonds (the "2014B-1 Project").

The School District will use the proceeds of the 2014B-2 Bonds to (a) currently refund a portion of the outstanding Amended and Restated Variable Rate School Revenue Bonds, Series D of 2009 (The School District of the City of Harrisburg Project) (the "2009D Bonds"), and (b) pay the costs of issuing and insuring the 2014B-2 Bonds (the "2014B-2 Project," and together with the 2014B-1 Project, the "2014B Project," and together with the 2014A Project, the "Project").

Pursuant to a Loan Agreement dated as of June 15, 2014 (the "Loan Agreement"), between the Authority and the School District, the Authority will lend the proceeds of the 2014B-1 Bonds and the 2014B-2 Bonds to the School District. Pursuant to the Loan Agreement, the School District will execute and deliver to the Authority its (i) General Obligation Bond, Series B-1 of 2014 in the aggregate principal amount of $6,740,000 (the "2014B-1 General Obligation Bond"), and (ii) General Obligation Bond, Series B-2 of 2014 in the aggregate principal amount of $20,895,000 (the "2014B-2 General Obligation Bond," and together with the 2014B-1 General Obligation Bond, the "General Obligation Bonds"), pursuant to which the School District will make payments to the Authority in the amounts and at the times set forth therein, which amounts will be sufficient for the payment by the Authority of the principal of and interest on the 2014B-1 Bonds and 2014B-2 Bonds, respectively.

The School District has covenanted in the General Obligation Bonds and in the School District Resolution, authorizing, among other things, the School District to enter into the Loan Agreement and the General Obligation Bonds, that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the loan payments due under the General Obligation Bonds for such year, and will duly and punctually pay or cause to be paid the loan payments on the dates and at the place and in the manner stated in the General Obligation Bonds, which correspond to the payments due on the 2014B Bonds, and for such budgeting, appropriation and payment, the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an annual ad valorem tax on all taxable property within the School District within the limits provided by law (see "THE BONDS – Security and Source of Payment – The 2014B Bonds" herein and "TAXING POWERS OF THE SCHOOL DISTRICT" in Appendix A hereto).

The 2014B Intercept Agreement

Pursuant to a State Appropriation Intercept Agreement, dated as of June 15, 2014 (the "2014B Intercept Agreement"), among the Authority, the State Treasurer, the Department and the School District, the School District has instructed the Department to withhold from the appropriations of the Commonwealth due to the School District on the last Thursdays of the months of October and April in each fiscal year of the School District, (the "2014B Appropriation Payment Dates"), commencing in October 2014, amounts to make the payments due from the School District under the Loan Agreement on the next succeeding June 1 and December 1 (the "2014B Scheduled Amounts"), commencing December 1, 2014, and to pay the same directly to the 2014B Trustee, as assignee of the Authority under the Loan Agreement.

To the extent that the State Treasurer receives from the Department the appropriate voucher transmittal on or prior to the last Thursdays of the months of October and April of each fiscal year, the State Treasurer agrees to pay the 2014B Scheduled Amounts from any Commonwealth appropriations directly to the 2014B Trustee, as assignee of the Authority under the Loan Agreement. In the event that the appropriation due to the School District in April or October of any year is less than the 2014B Scheduled Amounts due to the 2014B Trustee, the Department shall voucher any such deficiency from any appropriations due to the School District prior to such April or October, as applicable, to make up such deficiency and shall deliver a voucher transmittal for such amount directly to the State Treasurer prior to the applicable payment date, and the State Treasurer shall pay the 2014B Scheduled Amounts directly to the 2014B Trustee, as assignee of the Authority under the Loan Agreement.

If on any 2014B Appropriation Payment Date, the 2014B Trustee receives less than the amount due on that 2014B Appropriation Payment Date from the State Treasurer, the 2014B Trustee shall immediately give notice of the deficiency to the School District, the Authority, the Department and the State Treasurer. The School District will transfer the amount of the deficiency, in immediately available funds, to the 2014B Trustee within two Business Days of receipt of notice of the deficiency from the 2014B Trustee. In the event that the School District fails to satisfy timely the deficiency in full as provided in the immediately preceding sentence, the 2014B Trustee shall immediately give notice of such failure, including the amount of the deficiency, to the Department, the State Treasurer, the Authority and the School District. Upon receipt of such notice from the 2014B Trustee, the Department shall voucher the unpaid amount from the next appropriation due to the School District, as provided in the 2014B Intercept Agreement. Notwithstanding the foregoing, the School District remains primarily liable to make payments under the Loan Agreement.

The 2014C Bonds

Simultaneously with the issuance by the Authority of the 2014A Bonds and the 2014B Bonds, the Authority intends to issue its School Revenue Bonds (The School District of the City of Harrisburg Project) Series C of 2014 (the "2014C Bonds") in the aggregate principal amount of $49,610,000 under and pursuant to the Act, the Authority Resolution and the 2014B Indenture. The 2014C Bonds will be purchased by PNC Bank, National Association (the "Purchaser").

The proceeds of the 2014C Bonds will be loaned to the School District pursuant to the Loan Agreement. Pursuant to the Loan Agreement, the School District will execute and deliver to the Authority its General Obligation Bond, Series C of 2014 in the aggregate principal amount of $49,610,000, pursuant to which the School District will make payments to the Authority in the amounts and at the times set forth therein, which amounts will be sufficient for the payment by the Authority of the principal of and interest on the 2014C Bonds. The proceeds of the 2014C Bonds will be applied toward the current refunding of a portion of the outstanding 2009D Bonds issued by the Authority for the benefit of the School District (the "2014C Project").

The Authority and the School District are parties to an outstanding qualified interest rate management agreement with JPMorgan Chase Bank (the "2014C Swap"). See Appendix A - “Interest Rate Management Agreements” for a more complete description of this interest rate swap transaction. The 2014C Bonds will bear interest at a variable rate and when combined with the 2014C Swap, create a synthetic fixed rate obligation for the School District. The 2014C Bonds mature in such amounts and on such dates to match the notional amounts of the 2014C Swap. The 2014C Bonds have a final maturity of December 1, 2027 and are subject to put at the option of the Purchaser on July 1, 2019.

This Official Statement only describes the 2014A Bonds and the 2014B Bonds.

The Authority

The Authority is a body corporate and politic created in 1947 by the Act. Under the Act, the Authority 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 under the jurisdiction of the Department. Under the Act and Article XIX-A of the Public School Code, Act of July 1, 1985, P.L. 103, No. 31, Section 1, et seq., as amended, the Authority also has for its purpose the acquiring, financing, refinancing, construction, improvement, furnishing, equipping, maintenance and operation of community college buildings.

PURPOSE OF THE BONDS

The 2014A Bonds

Proceeds of the 2014A Bonds will be paid by the Authority, as a lump sum lease rental payment to the School District under the Lease, in order for the Authority to acquire a leasehold interest in the Property. Concurrently with the execution of the Lease, the School District, as sublessee under the Sublease, will acquire a leasehold interest in the Property.

The School District will use the lump sum lease rental payment it receives from the Authority under the Lease toward the 2014A Project.

The 2014B-1 and 2014B-2 Bonds

Proceeds of the 2014B-1 Bonds and the 2014B-2 Bonds will be loaned by the Authority to the School District pursuant to the Loan Agreement to finance the costs of the 2014B-1 Project and 2014B-2 Project (each as hereinafter defined).

The School District will use the proceeds of the 2014B-1 Bonds toward the 2014B-1 Project.

The School District will use the proceeds of the 2014B-2 Bonds toward the 2014B-2 Project. A portion of the proceeds of the 2014C Bonds will be applied toward the current refunding of a portion of the 2009D Bonds.

Interest Rate Swap Agreement Termination

The Authority and the School District are currently parties to an interest rate swap agreement (the "RBC Swap"), which was entered into on May 14, 2004 with Royal Bank of Canada relating to a portion of the 2009D Bonds. The School District intends to apply the proceeds of the 2014B-1 Bonds to the full termination of the RBC Swap on June 30, 2014, in accordance with and as authorized under the School District Resolution.

See Appendix A - "Interest Rate Management Agreements" for a more complete description of the School District's interest rate swap agreements.

Estimated Sources and Uses of Funds

The following table sets forth estimated sources and uses of funds, in connection with the Project and the 2014C Project:

Sources of Funds:	2014A Bonds	2014B-1 Bonds	2014B-2 Bonds	2014C Bonds	Total
Principal Amount of Bonds	$23,880,000.00	$6,740,000.00	$20,895,000.00	$49,610,000.00	$101,125,000.00
Plus: Net Original Issue Premium	0.00	0.00	2,268,297.75	0.00	2,268,297.75
Total Sources:	**$23,880,000.00**	**$6,740,000.00**	**$23,163,297.75**	**$49,610,000.00**	**$103,395,297.75**
Uses of Funds:					
Redemption Requirement of Refunded Bonds	$23,645,456.25	$0.00	$22,794,871.78	$49,610,000.00	$96,050,328.03
Swap Termination Payment	0.00	6,667,800.00	0.00	0.00	$6,667,800.00
Issuance Costs [1]	234,543.75	72,200.00	368,425.97	0.00	675,169.72
Total Uses	**$23,880,000.00**	**$6,740,000.00**	**$23,163,297.75**	**$49,610,000.00**	**$103,393,297.75**

(1) Includes legal fees and expenses, financial advisory, underwriters' discount, Trustee's fees, rating fees, bond insurance premium, printing, CUSIP and miscellaneous fees.

THE AUTHORITY

The Authority is a body corporate and politic, constituting a public corporation and a governmental instrumentality of the Commonwealth created by the Act.

The Authority and the Pennsylvania Higher Educational Facilities Authority share an executive, fiscal and administrative staff, and operate under a joint administrative budget. Under the Act, the Authority consists of the Governor of the Commonwealth of Pennsylvania, the State Treasurer, the Auditor General, the Secretary 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. 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 body to act as a member of the Authority in his or her stead. The members of the Authority 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 Authority are exercised by a governing body consisting of the members of the Authority acting as a board.

The Bonds are being issued under the Act pursuant to a resolution of the Authority adopted on and May 29, 2014 and pursuant to the Indentures.

The Authority has issued, and may continue to issue, other series of revenue bonds and notes for the purpose of financing other projects for other eligible institutions in the Commonwealth. Except for any Additional Bonds issued under the 2014A Indenture, none of the revenues of the Authority with respect to any of the other revenue bonds and notes referred to above are pledged as security for the 2014A Bonds and, conversely, the other revenue bonds and notes referred to above are not payable from or secured by the revenues of the Authority or other monies securing the 2014A Bonds. See "THE BONDS – Security and Source of Payment – The 2014A Bonds" herein. Further, and except for any Additional Bonds issued under the 2014B Indenture, none of the revenues of the Authority with respect to any of the other revenue bonds and notes referred to above are pledged as security for the 2014B Bonds and, conversely, the other revenue bonds and notes referred to above are not payable from or secured by the revenues of the Authority or other monies securing the 2014B Bonds. See "THE BONDS – Security and Source of Payment – The 2014B Bonds" herein.

The Bonds are special limited obligations of the Authority. Neither the principal or redemption price of the Bonds, nor the interest accruing thereon, shall constitute a general indebtedness of the Authority or an indebtedness of the Commonwealth or any political subdivision thereof (except the School District's obligations under the Sublease, the Loan Agreement and the General Obligation Bonds) within the meaning of any constitutional or statutory provision whatsoever; constitute a charge against the general credit of the Authority or the general credit or taxing power of the Commonwealth or any political subdivision thereof (except the School District's obligations under the Sublease, the Loan Agreement and the General Obligation Bonds); or be deemed to be a general obligation of the Authority or an obligation of the Commonwealth or any political subdivision thereof (except the School District's obligations under the Sublease, the Loan Agreement and the General Obligation Bonds) thereof. The Authority has no taxing power.

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.

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

Robert Baccon, Executive Director

Mr. Baccon has served as an executive with the Authority and the Pennsylvania Higher Educational Facilities Authority (the "Authorities") 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 joining the Authorities, 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 the Authorities. He has been with the Authorities since 1999. Prior to his present position, he served as Senior Accountant for the Authorities and as an auditor with the Pennsylvania Department of the Auditor General. Mr. Player is a graduate of the Pennsylvania State University and a Certified Public Accountant.

Beverly M. Nawa, Administrative Officer

Mrs. Nawa has served as the Administrative Officer of the Authorities since August 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 Manager and an Accounting Systems Analyst with the Pennsylvania Department of the Auditor General.

THE BONDS

Description of the Bonds

The Bonds shall be dated the Date of Delivery, shall mature on the dates and in the amounts set forth on the inside of the front cover hereof and shall be payable as to interest on June 1 and December 1 of each year, commencing December 1, 2014 (each an "Interest Payment Date"), at the rates set forth on the inside cover page hereof. *The Bonds shall be 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., as registered owner and nominee of DTC. Purchases of the Bonds will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. Beneficial Owners will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds. See "Book-Entry Only System" below.

Payment of Principal and Interest

Principal of and interest on the Bonds will be paid by the Trustee. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, such payments will be made directly to it as registered owner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

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 and redemption price, if any, of the Bonds will be paid to the registered owners thereof or assigns, when due, upon surrender of the Bonds at the designated corporate trust office of the Trustee.

Interest is payable to the registered owner of a Bond from the Interest Payment Date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is 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 authenticated prior to the first Interest Payment Date, in which event the Bond shall bear interest from June 30, 2014. The interest so payable on any Interest Payment Date will be paid to the registered owner of the Bond in whose name the Bond is registered on the Bond Register at the close of business on the Record Date for the payment of such interest, which Record Date shall be the fifteenth (15th) day (whether or not a Business Day) next preceding each Interest Payment Date. Any such interest not so paid or duly provided for shall forthwith cease to be payable to the registered owner of the Bond on such Record Date, and shall be paid to the registered owner in whose name this Bond is registered at the close of business on a special record date to be fixed by the Trustee, such date to be not more than 15 days (whether or not a Business Day) nor less than 10 days prior to such special record date.

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

Transfer, Exchange and Registration of Bonds

The Bonds are transferable by the owners thereof, upon presentation and surrender at the designated office of the Trustee, together with a duly executed instrument of transfer in form satisfactory to the Trustee. The Authority and the Trustee shall not be required: (i) to issue, or to register the transfer of or exchange any of the Bonds during a period beginning at the opening of business on the fifteenth (15th) day next preceding any date of mailing of a notice of redemption of Bonds selected to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given; or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part until after the date fixed for redemption.

The Bonds are transferable or exchangeable by the registered owners thereof upon delivery and surrender of Bonds to the Trustee, at its designated office accompanied by a written instrument or instruments of transfer 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 Trustee shall enter any transfer of ownership of Bonds in the registration books and shall at the earliest practicable time authenticate and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series, maturity, form and interest rate for the aggregate principal amount, as appropriate, which the registered owner is entitled to receive. The Authority and the Trustee may deem and consider 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 principal and interest, and for all other purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary. No transfer of any Bond shall be effective until entered by the Trustee in the Bond Register.

Security and Source of Payment – The 2014A Bonds

The School District, as lessor, and the Authority, as lessee, have entered into the Lease, pursuant to which the School District leases the Property to the Authority. The Authority, as sublessor, simultaneously subleases the Property to the School District, as sublessee, pursuant to the Sublease. Under the Sublease, the School District will pay lease rental payments in such amounts and at such times as will provide sufficient funds, among other things, to meet the debt service requirements on the 2014A Bonds. The Authority will assign its rights to such lease rental payments to the 2014A Trustee.

The 2014A Bonds will be secured under the 2014A Indenture by the assignment and pledge to the 2014A Trustee of the payments under the 2014A Bonds and the Sublease. The School District has covenanted in the Sublease and in the Resolution that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the lease rental payments due under the Sublease for such year, and will duly and punctually pay or cause to be paid the lease rental payments on the dates and at the place and in the manner stated in the Sublease, which correspond to the payments due on the 2014A Bonds, and for such budgeting, appropriation and payment, the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an annual ad valorem tax on all taxable property within the School District within the limits provided by law (see "TAXING POWERS OF THE SCHOOL DISTRICT" in Appendix A hereto).

The Authority, at the time of the issuance of the 2014A Bonds, will assign all its right (except the right to indemnification, the right to payment of certain fees and expenses, if any, and the right to receive notices), title and interest in the Sublease and the payments thereunder to the 2014A Trustee. The 2014A Bonds will be secured by and be payable under the 2014A Indenture from the funds held by the 2014A Trustee and payments made pursuant to the 2014A Bonds and the Sublease. The execution of the Sublease by the School District constitutes the incurrence of lease rental debt by the School District pursuant to the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act") and must be approved in advance by the Pennsylvania Department of Community and Economic Development. This approval will be obtained prior to issuance and delivery of the 2014A Bonds. Certain required approvals of the Department will also be obtained.

The Public School Code of 1949, as amended (the "Public School Code" or the "School Code") provides that in the event the School District is in default with respect to any rental payment due to the Authority, for any period in accordance with the terms of any lease, there shall be a withholding from subsidy payments of amounts necessary to remedy such defaults, on an equal basis with default payments under the 2014A Bonds. Pursuant to the provisions of Section 7-785(b) of the Public School Code, the Authority, the School District, the Department and the State Treasurer will enter into the 2014A Intercept Agreement, pursuant to which such subsidies from the Commonwealth due to the School District on the Appropriation Payment Dates will be paid directly to the 2014A Trustee, as assignee of the Authority, to provide for the Scheduled Amounts due under the Sublease on June 1 and December 1 of each year commencing December 1, 2014. See, "INTRODUCTION – The 2014A Intercept Agreement" and "SUMMARIES OF CERTAIN PROVISIONS OF THE LEASE, SUBLEASE, THE 2014A INDENTURE AND THE 2014A INTERCEPT AGREEMENT – The 2014A Intercept Agreement" for a summary of the provisions of the 2014A Intercept Agreement.

In addition, the Debt Act, prescribes certain other remedies, including, in the event of failure of the School District to pay the lease rentals due under the Sublease the holder of any Bonds shall have the right to recover the amount due by bringing an action in the Court of Common Pleas in the county in which the School District is located. See "Appendix A – DEBT AND DEBT LIMITS" attached hereto for a description of the outstanding debt of the School District.

All public school subsidies in the Commonwealth are subject to appropriation by the General Assembly. Although the Constitution of the Commonwealth provides that "the General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth", the General Assembly is not legally obligated to appropriate such subsidies and there can be no assurance that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various school districts throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth's ability to make such disbursements will be dependent upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in interim borrowing by school districts pending the authorization and payment of state aid. Consequently, there can be no assurance that financial support from the Commonwealth for school districts, either for capital projects or education programs in general will continue at present levels or that moneys will be payable to a school district if indebtedness of such school district is not paid when due.

The 2014A Bonds are special limited obligations of the Authority payable solely from the Pledged Revenues under the 2014A Indenture. Neither the principal or redemption price of the Bonds, nor the interest accruing thereon, shall constitute a general indebtedness of the Authority or an indebtedness of the Commonwealth or any political subdivision thereof (except the School District's obligations under the Sublease, the Loan Agreement and the General Obligation Bonds) within the meaning of any constitutional or statutory provision whatsoever; constitute a charge against the general credit of the Authority or the general credit or taxing power of the Commonwealth or any political subdivision thereof (except the School District's obligations under the Sublease, the Loan Agreement and the General Obligation Bonds); or be deemed to be a general obligation of the Authority or an obligation of the Commonwealth or any political

subdivision thereof (except the School District's obligations under the Sublease, the Loan Agreement and the General Obligation Bonds) thereof. The Authority has no taxing power.

For a discussion on recent legislation affecting the taxing powers of the School District and its applicability to the 2014A Bonds, see "The Taxpayer Relief Act (Act 1), as Amended – The Bonds" herein.

Under the 2014A Indenture, and in addition to the Series 2013 Refunded Bonds, the Authority issued its $133,765,000 original principal amount School Revenue Bonds (The School District of the City of Harrisburg Project), Series A of 2009 (the "2009A Bonds"), all of which aggregate principal amount remains outstanding, and its $26,620,000 original principal amount Federally-Taxable School Revenue Bonds (The School District of the City of Harrisburg Project), Series C of 2009 (the "2009C Bonds," and together with the 2009A Bonds, the "2009 Bonds"), of which $23,605,000 aggregate principal amount remains outstanding. Following issuance of the 2014A Bonds, and the refunding of the Series 2013 Refunded Bonds, the 2009A Bonds, the 2009C Bonds and the 2014A Bonds will be secured on a parity by the Pledged Revenues under the 2014A Indenture.

The Authority may issue Additional Bonds on parity with the 2009A Bonds, the 2009C Bonds and 2014A Bonds issued under the 2014A Indenture (other than with respect to certain funds under the 2014A Indenture). In connection with the issuance of Additional Bonds, additional funds may be established under the 2014A Indenture for the benefit of such additional series of bonds. In such event, the holders of the 2014A Bonds will have no claims or right to any such funds. For a further description of the conditions under which such Additional Bonds may be issued, see "SUMMARIES OF CERTAIN PROVISIONS OF THE LEASE, THE SUBLEASE, THE 2014A INDENTURE AND THE 2014A INTERCEPT AGREEMENT - The 2014A Indenture" herein.

Security and Source of Payment – The 2014B Bonds

The 2014B Bonds are limited obligations of the Authority, payable solely from (i) payments received from the School District under the Loan Agreement and the General Obligation Bonds, and (ii) certain moneys held by the Trustee in funds established under the 2014B Indenture, if any.

On the date of issuance of the 2014B Bonds, the Authority and the School District will enter into the Loan Agreement pursuant to which the Authority will, among other things, lend the proceeds of the 2014B Bonds to the School District for application toward payment of the costs of the 2014B Project.

Under the Loan Agreement, the School District agrees to repay such loan in such amounts and at such times as will provide sufficient funds to meet the debt service requirements on the 2014B Bonds. The School District will deliver the General Obligation Bonds to the Authority evidencing its obligations under the Loan Agreement with respect to the 2014B Bonds.

The 2014B Bonds will be secured under the 2014B Indenture by the assignment to the 2014B Trustee of all right, title and interest of the Authority in and to the General Obligation Bonds and the Loan Agreement (except for the Authority's right to payment of certain fees and expenses, to receive notices and to indemnification) including the amounts payable thereunder. The Loan Agreement, including the obligation to make all loan payments there under, is a general obligation of the School District. Notwithstanding the foregoing, only the obligation to make the principal of, premium (if any), and interest payments on the 2014 Bonds whether upon maturity, redemption, acceleration or otherwise (the "Base Loan Payments") under the Loan Agreement is secured by the full faith, credit and taxing power of the School District, as evidenced by the General Obligation Bonds in accordance with the terms thereof, and such pledge is specifically enforceable under the Debt Act pursuant to the approval of proceedings filed by the School District with the Pennsylvania Department of Community and Economic Development for the incurrence of debt with respect to the General Obligation Bonds.

To secure the payment of Base Loan Payments and the obligations to the Trustee with respect thereto, the Authority is pledging and assigning, without recourse, to the Trustee all the Authority's rights in, to and under the General Obligation Bonds. The School District covenants and agrees that it shall: (i) include all payments due under the Loan Agreement and under the General Obligation Bonds for each fiscal year in which such payments are payable in its budget for that year; (ii) appropriate such amounts from its general revenues for such payments; and

(iii) duly and punctually pay or cause to be paid from its sinking fund or any other of its funds or revenues such payments. See “Appendix A - TAXING POWERS OF THE SCHOOL DISTRICT” attached hereto.

The Public School Code provides that in the event the School District is in default with respect to any payment due to the Authority, for any period in accordance with the terms of any Loan Agreement there shall be a withholding from subsidy payments of amounts necessary to remedy such defaults, on an equal basis with default payments under the 2014B Bonds. As set forth above, pursuant to the provisions of Section 7-785(b) of the Public School Code, the Authority, the School District and the State Treasurer will enter into the 2014B Intercept Agreement, pursuant to which such subsidies from the Commonwealth due to the School District on the 2014B Appropriation Payment Dates will be paid directly to the 2014B Trustee, as assignee of the Authority, to provide for the payments of the School District due under the Loan Agreement on June 1 and December 1 of each year commencing December 1, 2014. See, "INTRODUCTION – "The 2014B Intercept Agreement" and "SUMMARIES OF CERTAIN PROVISIONS OF THE LEASE, SUBLEASE, THE 2014B INDENTURE AND THE 2014B INTERCEPT AGREEMENT – The 2014B Intercept Agreement" for a summary of the provisions of the 2014B Intercept Agreement.

In addition, the Debt Act, prescribes certain other remedies, including, in the event of failure of the School District to pay the payments due under the General Obligation Bonds and Loan Agreement the holder of any 2014B Bonds and 2014B-2 Bonds shall have the right to recover the amount due by bringing an action in the Court of Common Pleas in the county in which the School District is located. See “Appendix A – DEBT AND DEBT LIMITS” attached hereto for a description of the outstanding debt of the School District.

All public school subsidies in the Commonwealth are subject to appropriation by the General Assembly. Although the Constitution of the Commonwealth provides that “the General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth”, the General Assembly is not legally obligated to appropriate such subsidies and there can be no assurance that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various school districts throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth’s ability to make such disbursements will be dependent upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in interim borrowing by school districts pending the authorization and payment of state aid. Consequently, there can be no assurance that financial support from the Commonwealth for school districts, either for capital projects or education programs in general will continue at present levels or that moneys will be payable to a school district if indebtedness of such school district is not paid when due.

The 2014B Bonds are special limited obligations of the Authority payable solely from the Pledged Revenues under the 2014B Indenture. Neither the principal or redemption price of the Bonds, nor the interest accruing thereon, shall constitute a general indebtedness of the Authority or an indebtedness of the Commonwealth or any political subdivision thereof (except the School District’s obligations under the Sublease, the Loan Agreement and the General Obligation Bonds) within the meaning of any constitutional or statutory provision whatsoever; constitute a charge against the general credit of the Authority or the general credit or taxing power of the Commonwealth or any political subdivision thereof (except the School District’s obligations under the Sublease, the Loan Agreement and the General Obligation Bonds); or be deemed to be a general obligation of the Authority or an obligation of the Commonwealth or any political subdivision thereof (except the School District’s obligations under the Sublease, the Loan Agreement and the General Obligation Bonds) thereof. The Authority has no taxing power.

For a discussion on recent legislation affecting the taxing powers of the School District and its applicability to the 2014B Bonds, see "The Taxpayer Relief Act (Act 1), as Amended – The Bonds" herein.

The Authority may issue Additional Bonds on parity with the 2014B Bonds issued under the 2014B Indenture (other than with respect to certain funds under the 2014B Indenture). In connection with the issuance of Additional Bonds, additional funds may be established under the 2014B Indenture for the benefit of such additional series of bonds. In such event, the holders of the 2014B Bonds will have no claims or right to any such funds. For a further description of the conditions under which such Additional Bonds may be issued, see “SUMMARIES OF

CERTAIN PROVISIONS OF THE LOAN AGREEMENT, THE GENERAL OBLIGATION BONDS, THE 2014B INDENTURE AND THE 2014B INTERCEPT AGREEMENT - The 2014B Indenture" herein.

The Taxpayer Relief Act (Act 1), as Amended – The Bonds

Pennsylvania Act No. 1 of the Special Session of 2006 ("Act 1") is intended to provide property tax relief to Pennsylvania homeowners by limiting the taxation of real property by Pennsylvania school districts. Act 1 restricts Pennsylvania school districts from increasing the rate of any tax for school purposes above an index (the "Index") determined by the Department unless the school district first obtains voter approval or the school district tax falls within one of the exceptions set forth in Act 1. On June 30, 2011, Act 1 was amended so that beginning on January 1, 2012, seven (7) of the original eleven (11) exceptions were eliminated. Under the amended version of Act 1, the four (4) categories in which school districts can raise property taxes above the Index without triggering a referendum are as follows; provided that the use of any exception is approved by the Department:

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

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

(3) special education expenses; and

(4) state pension payments.

Payments of debt service on the 2014A Bonds and the 2014B-1 Bonds are *not* eligible for exception from the provisions of Act 1. Therefore, the debt service on the 2014A Bonds and the 2014B-1 Bonds *are subject* to the tax rate limitations of Act 1, as amended. Payments of debt service on the 2014B-2 Bonds represent indebtedness of the School District eligible for exception (1) described above, since the 2004B-2 Bonds are being issued to refund indebtedness incurred prior to June 27, 2006.

Under Act 1, as amended, the School District is entitled to apply to the Department for a referendum exception if and to the extent that a tax increase greater than the index proscribed by Act 1 is needed to pay principal of and interest on the 2014B-2 Bonds in any particular fiscal year. Therefore, the debt service on the 2014B-2 Bonds is not subject to the tax rate limitations of Act 1, as amended.

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

THE SUMMARY OF ACT 1, AS AMENDED, IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OR A LEGAL REPRESENTATION THEREOF, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1, AS AMENDED, AS PART OF ANY DECISION TO PURCHASE THE BONDS. See, "Appendix A – TAXING POWERS OF THE SCHOOL DISTRICT - The Taxpayer Relief Act (Act 1), as Amended."

Book-Entry Only System

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

The information contained in this section concerning DTC and the DTC Book-Entry-Only System has been obtained from sources that the Authority and the School District believe to be reliable. However, the Authority, the School District and the Underwriter take no responsibility for the accuracy thereof. The Beneficial Owners should confirm the information with DTC or the Direct Participants, as the case may be.

Initially, the Bonds will be available in book-entry form only. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. DTC will act as the initial securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds as set forth on the inside cover page hereof, 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 Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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).

Principal, redemption premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, or interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, 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 securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority 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.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or Registered Owners of the Bonds (excluding all references thereto under the heading "TAX EXEMPTION AND CERTAIN OTHER TAX MATTERS" herein) means Cede & Co., not the Beneficial Owners of the Bonds.

THE SCHOOL DISTRICT, THE AUTHORITY AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE ACCURACY OF THE RECORDS OF DTC, ITS NOMINEE OR ANY DTC PARTICIPANT WITH RESPECT TO ANY OWNERSHIP INTEREST IN THE BONDS, OR PAYMENTS TO, OR THE PROVIDING OF NOTICE FOR, DTC PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. The School District, the Authority, the Financial Advisor and the Underwriter take no responsibility for the accuracy thereof. For further information, Beneficial Owners should contact DTC in New York, New York.

Optional Redemption – 2014A Bonds

The 2014A Bonds of each maturity shall be subject to redemption either in whole or in part, by the Authority at the option and direction of the School District, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the Discounted Value thereof, plus in either case, accrued interest thereon to the date of redemption. The 2014A Bonds may be redeemed in any order of maturity and in any principal amount within a maturity as selected by the School District in its sole discretion. All calculations and determinations referred to under this caption "Optional Redemption – 2014A Bonds," except as provided in the preceding sentence, are expected (but not required) to be made by a financial advisor or other agent selected by the Authority, at the direction of the School District, for such purposes (the "Calculation Agent").

"Discounted Value" means, with respect to each outstanding maturity of the 2014A Bonds or 2014B-1 Bonds, as applicable, to be redeemed, the sum as determined by the School District or the Calculation Agent of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) on such maturity from their respective scheduled payment dates to the applicable redemption date, at a yield (computed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months) equal to the applicable Discount Yield.

"Discount Yield" means, with respect to each maturity of the 2014A Bonds or 2014B-1 Bonds, as applicable, to be redeemed on a particular date, the Blended Treasury Yield determined by the Authority, at the direction of the School District, or the Calculation Agent with respect to the 2014A Bonds or 2014B-1 Bonds, as applicable, and maturity to be redeemed, plus twenty (20) basis points. The Discount Yield will be calculated assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months.

"Blended Treasury Yield" means, with respect to the 2014A Bonds or 2014B-1 Bonds, as applicable, of a particular maturity, the yield computed by the School District or the Calculation Agent as the linear interpolation of two Market Treasury Yields such that the theoretical maturity that corresponds to the interpolated Market Treasury Yield equals the date that corresponds to the remaining average life of the 2014A Bonds or 2014B-1 Bonds, as applicable, and maturity to be redeemed. The first Market Treasury Yield shall be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no later than the date corresponding to the remaining average life of the 2014A Bonds or 2014B-1 Bonds, as applicable, and maturity to be redeemed; the second Market Treasury Yield shall be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no earlier than the date corresponding to the remaining average life of the 2014A Bonds or 2014B-1 Bonds, as applicable, and maturity to be redeemed.

"Market Treasury Yield" means that yield, as determined by the Authority, at the direction of the School District, or the Calculation Agent, assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months, which is equal to:

(i) the yield for the applicable maturity of an actively traded U.S. Treasury security, reported, as of 11:00 a.m., New York City time, on the Valuation Date on the display designated as "Page PX1" of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting online intraday trading in U.S. Treasury securities); or

(ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the most recent yield data for the applicable U.S. Treasury maturity index from the federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date; or

(iii) if the yields described in (i) and (ii) above are not reported as of such time or the yields reported as of such time are not ascertainable, the yield for the applicable maturity of any actively traded U.S. Treasury security shall be based upon the average of yield quotations for such security (after excluding the highest and lowest quotations) as of 3:30 p.m., New York City time, on the Valuation Date received from no less than five primary dealers in U.S. Government securities selected by the Authority at the direction of the School District.

Each yield quotation for each actively traded U.S. Treasury security required in (i) and (iii) above shall be determined using the average of the bid and ask prices for that security.

"Valuation Date" means the third Business Day preceding the redemption date.

Optional Redemption – 2014B Bonds

The 2014B-1 Bonds of each maturity shall be subject to redemption either in whole or in part, by the Authority at the option and direction of the School District, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount thereof or (ii) the Discounted Value thereof, plus in either case, accrued interest thereon to the date of redemption. The 2014B-1 Bonds may be redeemed in any order of maturity and in any principal amount within a maturity as selected by the School District in its sole discretion. All calculations and determinations referred to under this caption "Optional Redemption – 2014B Bonds," except as provided in the preceding sentence, are expected (but not required) to be made by the Calculation Agent. See, "THE BONDS – Optional Redemption – 2014A Bonds" for the definitions of certain terms reflected in the preceding sentences.

The 2014B-2 Bonds maturing on or after December 1, 2025, are subject to optional redemption prior to maturity by the Authority, at the direction of the School District, on or after December 1, 2024, in whole at any time or in part from time to time, and if in part within a maturity by lot, in any order by maturity, at a redemption price of one hundred percent (100%) of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Mandatory Redemption – 2014B Bonds

The 2014B-1 Bonds are not subject to mandatory sinking fund redemption.

The 2014B-2 Bonds maturing on December 1, 2016 and December 1, 2021, are subject to mandatory sinking fund redemption by the Authority, in direct order of maturity and within a maturity by lot, at a redemption price of one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption, from moneys deposited in the Debt Service Fund established under the 2014B Indenture, such redemptions to occur in the amounts and on December 1 in the years and from the maturities set forth in the following table.

2014B-2 Bonds Maturing December 1, 2016		2014B-2 Bonds Maturing December 1, 2021	
(December 1)	Amount	(December 1)	Amount
2015	$5,000	2017	$5,000
2016*	$35,000	2018	$5,000
		2019	$5,000
		2020	$25,000
		2021*	$25,000
*Maturity		*Maturity	

The 2014B Trustee is authorized under the 2014B Indenture to purchase 2014B-2 Bonds of any maturity subject to mandatory redemption at prices not exceeding 100% of the principal amount thereof (including any brokerage fees or costs), together with accrued interest to the date of purchase, from and to the extent of available moneys in the Debt Service Fund established under the 2014B Indenture and to accept the tender of any such 2014B-2 Bond from the Authority or the School District, and, in such event, the principal amount of such 2014B-2 Bonds so purchased or tendered in each year shall be credited against the mandatory redemption requirements of 2014B-2 Bonds of the same maturity.

Notice of Redemption

So long as the Bonds are registered in the name of DTC or its nominee, notice of redemption of the Bonds shall be given not more than 60 nor less than 30 days prior to the redemption date by mailing a copy of the redemption notice by first class mail (postage paid) to the registered owners of Bonds to be redeemed in whole or in part at their addresses as shown on the Bond Register maintained by the Trustee, and shall be in the manner and under the terms and conditions and with the effect provided in the Indentures. The failure to mail any such notice or any defect therein or in the mailing thereof as it affects any Bonds shall not affect the validity of the redemption proceedings of any other Bonds. Any notice mailed as provided in the Indentures shall be conclusively presumed to have been duly given, whether or not such registered owner receives the notice. All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

No further interest shall accrue on any Bond called for redemption after the date fixed for redemption if payment of the redemption price has been duly provided for, and the Owners of such Bonds shall have no rights except to receive payment of the redemption price and the unpaid interest accrued on such Bond to the date fixed for redemption.

If at the time of mailing of any notice of redemption the Authority shall not have deposited or caused to have been deposited with the Trustee, or the Trustee shall not have transferred, monies sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit of the redemption monies with the Trustee not later than the opening of business on the redemption date and that such notice shall be of no effect unless such monies are so deposited. If such monies are not deposited by such date and time, the Trustee shall promptly notify the Owners of all Bonds called for redemption of such fact.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Insured Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Insured Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Insured 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: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Insured 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 Insured Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Insured 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 Insured Bonds, nor does it guarantee that the rating on the Insured Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $478.6 million, $12.7 million and $465.9 million, respectively.

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

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

BAM makes no representation regarding the Insured Bonds or the advisability of investing in the Insured 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/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Insured Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs 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 Obligor Disclosure Briefs 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 Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM and have not been reviewed or approved by the issuer of or the underwriter for the Insured Bonds, and they assume no responsibility for their content.

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

BOND INSURANCE RISK FACTORS

The following factors should be considered by potential purchasers of the Insured Bonds.

In the event of a default in the payment of principal or interest with respect to the Insured Bonds when any such payment becomes due, any owner of the Insured Bonds shall have a claim under the applicable Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or resulting from any default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, any payments to be made pursuant to the Policy will be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. In addition, the Policy does not insure the payment of any redemption premium. To the extent that any payment of principal and interest by the School District in connection with a mandatory or optional prepayment of the Insured Bonds is recovered by the School District from any owner of the Insured Bonds as a voidable preference under applicable bankruptcy law, such payments are covered by the Policy. However, such payments will be made by BAM at such times and in such amounts as such payments would have been due had there been no such prepayment by the School District, unless BAM chooses to pay such amounts at an earlier date.

Under most circumstances, any default in the payment of principal and interest does not accelerate the obligations of BAM without its consent. BAM may direct, and must consent to, any remedies that the Trustee exercises following such a default and BAM's consent may be required in connection with amendments to the applicable agreements or resolutions in those circumstances.

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

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

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

Neither the School District nor the Underwriter has made an independent investigation into the claims paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the School District to pay principal and interest on the Insured Bonds and the claims paying ability of BAM, particularly over the life of their investment. See, "BOND INSURANCE" herein for further information provided by BAM with respect to itself and the Policy, which includes further instructions for obtaining current financial information concerning BAM.

SUMMARIES OF CERTAIN PROVISIONS OF THE LEASE, SUBLEASE, THE 2014A INDENTURE AND THE 2014A INTERCEPT AGREEMENT

Set forth below are brief descriptions of certain provisions of the Lease, the Sublease, the 2014A Indenture and the 2014A Intercept Agreement. The 2014A Bonds are secured by the 2014A Indenture and are payable from lease rental 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 the Lease, the Sublease or the 2014A Indenture or as complete synopses thereof. Reference is made to the documents in their entirety, copies of which may be obtained from the 2014A Trustee, for a complete statement of the terms and conditions therein.

The Lease

The School District, as lessor, and the Authority, as lessee, has entered into the Lease, pursuant to which the School District leases the Property to the Authority. The Lease is for a term beginning May 1, 2009, and ending November 15, 2033, which is the maturity date of the Series 2009A Bonds, subject to earlier termination upon defeasance of all bonds issued under the 2014A Indenture. The Authority will pay to the School District a lump sum lease rental payment in an amount equal to the amount of proceeds it receives from the issuance of sale of the 2014A Bonds. The Lease provides that the Authority shall have the right to sublease the Property to the School District pursuant to the Sublease.

The Sublease

The Authority, as sublessor, has entered into the Sublease with the School District, as sublessee. The Sublease requires the School District to make lease rental payments to the Authority in the amounts sufficient to pay debt service payments on the 2009 Bonds and the 2014A Bonds.

Representations, Warranties and Covenants: The School District makes certain representations, warranties and covenants under the Sublease, including without limitation, with respect to the existence and authority of the

School District, the enforceability of the Sublease and the absence of material litigation, with regard to, among other things, the 2014A Bonds.

Source of Debt Service Payments: The debt service payments are payable by the School District from its revenues from whatever source derived. The School District has covenanted to include payments due each fiscal year in its operating budget for such fiscal year during the term of the Sublease and to make the loan payments required to be paid to the Authority with respect to the 2009 Bonds, the 2014A Bonds and the Sublease.

Pledge of Full Faith, Credit and Taxing Power. Pursuant to the Sublease, the School District has covenanted that it will include the amount of the lease rental payments for each fiscal year in which they are payable in its budget for such fiscal year, and will appropriate from its general revenues in each such year, the amount of the lease rental payments due under the Sublease for such year, and will duly and punctually pay or cause to be paid the lease rental payments on the dates and at the place and in the manner stated in the Sublease, which correspond to the payments due on the 2009 Bonds and the 2014A Bonds, and for such budgeting, appropriation and payment, the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an annual ad valorem tax on all taxable property within the School District within the limits provided by law (see "TAXING POWERS OF THE SCHOOL DISTRICT" in Appendix A hereto).

Assignment of Sublease: The lease rental payments shall be paid by the School District directly to the 2014A Trustee under an assignment by the Authority to the 2014A Trustee of such payments for the benefit and security of the Bondholders under the 2014A Indenture.

Unconditional Obligation: The obligation of the School District to pay the lease rental payments and all other sums payable under the Sublease is absolute and unconditional. The payments are required to be made in full directly to the 2014A Trustee, as assignee, when due without delay or diminution for any cause whatsoever, including without limitation thereto, destruction of property, and without right of set-off for default on the part of the Authority under the Sublease.

Events of Default: Any one or more of the following events shall constitute an "Event of Default" under the Sublease:

(a) the School District fails to make any lease rental payment required under the Sublease;

(b) the School District shall fail or refuse to comply with its tax covenants set forth in the Sublease;

(c) the School District shall default in the due and punctual performance of any other of the covenants and agreements contained in the Sublease and such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the School District by the Authority; or

(d) if an Event of Default shall have occurred and be continuing under the 2014A Indenture and as a result of such Event or Default the 2014A Bonds shall have been declared due and payable by acceleration in accordance with the 2014A Indenture.

Remedies: If an Event of Default has occurred and is continuing, the Authority (or the 2014A Trustee as its assignee) may, in addition to its other rights and remedies as may be provided in the Sublease or may exist at the time at law or in equity, exercise any one or more of the following remedies:

(a) upon notice to the School District, declare all sums due or to become due under the Sublease to be immediately due and payable (except upon the occurrence of an Event of Default resulting from non-compliance with the covenant contained in subparagraph (b) under the caption *"Events of Default"* above for which the remedies available shall only be the remedies set forth in subparagraph (b) below); or

(b) by suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the School District to carry out any agreements with or for the benefit of the owners of the 2014A Bonds and to perform its duties under the Act and the Sublease.

State Intercept: Upon the occurrence of an Event of Default described in paragraph (a) under "Events of Default" above, the Authority shall, in addition to the exercise of any other remedy, notify the Secretary of the Department of such Event of Default and request the Secretary, in accordance with the appropriate provisions of the Act and the Public School Code, to notify the School District of its obligations under the Sublease and to withhold out of any appropriation due the School District under the Public School Code an amount equal to the sum or sums owing by the School District to the Authority under the Sublease and under the 2014A Bonds, and shall pay over the amount so withheld to the 2014A Trustee, as sinking fund depository for the 2014A Bonds, on behalf of the Authority, but only to the extent payments have not been made pursuant to the 2014A Intercept Agreement.

Terms: The Sublease shall be for a term beginning May 1, 2009 and ending November 15, 2033, subject to earlier termination upon defeasance of all bonds issued under the 2014A Indenture.

The 2014A Indenture

Limited Obligations of the Authority: **The 2014A Bonds are special limited obligations of the Authority and are secured by a pledge and assignment to the 2014A Trustee of the lease rental payments and other revenues or income derived by or for the Authority from or with respect to the Sublease and all moneys to be paid over to the 2014A Trustee under the provisions of the 2014A Indenture. The Authority has no taxing power. Neither the general credit of the Authority nor the general credit or the taxing power of the Commonwealth or any political subdivision thereof (except the School District's obligation under the Sublease) has been pledged to secure the 2014A Bonds.**

Pledge and Assignment of Certain Revenues: The 2014A Bonds are being issued as a series of Additional Bonds under and pursuant to the terms of the 2014A Indenture, which provides that all bonds issued thereunder shall be limited obligations of the Authority. The Authority has pledged to the 2014A Trustee in the 2014A Indenture, a security interest in all lease payments, and other sums payable to the Authority by the School District under the Sublease (except the rights of the Authority to receive notices, to indemnification and to payments of its fees and expenses thereunder) and all monies and income and receipts in respect thereof held by the 2014A Trustee under the 2014A Indenture, except the Rebate Fund, for the benefit and security of the registered owners of the 2014A Bonds issued under such 2014A Indenture. The pledge made by the Authority in the 2014A Indenture and the covenants and agreements set forth therein to be performed by or on behalf of the Authority are for the equal and ratable benefit and security of all present and future owners of bonds (including the 2014A Bonds) issued under the 2014A Indenture, without preference, priority or distinction as to lien or otherwise, of any one bond over any other bond, except as otherwise expressly provided or permitted by the 2014A Indenture.

Project Fund: There is established under the 2014A Indenture a Project Fund into which will be deposited the amount of proceeds on the sale of the 2014A Bonds as shown on the Closing Statement for the purpose of paying the Costs of the Project. Moneys in the Project Fund will be disbursed by the Trustee in accordance with the requirements of the 2014A Indenture.

Revenue Fund: All lease rental payments under the Sublease (including amounts paid pursuant to the 2014A Intercept Agreement) are required to be deposited in the Revenue Fund established with the 2014A Trustee at the times set forth in the 2014A Indenture. All moneys in the Revenue Fund are required to be transferred by the 2014A Trustee at the times set forth in the 2014A Indenture to the various other Funds established under the 2014A Indenture.

Debt Service Fund: There is established under the 2014A Indenture a Debt Service Fund which shall be held by the 2014A Trustee. The 2014A Trustee shall transfer moneys in the Revenue Fund to the Debt Service Fund, on or before each June 1 and December 1 of each year, commencing December 1, 2014, in an amount sufficient to make the interest payments due on the 2014A Bonds on each such date and to make principal payments (including mandatory sinking fund redemption) due on the 2014A Bonds on December 1 of each year commencing December 1, 2014.

Investment of Funds: Moneys held in the Revenue Fund, the Debt Service Fund and the Project Fund will be invested in accordance with the 2014A Indenture.

Additional Bonds: The 2014A Indenture permits under certain circumstances and conditions, the issuance of additional bonds for the purposes of paying the Costs of undertaking or completing a School District Project or of paying the Costs of refunding all or any portion of any series of Outstanding Bonds of the Authority issued on behalf of the School District or any obligation of the School District issued for a purpose for which the Authority is authorized to issue bonds under the Act.

Default and Remedies: The Act provides remedies to the Bondholders in the event of default or failure on the part of the Authority to fulfill its covenants under the 2014A Indenture.

Under the 2014A Indenture, in the event of any default therein, the 2014A Trustee may enforce and upon written request of the holders of 25% in principal amount of the 2014A Bonds then outstanding accompanied by indemnity as provided in the 2014A Indenture 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 2014A Trustee nor any receiver, however, may sell, assign, mortgage, or otherwise dispose of any assets of the Authority.

Anything in the Sublease and the 2014A Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Bonds or the 2014A Trustee for the benefit of the holders of the Insured Bonds under the Sublease and the 2014A Indenture. No default or event of default may be waived without BAM's written consent. Under the 2014A Indenture, BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.

For more complete statement of rights and remedies of the Bondholders and for limitations thereon, reference is made to the 2014A Indenture.

Modifications and Amendments: Amendments to the 2014A Indenture are permitted without consent of Bondholders for certain purposes, including the imposition of additional restrictions and conditions respecting the issuance of 2014A Bonds, the addition of covenants and agreements by the Authority, the modification of the 2014A Indenture to conform the same with governmental regulations (so long as the rights of the Bondholders are not adversely affected thereby), the curing of any ambiguity, defect or inconsistency in the 2014A Indenture, and the making of provision for matters which are necessary or desirable and which do not adversely affect the interests of Bondholders. Certain other modifications may be made to the 2014A Indenture, but only with the consent of the Authority and the owners of not less than 66 2/3% in principal amount of Outstanding (as defined in the 2014A Indenture) 2014A Bonds issued under the 2014A Indenture.

Defeasance. When the principal or redemption price (as the case may be) of all Bonds issued under the 2014A Indenture (currently the 2009 Bonds and the 2014A Bonds), together with the interest thereon, have been paid, or there shall have been irrevocably deposited with the 2014A Trustee either moneys in an amount which shall be sufficient, or there shall be established a refunding trust or escrow agreement (the "Escrow Agreement") and into which there shall be deposited Defeasance Obligations the principal of and the interest or other income on which when due will provide money which shall be sufficient to pay when due the principal or redemption price of the Bonds and interest thereon due or to become due to the date or dates of maturity or redemption, as well as all other sums payable under the 2014A Indenture by the Authority with respect to the Bonds (together with a verification report in the case of an advance refunding), the 2014A Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange; (ii) substitution of mutilated, destroyed, lost or stolen Bonds; (iii) rights of Owners of the Bonds to receive payments of principal or redemption price, as applicable, and interest when due from amounts deposited pursuant to this provision; (iv) the obligations of the Authority with respect to rebate to the United States; and (v) rights, obligations and immunities of the 2014A Trustee under the 2014A Indenture), and the 2014A Trustee upon request of the Authority (and payment of all compensation and reimbursement of expenses then due and owing the 2014A Trustee) shall release the 2014A Indenture and the lien thereof and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority or to such person, body or authority as may be entitled to receive the same all property pledged under the

2014A Indenture and any and all balances remaining in any fund or account established under the 2014A Indenture (except amounts deposited or reserved in any fund or account to pay the principal or redemption price of or interest on the Bonds, and amounts on deposit in the Rebate Fund). The 2014A Trustee shall not be required to take any such action unless it shall have received an opinion of Bond Counsel, addressed to the 2014A Trustee, the Authority and the School District, to the effect that (1) the Escrow Agreement is valid and enforceable, if applicable, and (2) that all conditions precedent provided therein for such release, cancellation and discharge have been satisfied and that the Bonds are no longer outstanding thereunder. Thereafter, the Bonds shall be payable by the Authority solely from the property deposited and pledged pursuant to this provision.

Deposit of Funds for Payment of 2014A Bonds: If there is deposited with the 2014A Trustee cash or Defeasance Obligations acceptable to the 2014A Trustee as provided in the paragraph immediately above, sufficient to pay the principal or redemption price of any particular 2014A Bond or 2014A Bonds thereafter becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on such 2014A Bond or 2014A Bonds shall cease to accrue and, except as provided herein, all liability of the Authority with respect to such 2014A Bond or 2014A Bonds shall cease. Thereafter, upon receipt by the 2014A Trustee of an opinion of nationally recognized bond counsel addressed to the 2014A Trustee, the Authority and the School District that such 2014A Bond or 2014A Bonds are no longer "Outstanding" under the 2014A Indenture, such 2014A Bond or 2014A Bonds shall be deemed not to be Outstanding under the 2014A Indenture and the Owner or Owners of such 2014A Bond or 2014A Bonds shall be restricted exclusively to the funds so deposited for any claim whatsoever with respect to such 2014A Bond or 2014A Bonds, and the Trustee shall hold such funds in trust for such Owner or Owners.

Deposit of Funds for Payment of all 2014A Bonds: If the Authority deposits with the 2014A Trustee cash or Defeasance Obligations acceptable to the 2014A Trustee as aforesaid sufficient to pay the principal and interest as above required on all of the 2014A Bonds then remaining outstanding, then in addition the 2014A Trustee shall reassign to the Authority and the Authority shall cancel and return to the School District the Sublease and the assignment of the rental payments which were a pledged to the 2014A Bonds under the 2014A Indenture.

The 2014A Intercept Agreement

The Authority, the State Treasurer, the Department and the School District will enter into the 2014A Intercept Agreement, which agreement will be acknowledged and accepted by the 2014A Trustee pursuant to the authority of Section 7-785(b) of the Public School Code wherein:

(i) the School District instructs and directs the Department to provide notice to the State Treasurer, that the State Treasurer shall withhold the Scheduled Amounts from the Commonwealth appropriations due to the School District on the Appropriation Payment Dates and to make payment of the Scheduled Amounts directly to the 2014A Trustee, as assignee of the Authority under the Sublease;

(ii) to the extent that the State Treasurer receives from the Department the appropriate voucher transmittal on or prior to the last Thursdays of May and October of each fiscal year, the State Treasurer agrees to pay the Scheduled Amounts from any Commonwealth appropriations directly to the 2014A Trustee, as assignee of the Authority under the Sublease. In the event that the appropriation due to the School District in April or October of any year is less than the Scheduled Amounts due to the 2014A Trustee, the Department shall voucher any such deficiency from any appropriations due to the School District prior to such April or October, as applicable, to make up such deficiency and shall deliver a voucher transmittal for such amount directly to the State Treasurer prior to the applicable payment date, and the State Treasurer shall pay the Scheduled Amounts directly to the 2014A Trustee, as assignee of the Authority under the Sublease;

(iii) if on any Appropriation Payment Date, the 2014A Trustee receives less than the amount due on that Appropriation Payment Date from the State Treasurer, the 2014A Trustee shall immediately give notice of the deficiency to the School District, the Authority, the Department and the State Treasurer. The School District will transfer the amount of the deficiency, in immediately available funds, to the 2014A Trustee within two Business Days of receipt of notice of the deficiency from the 2014A Trustee. In the event that the School District fails to satisfy timely the deficiency in full as provided in the immediately preceding sentence, the 2014A Trustee shall immediately give notice of such failure, including the amount of the deficiency, to the Department, the State Treasurer, the Authority and the School District; and

(iv) the Authority and the School District direct the 2014A Trustee to credit payments made by the State Treasurer pursuant to the terms of the 2014A Intercept Agreement to the rental payments required to be made by the School District under the Sublease and to use the same to pay debt service on the 2014A Bonds in accordance with the terms and provisions of the 2014A Indenture. Amounts paid by the State Treasurer directly to the 2014A Trustee, as assignee of the Authority, will be made in satisfaction of the sublease rental payments required to be paid by the School District under the Sublease in any such fiscal year.

SUMMARIES OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT, GENERAL OBLIGATION BONDS, THE 2014B INDENTURE AND THE 2014B INTERCEPT AGREEMENT

Set forth below are brief descriptions of certain provisions of the Loan Agreement, the General Obligation Bonds, the 2014B Indenture and the 2014B Intercept Agreement. The 2014B Bonds are secured by the 2014B Indenture and are payable from payments due under the General Obligation Bonds and Loan Agreement. These descriptions are brief summaries and do not purport to be and should not be regarded as complete statements of the terms of the Loan Agreement, the General Obligation Bonds or the 2014B Indenture or as complete synopses thereof. Reference is made to the documents in their entirety, copies of which may be obtained from the 2014B Trustee, for a complete statement of the terms and conditions therein.

The Loan Agreement

Loan Payments: The School District agrees to pay to the Authority or its assignee the Base Loan Payments in installments which, as to amounts, correspond to the payments of the principal of the 2014B Bonds, premium (if any) on the 2014B Bonds, and interest on or related to the Bonds. Such payments are to be made on or before noon of the third Business Day prior to the day on which corresponding payments of the 2014B Bonds are due under the 2014B Indenture. The Base Loan Payments and other payment obligations will be reduced to the extent that other moneys are available under the 2014B Indenture for such payments by the 2014B Trustee and a credit in respect thereof has been granted pursuant to the terms of the 2014B Indenture. The Loan Agreement provides that it is the intention of the Authority and the School District that, notwithstanding any other provision of the Loan Agreement, the 2014B Trustee, as assignee of the Authority, will receive funds from or on behalf of the School District at such times and in such amounts as will enable the Authority to meet all of the obligations under the 2014B Bonds, the 2014B Indenture and any related documents, agreements or instruments including any such obligations (exclusive of the Authority's right to payment of certain fees and expenses, to receive notices and to indemnification) surviving the payment of the 2014B Bonds, the 2014B Indenture or any other related document, instrument or agreement.

Obligations Unconditional: The obligations of the School District to promptly and timely make all loan payments and certain other payments required under the Loan Agreement are absolute and unconditional, and the School District will make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including without limitation any defense, set-off, recoupment or counterclaim which the School District may have or assert against the Authority, the 2014B Trustee or any other Person, whether express or implied, or any duty, liability or obligation arising out of or connected with the Loan Agreement, it being the intention of the parties that the payments required of the School District will be paid promptly and timely in full when due without any delay or diminution whatsoever. Base Loan Payments required to be paid by or on behalf of the School District under the Loan Agreement will be received by the Authority or the 2014B Trustee as net of any other revenues available under the terms of the 2014B Indenture on the date when a Base Loan Payment is due and the School District agrees to pay or cause to be paid all charges against, or which will diminish, such net sums.

Assignment of Authority's Rights; General Obligation of the School District: The 2014B Bonds will be secured under the 2014B Indenture by the assignment to the 2014B Trustee of all right, title and interest of the Authority in and to the General Obligation Bonds and the Loan Agreement (except for the Authority's right to payment of certain fees and expenses, to receive notices and to indemnification) including the amounts payable thereunder. The Loan Agreement, including the obligation to make all loan payments there under, is a general obligation of the School District. Notwithstanding the foregoing, only the obligation to make the Base Loan

Payments under the Loan Agreement is secured by the full faith, credit and taxing power of the School District, as evidenced by the General Obligation Bonds in accordance with the terms thereof, and such pledge is specifically enforceable under the Debt Act pursuant to the approval of proceedings filed by the School District with the Pennsylvania Department of Community and Economic Development for the incurrence of debt with respect to the General Obligation Bonds. To secure the payment of Base Loan Payments and the obligations to the Trustee with respect thereto, the Authority is pledging and assigning, without recourse, to the Trustee all the Authority's rights in, to and under the General Obligation Bonds. The School District covenants and agrees that it shall: (i) include all payments due under the Loan Agreement and under the General Obligation Bonds for each fiscal year in which such payments are payable in its budget for that year; (ii) appropriate such amounts from its general revenues for such payments; and (iii) duly and punctually pay or cause to be paid from its sinking fund or any other of its funds or revenues such payments.

Covenants: Under the Loan Agreement, the School District makes certain covenants, including without limitation, to comply with all laws, to maintain insurance in such customary amounts as set forth in the Loan Agreement and to prepare certain financial statements and reports. Further, the School District and the Authority covenant that, *inter alia,* they will do and perform all acts and things necessary to ensure that interest paid on the 2014B-2 Bonds shall not be includable in the gross income of any Holder for federal income tax purposes.

The General Obligation Bonds

Pursuant to the Loan Agreement, the School District will execute and deliver to the Authority its General Obligation Bonds, pursuant to which the School District will make payments to the Authority in the amounts and at the times set forth therein, which amounts will be sufficient for the payment by the Authority of the principal of and interest on the 2014B Bonds.

The General Obligation Bonds are issued pursuant to the School District Resolution and the Debt Act. The issuance of the General Obligation Bonds by the School District and the incurrence of the indebtedness evidenced by the General Obligation Bonds have been approved, as required by the Debt Act, by the Department of Community and Economic Development of the Commonwealth. The School District has covenanted in the Loan Agreement and the General Obligation Bonds that it shall (i) include the amount of Base Loan Payments payable for each fiscal year in which such payments are payable in its budget for that year, (ii) appropriate such amounts from its general revenues for the payment of such Base Loan Payments, and (iii) duly and punctually pay or cause to be paid from its sinking fund or any other of its revenues or funds the principal of and the interest on the General Obligation Bonds at the dates and places and in the manner stated in the General Obligation Bonds. For such budgeting, appropriation and payment, the School District has pledged its full faith, credit and taxing power. This covenant is specifically enforceable; subject, however, as to the enforceability of remedies, to any applicable bankruptcy, insolvency, moratorium or similar laws or equitable principles affecting the enforcement of creditors' rights generally. Nothing in this paragraph should be construed to give the School District any taxing power not granted by another provision of law. The School District further promises to budget, appropriate and pay all amounts required to pay the Additional Payments, as defined and required under the Loan Agreement.

The 2014B Indenture

Limited Obligations of the Authority: **The 2014B Bonds are special limited obligations of the Authority and are secured by a pledge and assignment to the 2014B Trustee of the payments and other revenues or income derived by or for the Authority from or with respect to the General Obligation Bonds and the Loan Agreement and all moneys to be paid over to the 2014B Trustee under the provisions of the 2014B Indenture. The Authority has no taxing power. Neither the general credit of the Authority nor the general credit or the taxing power of the Commonwealth or any political subdivision thereof (except the School District's obligation under the General Obligation Bonds and the Loan Agreement) has been pledged to secure the 2014B Bonds.**

Pledge and Assignment of Certain Revenues: The 2014B Bonds are being issued under and pursuant to the terms of the 2014B Indenture, which provides that all bonds issued thereunder shall be limited obligations of the Authority. The Authority has pledged to the 2014B Trustee in the 2014B Indenture, a security interest in all payments, and other sums payable to the Authority by the School District under the General Obligation Bonds and the Loan Agreement, and all amounts payable to the Authority by the School District thereunder (except the rights of the Authority to receive notices, to indemnification and to payments of its fees and expenses thereunder) and all monies and income and receipts in respect thereof held by the 2014B Trustee under the 2014B Indenture, except the Rebate Fund, for the benefit and security of the registered owners of the 2014B Bonds issued under such 2014B Indenture. The pledge made by the Authority in the 2014B Indenture and the covenants and agreements set forth therein to be performed by or on behalf of the Authority are for the equal and ratable benefit and security of all present and future owners of bonds (including the 2014B Bonds) issued under the 2014B Indenture, without preference, priority or distinction as to lien or otherwise, of any one bond over any other bond, except as otherwise expressly provided or permitted by the 2014B Indenture.

Project Fund: There is established under the 2014B Indenture a Project Fund into which will be deposited the amount of proceeds on the sale of the 2014 Bonds as shown on the Closing Statement for the purpose of paying the Costs of the Project. Moneys in the Project Fund will be disbursed by the Trustee in accordance with the requirements of the 2014B Indenture.

Revenue Fund: All payments under the Loan Agreement and the General Obligation Bonds (including amounts paid pursuant to the 2014B Intercept Agreement) are required to be deposited in the Revenue Fund established with the 2014B Trustee at the times set forth in the 2014B Indenture. All moneys in the Revenue Fund are required to be transferred by the 2014B Trustee at the times set forth in the 2014B Indenture to the various other Funds established under the 2014B Indenture.

Debt Service Fund: There is established under the 2014B Indenture a Debt Service Fund which shall be held by the 2014B Trustee. The 2014B Trustee shall transfer moneys in the Revenue Fund to the Debt Service Fund, on or before each June 1 and December 1 of each year, commencing December 1, 2014, in an amount sufficient to make the interest payments due on the 2014B Bonds on each such date and to make principal payments (including mandatory sinking fund redemption) due on the 2014B Bonds on December 1 of each year commencing December 1, 2014.

Rebate Fund: The 2014B Trustee shall establish a Rebate Fund. The Authority will periodically, and upon retirement of the last 2014B Bond, determine the sum required to be deposited in the Rebate Fund (if any) and direct the 2014B Trustee to transfer such sum from the other funds and accounts established under the 2014B Indenture upon the receipt of such funds from the School District. The Authority will direct the 2014B Trustee to pay to the United States Government the sums on deposit in the Rebate Fund at the times and in the amounts (if any) required by the Internal Revenue Code of 1986, as amended, and all extant regulations promulgated thereunder.

Investment of Funds: Moneys held in the Revenue Fund, the Debt Service Fund and the Project Fund will be invested in accordance with the 2014B Indenture.

Additional Bonds: The 2014B Indenture permits under certain circumstances and conditions, the issuance of additional bonds for the purposes of paying the Costs of undertaking or completing a School District Project or of paying the Costs of refunding all or any portion of any series of Outstanding Bonds of the Authority issued on behalf of the School District or any obligation of the School District issued for a purpose for which the Authority is authorized to issue bonds under the Act.

Default and Remedies: The 2014B Indenture provides remedies to the Bondholders in the Event of Default or failure on the part of the Authority to fulfill its covenants under the 2014B Indenture.

If an Event of Default has occurred and is continuing, the 2014B Trustee may, and on the written request of the Owners of 25% in principal amount of the 2014 Bonds then Outstanding shall, by notice in writing delivered to the Authority and the School District, declare the principal of all 2014B Bonds then Outstanding to be due and payable immediately, together with interest accrued thereon, at the place of payment provided therein, anything in the 2014B Indenture or in the 2014B Bonds to the contrary notwithstanding. Further, if an Event of Default has occurred and is continuing then, the 2014B Trustee, in its discretion, may, and upon the written request of the Owners of 25% in principal amount of the 2014B Bonds then Outstanding and receipt of indemnity to its satisfaction, shall, undertake such other actions as set forth in the 2014B Indenture.

Anything in the Loan Agreement and the 2014B Indenture to the contrary notwithstanding, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Insured Bonds or the 2014B Trustee for the benefit of the holders of the Insured Bonds under the Loan Agreement and the 2014B Indenture. No default or event of default may be waived without BAM's written consent. Under the 2014B Indenture, BAM's prior written consent is required as a condition precedent to and in all instances of acceleration.

For more complete statement of rights and remedies of the Bondholders and for limitations thereon, reference is made to the 2014B Indenture.

Modifications and Amendments: Amendments to the 2014B Indenture are permitted without consent of Bondholders for certain purposes, including the imposition of additional restrictions and conditions respecting the issuance of the 2014B Bonds, the addition of covenants and agreements by the Authority, the modification of the 2014B Indenture to conform the same with governmental regulations (so long as the rights of the Bondholders are not adversely affected thereby), the curing of any ambiguity, defect or inconsistency in the Indenture, and the making of provision for matters which are necessary or desirable and which do not adversely affect the interests of Bondholders. Certain other modifications may be made to the 2014B Indenture, but only with the consent of the Authority and the owners of not less than 66 2/3% in principal amount of Outstanding 2014B Bonds issued under the 2014B Indenture.

Defeasance. When the principal or redemption price (as the case may be) of all Bonds issued under the 2014B Indenture (currently the 2014B Bonds and the 2014C Bonds), together with the interest thereon, have been paid, or there shall have been irrevocably deposited with the 2014B Trustee either moneys in an amount which shall be sufficient, or there shall be established a refunding trust or escrow agreement (the "Escrow Agreement") and into which there shall be deposited Defeasance Obligations the principal of and the interest or other income on which when due will provide money which shall be sufficient to pay when due the principal or redemption price of the Bonds and interest thereon due or to become due to the date or dates of maturity or redemption, as well as all other sums payable under the 2014B Indenture by the Authority with respect to the Bonds (together with a verification report in the case of an advance refunding), the 2014B Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange; (ii) substitution of mutilated, destroyed, lost or stolen Bonds; (iii) rights of Owners of the Bonds to receive payments of principal or redemption price, as applicable, and interest when due from amounts deposited pursuant to this provision; (iv) the obligations of the Authority with respect to rebate to the United States; and (v) rights, obligations and immunities of the 2014B Trustee under the 2014B Indenture), and the 2014B Trustee upon request of the Authority (and payment of all compensation and reimbursement of expenses then due and owing the 2014B Trustee) shall release the 2014B Indenture and the lien thereof and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority or to such person, body or authority as may be entitled to receive the same all property pledged under the Indenture and any and all balances remaining in any fund or account established under the 2014B Indenture (except amounts deposited or reserved in any fund or account to pay the principal or redemption price of or interest on the 2014B Bonds and amounts on deposit in the Rebate Fund). The 2014B Trustee shall not be required to take any such action unless it shall have received an opinion of Bond Counsel, addressed to the 2014B Trustee, the Authority and the School District, to the effect that (1) the defeasance will not adversely impact the exclusion from gross income for federal income tax purposes of interest on the 2014B-2 Bonds or the 2014C Bonds, (2) the Escrow Agreement is valid and enforceable, if applicable, and (3) that all conditions precedent provided therein for such release, cancellation and discharge have been satisfied and that the Bonds are no longer outstanding thereunder. Thereafter, the Bonds shall be payable by the Authority solely from the property deposited and pledged pursuant to this provision.

Deposit of Funds for Payment of 2014B Bonds: If there is deposited with the 2014B Trustee cash or Defeasance Obligations acceptable to the 2014B Trustee as provided in the paragraph immediately above, sufficient to pay the principal or redemption price of any particular 2014B Bond or 2014B Bonds thereafter becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on such 2014B Bond or 2014B Bonds shall cease to accrue and, except as provided herein, all liability of the Authority with respect to such 2014B Bond or 2014B Bonds shall cease. Thereafter, upon receipt by the 2014B Trustee of an opinion of nationally recognized bond counsel addressed to the 2014B Trustee, the Authority and the School District that such 2014B Bond or 2014B Bonds are no longer "Outstanding" under the 2014B Indenture, such 2014B Bond or 2014B Bonds shall be deemed not to be Outstanding under the 2014B Indenture and the

Owner or Owners of such 2014B Bond or 2014B Bonds shall be restricted exclusively to the funds so deposited for any claim whatsoever with respect to such 2014B Bond or 2014B Bonds, and the 2014B Trustee shall hold such funds in trust for such Owner or Owners.

Deposit of Funds for Payment of all 2014B Bonds: If the Authority deposits with the 2014B Trustee cash or Defeasance Obligations acceptable to the 2014B Trustee as aforesaid sufficient to pay the principal and interest as above required on all of the 2014B Bonds then remaining outstanding, then in addition the 2014B Trustee shall reassign to the Authority and the Authority shall cancel and return to the School District the Loan Agreement and the assignment of the payments which were a pledged to the 2014B Bonds under the 2014B Indenture.

The 2014B Intercept Agreement

The Authority, the State Treasurer, the Department and the School District will enter into the 2014B Intercept Agreement, which agreement will be acknowledged and accepted by the 2014B Trustee pursuant to the authority of Section 7-785(b) of the Public School Code wherein:

(i) the School District instructs and directs the Department to provide notice to the State Treasurer, that the State Treasurer shall withhold the 2014B Scheduled Amounts from the Commonwealth appropriations due to the School District on the 2014B Appropriation Dates and to make payment of the 2014B Scheduled Amounts directly to the 2014B Trustee, as assignee of the Authority under the Loan Agreement;

(ii) to the extent that the State Treasurer receives from the Department the appropriate voucher transmittal on or prior to the last Thursdays of April and October of each fiscal year, the State Treasurer agrees to pay the 2014B Scheduled Amounts from any Commonwealth appropriations directly to the 2014B Trustee, as assignee of the Authority under the Loan Agreement. In the event that the appropriation due to the School District in April or October of any year is less than the 2014B Scheduled Amounts due to the 2014B Trustee, the Department shall voucher any such deficiency from any appropriations due to the School District prior to such April or October, as applicable, to make up such deficiency and shall deliver a voucher transmittal for such amount directly to the State Treasurer prior to the applicable payment date, and the State Treasurer shall pay the 2014B Scheduled Amounts directly to the 2014B Trustee, as assignee of the Authority under the Loan Agreement;

(iii) if on any 2014B Appropriation Payment Date, the 2014B Trustee receives less than the amount due on that 2014B Appropriation Payment Date from the State Treasurer, the 2014B Trustee shall immediately give notice of the deficiency to the School District, the Authority, the Department and the State Treasurer. The School District will transfer the amount of the deficiency, in immediately available funds, to the 2014B Trustee within two Business Days of receipt of notice of the deficiency from the 2014B Trustee. In the event that the School District fails to satisfy timely the deficiency in full as provided in the immediately preceding sentence, the 2014B Trustee shall immediately give notice of such failure, including the amount of the deficiency, to the Department, the State Treasurer, the Authority and the School District; and

(iv) the Authority and the School District directs the 2014B Trustee to credit payments made by the State Treasurer pursuant to the terms of the 2014B Intercept Agreement to the payments required to be made by the School District under the Loan Agreement and to use the same to pay debt service on the 2014B Bonds in accordance with the terms and provisions of the 2014B Indenture. Amounts paid by the State Treasurer directly to the 2014B Trustee, as assignee of the Authority, will be made in satisfaction of the payments required to be paid by the School District under the Loan Agreement in any such fiscal year.

THE SCHOOL DISTRICT

Introduction

The School District is a school district of the second class, organized and existing under the laws of the Commonwealth. See "Appendix A – Certain Financial and Other Information Relating to the School District of the City of Harrisburg" and "Appendix C - Demographic and Economic Information Relating to the School District of the City of Harrisburg" for a description of the School District.

Administration

Under the School Code, school districts of the second class are to be governed by a board of school directors comprised of nine members elected for four-year terms. The School District presently has such an elected board of school directors.

Under Act 141 of 2012, described in Appendix A attached hereto, the Secretary of the Pennsylvania Department of Education declared the School District to be in Moderate Financial Recovery on December 12, 2012 and on the same day appointed Gene G. Veno as the School District's Chief Recovery Officer. The Chief Recovery Officer serves at the pleasure of the Secretary of the Department of Education. The Chief Recovery Officer is charged with the development, implementation and administration of the School District's Financial Recovery Plan, and oversight of the School District while it remains in Moderate Financial Recovery Status.

The Chief Recovery Officer's recovery plan, originally dated April 26, 2013 and subsequently amended on May 31, 2013 (the "Original Recovery Plan"), was approved by the Department on May 31, 2013. The Recovery Plan was subsequently amended on April 21, 2014 (the "Amended Recovery Plan," and together with the Original Recovery Plan, the "Recovery Plan"), and approved by the Department on April 29, 2014.

The Recovery Plan is included in "Appendix D – Recovery Plan of the Harrisburg School District dated April 26, 2013, and as Amended on April 21, 2014."

Relationship to the City of Harrisburg

The City of Harrisburg (the "City") is a city of the third class which serves as the state capital of the Commonwealth. As has been widely reported, the City has encountered serious financial distress, in part, as a result of significant indebtedness related to the Harrisburg Resource Recovery Facility (the "Resource Recovery Facility"). Pursuant to the Municipalities Financial Recovery Act of July 10, 1987 (the "Act 47") a receiver (the "Receiver") was appointed by the Governor of the Commonwealth. The initial Receiver prepared a Recovery Plan For The City of Harrisburg Dated February 6, 2012 (the "City Recovery Plan") which recommended, among other things, a lease or sale of the parking assets owned and/or operated by the Harrisburg Parking Authority or the City (collectively, the "Parking System") and a sale of the Resource Recovery Facility in order to eliminate the debt and other obligations associated with the Resource Recovery Facility and to provide an on-going source of revenue to the general fund of the City to address its long-standing structural deficit. The City Recovery Plan was confirmed by the Commonwealth Court on March 9, 2013. In December 2013, the transfer of the Parking System and the sale of the Resource Recovery Facility were completed. On January 14, 2014, the Office of the Receiver was ordered vacated by Commonwealth Court and replaced by a coordinator to complete the fiscal plan.

The School District and the City, although coterminous geographically, are separate political subdivisions under the laws of the Commonwealth. ***The City has no control under the law over the School District and has no responsibility for obligations of the School District, and the School District has no control under the law over the City and no responsibility for the obligations of the City.***

School District Not Authorized to File for Bankruptcy

School districts in Pennsylvania, including the School District, are not authorized under Pennsylvania law to file for bankruptcy under the United States Bankruptcy Code.

BONDHOLDERS' RISKS

The following information should be considered by prospective investors in evaluation of the Bonds. However, the following does not purport to be an exclusive listing of risks and other considerations which may be relevant to investing in the Bonds, and the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Ability to Raise Taxes

The Recovery Plan mandates the collection of additional real estate taxes through millage increases over the next several years. The Amended Recovery Plan provides the School District with the ability to reduce mandated future millage increases should the School District meet certain financial benchmarks. The Recovery Plan also notes the problems associated with the collection of real estate taxes in prior years. If the School District is unable to improve its collection rate, or if millage rates are not increased by the School District, or if increased millage rates result in a lower percentage of collection, this could adversely impact the School District's finances.

If the Commonwealth appropriation is insufficient to pay the entire debt service on the Bonds at any time, the School District will be required to provide funds sufficient to meet any shortfalls. The School District will rely upon available fund balances, which may not be sufficient at all times over the life of the Bonds to cover the shortfall due to insufficient Commonwealth funding. In this event, the School District may need to raise taxes, sell assets or secure emergency funding through borrowing, amongst other fiscal measures. A tax increase could result in an even higher level of delinquencies and, perhaps, lower percentage of collections. Timing delays of up to one year might occur before the new tax rate would result in additional collections.

Impact of Charter Schools

The Recovery Plan outlines the trend of declining enrollment in the School District and rising enrollment in charter schools. The Recovery Plan and the Amended Recovery Plan state that this trend must be reversed in order for the School District to continue to exist as a viable educational entity. Failure to reverse this trend will negatively impact the ability of the School District to balance its budget. The School District has taken measures intended to mitigate the impact of charter schools including establishing a cyber charter school alternative for its students.

Impact of Workforce Costs

The Recovery Plan outlined the need for a decrease in workforce costs. Reductions in workforce costs were implemented beginning with the 2013-2014 school year, in accordance with the Recovery Plan. The Amended Recovery Plan revises certain of the planned future workforce cost reductions, and provides the School District with the ability to restore cuts already in place should the financial condition of the School District sufficiently improve. The School District is undertaking negotiations with its three bargaining units and is seeking to reduce salary and benefit costs in the near term and limit the growth of personnel costs over the next contract cycle.

Risk of Nonappropriation

The 2014A Intercept Agreement and the 2014B Intercept Agreement each provide that, in accordance with Section 785(b) of the Public School Code, the State Treasurer shall withhold certain amounts from the Commonwealth appropriations due to the School District on the dates and in the amounts set forth therein, and to make payments of such amounts directly to the appropriate trustee, as assignee of the Authority, in satisfaction of the School District's obligations to make such payments under the applicable documents.

Commonwealth appropriations are a current expense of the Commonwealth, payable exclusively from appropriated moneys, and are not a general obligation or indebtedness of the Commonwealth. The decision to appropriate funds is a legislative act beyond the control of the State Treasurer. The General Assembly may fail to appropriate or allocate sufficient funds to make a required payment when due under the 2014A Intercept Agreement or the 2014B Intercept Agreement. In such an event, no recourse may be had against the Commonwealth for such nonappropriated amount. The School District remains primarily liable to make all required payments under the applicable documents.

TAX EXEMPTION AND CERTAIN OTHER TAX MATTERS

Federal Income Tax Treatment of the 2014B-2 Bonds

Numerous provisions of the Internal Revenue Code of 1986, as amended (the "Code"), affect the issuers of state and local government bonds, such as the Authority, and impair or restrict the ability of the Authority to finance projects on a tax-exempt basis. Failure on the part of the Authority or the School District to comply with any one or more of such provisions of the Code, or any regulations under the Code, could render interest on the 2014B-2 Bonds includable in the gross income of the owners thereof for purposes of federal income tax retroactively to the date of issuance of the 2014B-2 Bonds. Among these provisions are more restrictive rules relating to: (a) investment of funds treated as proceeds of the 2014B-2 Bonds; (b) the advance refunding of tax-exempt bonds; and (c) the use of proceeds of the 2014B-2 Bonds to benefit private activities. In addition, under the Code, the Authority is required to file an information return with respect to the 2014B-2 Bonds and, if applicable, to "rebate" to the federal government certain arbitrage profits on an ongoing basis throughout the term of the issue constituting the 2014B-2 Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2014B-2 Bonds may affect the tax status of interest on the 2014B-2 Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds such as the 2014B-2 Bonds. Prospective purchasers of the 2014B-2 Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on (a) indebtedness incurred or continued to purchase or carry certain state or local government bonds, such as the 2014B-2 Bonds, or, (b) in the case of a financial institution, that portion of a financial institution's interest expense allocated to interest on certain state or local government bonds, such as the 2014B-2 Bonds, unless the issuer of the state or local government bonds designates the bonds as "qualified tax-exempt obligations" for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code (the Authority has <u>not</u> designated the 2014B-2 Bonds as "qualified tax exempt obligations" under Section 265(b)(3)(B) of the Code, as such phrase is defined in the Code); (ii) certain corporations must take into account interest on certain state or local government bonds, such as the 2014B-2 Bonds, in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations; (iii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(1) of the Code reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government bonds, such as the 2014B-2 Bonds; (iv) interest on certain state or local government bonds, such as the 2014B-2 Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (v) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state and local government bonds such as the 2014B-2 Bonds) exceeding 25% of such Subchapter S corporation's gross receipts and if such Subchapter S corporation has Subchapter "C" earnings and profits, then interest income derived from state and local government bonds, such as the 2014B-2 Bonds, may be subject to federal income tax under Section 1375 of the Code; and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on certain state or local government bonds such as the 2014B-2 Bonds.

Tax Exemption

In the opinion of Bond Counsel, assuming continuing compliance by the Authority and the School District with certain certifications and agreements relating to the use of 2014B-2 Bond proceeds and covenants to comply with provisions of the Code and any applicable regulations thereunder, now or hereafter enacted, interest on the 2014B-2 Bonds is not includable in the gross income of the holders of the 2014B-2 Bonds under Section 103(a) of the Code and interest on the 2014B-2 Bonds is not an item of tax preference for purposes of the federal individual and corporate alternative minimum taxes, except as described under the caption "Federal Income Tax Treatment of the 2014B-2 Bonds" above. Other provisions of the Code will affect certain purchasers and holders of the 2014B-2 Bonds. See "Federal Income Tax Treatment of the 2014B-2 Bonds" above.

The Authority will issue its certificate regarding the facts, estimates and circumstances in existence on the date of delivery of the 2014B-2 Bonds and regarding the anticipated use of the proceeds of the 2014B-2 Bonds. The Authority will certify that, on the basis of the facts, estimates and circumstances in existence on the date of issuance of the 2014B-2 Bonds, the Authority does not reasonably expect to use the proceeds of the 2014B-2 Bonds in a manner that would cause the 2014B-2 Bonds to be or become "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Code.

The opinion of Bond Counsel with respect to the 2014B-2 Bonds is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2014B-2 Bonds for federal income tax purposes. It is not binding on the IRS or the courts.

Bond Counsel's engagement with respect to the 2014B-2 Bonds ends with the issuance of the 2014B-2 Bonds.

Original Issue Discount/Premium

The 2014B-2 Bonds maturing on December 1, 2021, December 1, 2023 and December 1, 2028 through December 1, 2034 have been offered at a discount ("original issue discount") equal generally to the difference between public offering price and principal amount. For federal income tax purposes, original issue discount on a 2014B-2 Bond accrues periodically over the term of the 2014B-2 Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the 2014B-2 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Holders should consult their tax advisers for an explanation of the accrual rules.

The 2014B-2 Bonds maturing on December 1, 2016, December 1, 2022 and December 1, 2024 through December 1, 2027 have been offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a 2014B-2 Bond through reductions in the holder's tax basis for the 2014B-2 Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the 2014B-2 Bond rather than creating a deductible expense or loss. Holders should consult their tax advisers for an explanation of the amortization rules.

Regulations, Future Legislation

Under the provisions of the Code, the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code, which could affect the tax-exemption and/or tax consequences of holding tax-exempt obligations, such as the 2014B-2 Bonds. In addition, legislation may be introduced and enacted in the future which could change the provisions of the Code relating to tax-exempt bonds of a state or local government unit, such as the Authority, or the taxability of interest in general.

No representation is made or can be made by the Authority, or any other party associated with the issuance of the 2014B-2 Bonds as to whether or not any other legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the 2014B-2 Bonds to federal income taxes or so as to otherwise affect the marketability or market value of the 2014B-2 Bonds.

EACH PURCHASER OF THE 2014B-2 BONDS SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL TAX LEGISLATION.

Proposed Tax Legislation

Proposals to alter or eliminate the exclusion of interest on tax-exempt bonds from gross income for some or all taxpayers have been made in the past and may be made again in the future. For example, on September 12, 2011, President Obama submitted the "American Jobs Act of 2011" (the "Jobs Act") to Congress. While the Jobs Act was not enacted in its original form, certain measures in support of tax-reform continue to appear in the President's fiscal 2013 budget request, released in February 2012. The 2013 budget proposes a 28% cap on the value of tax preferences, including tax-exempt interest for municipal bonds. There is much uncertainty regarding whether any legislation to effect tax-reform will be enacted now or in the future. The impact of such legislation on the 2014B-2 Bonds and the financial condition of the Authority cannot be predicted. Prospective purchasers of the 2014B-2

Bonds should consult their own tax advisors regarding the potential consequences of the proposed change to the treatment of interest on the 2014B-2 Bonds.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the 2014B-2 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the 2014B-2 Bonds. PROSPECTIVE PURCHASERS OF THE 2014B-2 BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING ANY PROPOSED FEDERAL TAX LEGISLATION, AS TO WHICH BOND COUNSEL EXPRESSES NO OPINION.

Federal Income Tax Treatment of the 2014A Bonds and the 2014B-1 Bonds

Interest on the 2014A Bonds and the 2014B-1 Bonds (collectively referred to herein as the "Taxable Bonds") is includible in gross income for federal income tax purposes.

Additional Federal Income Tax Considerations Relating to the Taxable Bonds

The following is a summary of certain anticipated federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change, possibly with retroactive effect, or differing interpretations. This summary does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances, nor certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, persons holding a Taxable Bond as a hedge against currency risks or as a position in a "straddle" for tax purposes, or persons whose functional currency is not the United States dollar. This summary focuses primarily on investors who will hold the Taxable Bonds as "capital assets" (generally, property held for investment within the meaning of Code Section 1221), but much of the discussion is applicable to other investors. Potential purchasers of the Taxable Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Taxable Bonds.

Taxability of Stated Interest and Principal of Taxable Bonds. In general, interest payable to holders of Taxable Bonds who are not exempt from federal income tax will be treated as ordinary income, in the year paid, in the case of cash basis taxpayers, or the year accrued, in the case of accrual basis taxpayers. Principal payments on the Taxable Bonds, other than those attributable to any market discount, will be treated as a return of capital.

Acquisition Premium. The holder of a Taxable Bond will be treated as having amortizable bond premium to the extent (if any) by which the holder's initial basis in the Taxable Bond exceeds the outstanding principal amount of the Taxable Bond. Provided that the holder makes an election under Section 171I of the Code (or made such an election after October 22, 1986), the amount of any amortizable bond premium may be amortized over the term of the Taxable Bond and treated as a reduction of such holder's taxable interest income from the Taxable Bond each year, in which case the holder's basis in the Taxable Bonds will be reduced by the amortized amount.

The election under Section 171I of the Code to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by a holder of a Taxable Bond, and may be revoked only with the consent of the Internal Revenue Service. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE ADVISABILITY OF MAKING AN ELECTION TO DEDUCT AMORTIZABLE BOND PREMIUM AND THE APPROPRIATE METHOD OF MAKING SUCH AN ELECTION.

Market Discount. A holder who purchases a Taxable Bond from a prior holder for a price below the adjusted issue price of the Taxable Bond (which generally will equal the remaining principal amount of such Taxable Bond) will, subject to certain de minimis rules, be treated as having purchased the Taxable Bond for a market discount. The amount of any market discount will be deemed to accrue over the remaining maturity of the Taxable Bond in accordance with the constant yield to maturity method of accounting, and will have to be taken into account by the holder of a Taxable Bond as ordinary income for federal income tax purposes. Accrued market discount generally only has to be taken into account as ordinary income as principal payments are received, or upon the recognition of gain from the disposition of the Taxable Bonds, provided that the holder may elect to include market discount in income as it accrues.

A holder of a Taxable Bond acquired at a market discount may also be required to defer, until the maturity date of such Taxable Bond or its earlier disposition in a taxable disposition, the deduction of a portion of interest that the holder paid or accrued on indebtedness incurred or maintained to purchase or carry the Taxable Bonds. This deferral rule does not apply if the holder of such Taxable Bond elects to include the market discount in income for the tax years to which it relates. Prospective purchasers who intend to purchase Taxable Bonds from an existing holder at a market discount should consult their own tax advisors regarding the inclusion of market discount in taxable income as ordinary income, the election to include market discount in income as it accrues, and the possible deferral of a portion of the interest deductions attributable to indebtedness incurred or maintained to purchase or carry Taxable Bonds purchased at a market discount.

Sale or Redemption of the Taxable Bonds. A holder of a Taxable Bond's tax basis for such Taxable Bond is the price such holder pays for the Taxable Bond, increased by any accruals of market discount, if applicable, and reduced by (a) payments received other than "qualified periodic interest" and (b) amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Taxable Bond, measured by the difference between the amount realized and the Taxable Bond's basis as so adjusted, will generally give rise to capital gain or loss if the Taxable Bond is held as a capital asset. Defeasance of the Taxable Bonds may result in a reissuance thereof, in which event a holder will also recognize taxable gain or loss as discussed in the previous sentence. In the case of a subsequent holder, a portion of any gain will generally be treated as ordinary income to the extent of any market discount accrued to the date of disposition which was not previously reported as ordinary income.

Medicare Tax. Under the "Health Care and Education Reconciliation Act of 2010," income from the Taxable Bonds may also be subject to a 3.8 percent "medicare tax" imposed for taxable years beginning after 2012. This tax will generally apply to your net investment income if your adjusted gross income exceeds certain threshold amounts, which are $250,000 in the case of married couples filing joint returns and $200,000 in the case of single individuals.

Backup Withholding. A holder of a Taxable Bond may, under certain circumstances, be subject to "backup withholding" at a specified rate prescribed in the Code with respect to interest on the Taxable Bonds. This withholding generally applies if the holder of a Taxable Bond (a) fails to furnish the Trustee with its taxpayer identification number ("TIN"): (b) furnishes the Trustee an incorrect TIN; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code, or (d) under certain circumstances, fails to provide the Trustee or its securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is his correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to payments made to certain holders of Taxable Bonds, including payment to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents (as defined below). Owners of the Taxable Bonds should consult their tax advisors as to the qualification for exemption from backup withholding and the procedure for obtaining the exemption.

The Trustee will report to the holders of Taxable Bonds and to the IRS for each calendar year the amount of any "reportable payments" during such year and the amount of tax withheld, if any, with respect to payments on the Taxable Bonds.

Foreign Holders. Under the Code, interest with respect to Taxable Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons ("Nonresidents") generally will not be subject to the United States backup withholding tax if the Trustee (or other person who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of a Taxable Bond is a Nonresident. Under present United States federal income tax law, if you are a non-United States holder of a Taxable Bond the Trustee will not be required to deduct United States income withholding tax from payments of principal and interest to you if, in the case of interest, (a) in general, you are not a bank or controlled foreign corporation that is related to the issuer through stock ownership, and (b) you provide to the Trustee or a U.S. payor, a Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States withholding, signed under penalties of perjury, that you are not a United States holder and provide your name and address and such other certificates as may be necessary to support the facts under (a). The withholding tax, if applicable, may be reduced or eliminated by an applicable tax treaty. However, interest that is effectively connected with a United States business conducted by a Nonresident holder of a Taxable Bond will generally be subject to the regular United States income tax.

INVESTORS WHO ARE NONRESIDENTS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF OWNING TAXABLE BONDS.

THE FOREGOING SUMMARY AS TO TAXABLE BONDS IS NOT INTENDED AS AN EXHAUSTIVE RECITAL OF THE POTENTIAL TAX CONSEQUENCES OF OWNING THE TAXABLE BONDS. PROSPECTIVE PURCHASERS OF THE TAXABLE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF OWNING THE TAXABLE BONDS. BOND COUNSEL WILL NOT DELIVER ANY OPINION WITH RESPECT TO ANY FEDERAL TAX CONSEQUENCES OF OWNING THE TAXABLE BONDS AND WILL NOT DELIVER ANY OPINION AS TO STATE OR LOCAL TAX CONSEQUENCES EXCEPT FOR THE MATTERS SET FORTH UNDER THE CAPTION “STATE TAX MATTERS” BELOW.

State Tax Matters

In the opinion of Bond Counsel under the laws of the Commonwealth, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, 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 of Pennsylvania.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

CONTINUING DISCLOSURE

In order to provide certain continuing disclosure with respect to the 2014 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“Rule 15c2-12”), the School District has entered into a Disclosure Dissemination Agent Agreement (“Disclosure Dissemination Agreement”) for the benefit of the holders of the Bonds with Digital Assurance Certification, L.L.C. (“DAC”), under which the School District has designated DAC as Disclosure Dissemination Agent.

The Annual Report is be filed by the Disclosure Dissemination Agent with the Municipal Securities Rulemaking Board (the “MSRB”) through the MSRB’s Electronic Municipal Market Access (EMMA) in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as prescribed by the MSRB, not later than 270 days following the end of each fiscal year of the School District, beginning with the fiscal year ending June 30, 2014, the following financial information and operating data with respect to the School District which the School District customarily prepares and makes public:

Annual Information

(a) a copy of the annual audited financial statements of the School District prepared in accordance with generally accepted accounting principles in Pennsylvania, and audited in accordance with generally accepted auditing standards;
(b) a summary of the budget for the current fiscal year;
(c) the assessed value and market value of all taxable real estate for the current fiscal year*;*
(d) the taxes and millage rates imposed for the current fiscal year;
(e) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real

estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount);

(f) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year; and

(g) pupil enrollment figures, including enrollment at the end of the most recent fiscal year, current enrollment and projected enrollment for the beginning of the next fiscal year, including a breakdown between elementary and secondary enrollment (to the extent reasonably feasible).

Notice of Material Events

The notices to be provided under the Rule, which the School District will undertake to provide as described above, include written or notice of the occurrence of any of the following events, if material, with respect to the Bonds to file in a timely manner not in excess of ten (10) business days after the occurrence of such event, with the MSRB, in such electronic format as is prescribed 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 Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
(7) modifications to the rights of holders, if material;
(8) Bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the School District;
(13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(14) appointment of a successor or additional trustee, or the change of name of a trustee, if material.

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

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not commit to provide notice of the occurrence of any material event except those events listed above.

The School District reserves the right to terminate its obligation to provide annual financial information and notices of material events, as summarized above, if and when the School District is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds and shall be enforceable by the holders 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 School District's obligations hereunder and any failure by the School District to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

Effective July 1, 2009, the MSRB was designated by the SEC to be the central repository for ongoing disclosures by municipal issuers. Disclosure filings and notices are made available to investors through the MSRB's Electronic Municipal Market Access (EMMA) system which is accessible on the internet at http://emma.msrb.org.

Continuing Compliance

The School District has failed to comply with certain of its existing annual disclosure requirements (the "Prior Disclosure Requirements") in connection with the outstanding bonds and other indebtedness of the School District. Under those Prior Disclosure Requirements, the School District has, among other things, agreed to provide updates to certain audited financial statements and financial and operational information relating to the School District.

- For fiscal years ending 2009, 2010, 2011, 2012 and 2013 the School District failed to file its audited financial statements within the time periods required by its Prior Disclosure Requirements; and
- For fiscal years ending 2009, 2010, 2011 and 2013, the School District failed to file certain financial information and operating data within the time periods required by its Prior Disclosure Requirements.

Under those Prior Disclosure Requirements, the School District also has agreed to provide certain information regarding its annual budgets.

- For fiscal years ending 2010, 2011, 2012, 2013 and 2014, the School District failed to file such budgetary information within the time periods required by its Prior Disclosure Requirements.

Additionally, under such Prior Disclosure Requirements, the School District agreed to provide notice of those events specified in the Rule.

- The School District failed to file rating change notices of one of its bond insurance providers within the time periods required by the Rule.

The School District has subsequently submitted all of the omitted disclosure updates to EMMA. Except as described above, the School District has complied in all material respects with its Prior Disclosure Requirements under the Rule.

The School District has retained Digital Assurance Corporation, ("DAC") to assist the School District in fulfilling the requirements of its on-going Continuing Disclosure requirements.

The Disclosure Dissemination Agent has only the duties specifically set forth in the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described in the Disclosure Dissemination Agreement is limited to the extent the School District has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty with respect to the content of any disclosures or notice made pursuant to the terms of the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent has no duty or obligation to review or verify any information in the Annual Report, Audited Financial Statements, notice of Notice Event or Voluntary Report, or any other information, disclosures or notices provided to it by the School District and shall not be deemed to be acting in any fiduciary capacity for the School District, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent has no responsibility for the School District's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the School District has complied with the Disclosure Dissemination Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the School District at all times.

ABSENCE OF LITIGATION

There is no litigation of any nature now pending or threatened 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, the Loan Agreement, the Lease, the Sublease or any proceedings of the Authority 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 Authority.

There is no litigation, individually or in the aggregate, currently pending or to the knowledge of the School District threatened against it, which will have a material adverse effect on its financial condition or which will affect the validity or enforceability of the Bonds, the Lease, the Sublease, the Loan Agreement, the General Obligation Bonds, the 2014A Intercept Agreement, the 2014B Intercept Agreement, the Indentures, or which in any way contests the existence or powers of the School District.

As stated previously in this Preliminary Official Statement regarding bondholders' risks and the impact of workforce costs for the School District, the Recovery Plan outlined the need for a decrease in workforce costs. The School District implemented those reductions beginning with the 2013-2014 school year in accordance with the Recovery Plan, including the reduction of salary and benefit costs. In light of the better-than-expected financial performance of the School District, its three bargaining units are seeking a restoration of certain of the reductions, particularly those related to the salary and benefit costs. One bargaining unit has filed a grievance for which arbitration is pending. A second bargaining unit filed a Complaint with the Pennsylvania Labor Relations Board (the "PLRB") which alleges unfair labor practices by the School District. The matter is currently pending before the PLRB. A third bargaining unit has reached a settlement with the School District for the restoration of reductions to its members. The School District believes that the resolution of these unsettled matters will not have a material adverse effect on the financial condition of the School District.

LEGALITY FOR INVESTMENT

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 persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons whatsoever who now or may hereafter be 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 officers or agency of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth is now or may hereafter be authorized by law.

LEGAL MATTERS

The issuance and delivery of the Bonds are subject to approval as to legality by Stevens & Lee, P.C., Reading, Pennsylvania, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority by its Counsel, Hartman Underhill & Brubaker, LLC, Lancaster, Pennsylvania; for the School District by its counsel, Dilworth Paxson LLP, Harrisburg, Pennsylvania; and for the Underwriter by its counsel, McNees Wallace & Nurick LLC, Harrisburg, Pennsylvania.

FINANCIAL ADVISOR

The School District has retained Susquehanna Group Advisors, Harrisburg, Pennsylvania as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make and independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Susquehanna Group Advisors is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

UNDERWRITING

PNC Capital Markets LLC (the "Underwriter") has agreed, subject to certain conditions, to purchase the 2014A Bonds from the Authority at an purchase price of $23,736,720.00 (consisting of an aggregate principal amount of $23,880,000.00 less an underwriter's discount of $143,280.00. The Underwriter has agreed, subject to certain conditions, to purchase the 2014B Bonds from the Authority at an purchase price of $29,737,487.75 (consisting of an aggregate principal amount of $27,635,000.00 less an underwriter's discount of $165,810.00 plus a net original issue premium of $2,268,297.75). 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.

RATINGS

Standard & Poors, a division of The McGraw-Hill Companies ("S&P") is expected to assign its municipal bond rating of "A+" to the Bonds. This rating reflects S&P's view of the School District's eligibility for, and participation in, the Pennsylvania State Aid Intercept Program. S&P has assigned an underlying rating to the Bonds of "A" (stable outlook), subject to their issuance.

S&P is also expected to assign its municipal bond rating of "AA" (Stable outlook) to the issue of Insured Bonds based upon the delivery with the Insured Bonds, a policy insuring the payment when due of the principal of and interest on the Insured Bonds will be issued by Build America Municipal Corp.

Such ratings reflect only the view of such organization, and an explanation of the significance of such rating may be obtained from Standard & Poor's. A rating is not a recommendation to buy, sell or hold securities. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if in the judgment of such rating agency circumstances so warrant. Neither the Underwriter, the Financial Advisor, the Authority, nor the School District has undertaken any responsibility either to bring to the attention of the holders of the Bonds any proposed change in or withdrawal of a rating of the Bonds or to oppose any such proposed change or withdrawal. A downward revision or withdrawal of such rating may have a substantial adverse effect on the market price of the Bonds.

INDEPENDENT AUDITORS

The basic financial statement of the School District as of and for the fiscal year ended June 30, 2013, included in Appendix B to this Official Statement has been audited by Stambaugh Ness, PC, York, Pennsylvania, independent certified public accountants, as stated in their report appearing in Appendix B to this Official Statement.

CERTAIN RELATIONSHIPS AMONG THE PARTIES

McNees Wallace & Nurick LLC is acting as counsel to the Underwriter and to the Purchaser in this transaction and also acts as counsel to the Underwriter, the Purchaser and the 2014A Trustee and 2014B Trustee in unrelated transactions.

PNC Capital Markets LLC is acting as Underwriter with respect to the Bonds. PNC Bank, National Association, Camp Hill, Pennsylvania is the Purchaser of the 2014C Bonds. PNC Bank, National Association and PNC Capital Markets LLC are both wholly-owned subsidiaries of The PNC Financial Services Group, Inc. Further, a portion of the proceeds of the 2014A Bonds will be applied toward the current refunding of all of the Authority's outstanding Series 2013 Refunded Bonds. The Series 2013 Refunded Bonds were purchased and are held by PNC Bank, National Association.

Stevens & Lee, P.C. is acting as bond counsel in this transaction and also acts as counsel to the Underwriter and the Purchaser in unrelated transactions.

MISCELLANEOUS MATTERS

The Authority has no responsibility for the School District's compliance with the Disclosure Certificate or for the contents of, or any omissions from, the financial information, operating data or notices provided thereunder.

The references herein to the 2014A Indenture, the Lease, the Sublease, the 2014A Intercept Agreement, the 2014B Indenture, the Loan Agreement, the General Obligation Bonds, the 2014B Intercept Agreement, the Disclosure Certificate, the Act, and other materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of the provisions thereof, copies of which will be furnished by the Authority 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, is 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 presentations of fact.

The information contained in this Official Statement should not be construed as representing all of the conditions affecting the Authority, the School District or the Bonds.

The Authority has not assisted in the preparation of this Official Statement, except for the statements under the section captioned "THE AUTHORITY" and, as it relates to the Authority, the first paragraph of the section captioned "ABSENCE OF LITIGATION" herein and, except for those sections, the Authority is not responsible for any statements made in this Official Statement. Except for the authorization, execution and delivery of documents required to effect the issuance of the Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as aforesaid, the Authority assumes no responsibility for the disclosures set forth in this Official Statement.

The undersigned, being the duly appointed Executive Director of the State Public School Building Authority and being duly authorized so to do, does hereby certify that the foregoing Official Statement is in form and content as authorized by the Board of the State Public School Building Authority, and that as of the date hereof, the Official Statement as it relates to the Authority, does not contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements contained herein, in light of the circumstances under which they were made not misleading.

STATE PUBLIC SCHOOL BUILDING AUTHORITY

By: /s/ Robert Baccon
Name: Robert Baccon
Title: Executive Director

APPROVED:

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
Dauphin County, Pennsylvania

By: /s/ Jennifer Smallwood
Name: Jennifer Smallwood
Title: President of the Board of School Directors

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APPENDIX A

Certain Financial and Other Information
Relating to the School District of the City of Harrisburg

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SCHOOL DISTRICT GOVERNANCE AND CERTAIN LITIGATION

Administration

Under the Pennsylvania Public School Code of 1949, as amended (the "School Code"), school districts of the second class are to be governed by a board of school directors comprised of nine members elected for four-year terms. The School District presently has such an elected board of school directors. Under Act 141 described hereinafter, the Secretary of the Pennsylvania Department of Education (hereinafter referred to as the "Department") declared the School District to be in Moderate Financial Recovery on December 12, 2012, and on the same day appointed Gene G. Veno as the School District's Chief Recovery Officer.

The Chief Recovery Officer serves at the pleasure of the Secretary of the Department of Education. The Chief Recovery Officer is charged with the development, implementation and administration of the School District's Financial Recovery Plan and oversight of the School District while it remains in Moderate Financial Recovery Status. See the discussion below.

Act 141

In General. The General Assembly of the Commonwealth of Pennsylvania enacted legislation on July 12, 2012, designated as Act 141 of 2012 (hereinafter referred to as "Act 141") amending the School Code. Pursuant to Act 141, the Secretary of the Department shall issue a declaration that a school district is in financial recovery status when either of the following applies: (1) the school district has an average daily membership greater than 7,500 and receives an advance of its basic education subsidy at any time; or (2) the school district receives an advance of its basic education subsidy at any time and is either subject to a declaration of financial distress under the School Code or engaged in litigation against the Commonwealth in which the school district seeks financial assistance from the Commonwealth to allow the school district to continue in operation. School districts declared to be in financial recovery status by virtue of the application of clause (1) shall be deemed to be in moderate financial recovery status; school districts declared to be in financial recovery status by virtue of the application of clause (2) shall be deemed to be in severe financial recovery status.

Within two years of the effective date of Act 141, the State Board of Education shall promulgate regulations establishing additional criteria which the Secretary may consider in determining whether to issue a declaration of financial recovery status, and whether such declaration is of moderate or severe financial recovery status. Not more than nine school districts may be under a declaration of financial recovery status (or in receivership as provided for in Act 141) at any time.

Administration and Oversight of School Districts in Financial Recovery Status. For each school district declared to be in financial recovery in accordance with Act 141, the Secretary of the Department shall appoint a chief recovery officer who shall serve at the pleasure of the Department and is charged with the development, implementation and administration of the school district's financial recovery plan and oversight of the school district while it is in financial recovery status.

Upon the appointment of a chief recovery officer for a school district in moderate financial recovery status, the board of school directors shall establish an advisory committee to meet and consult with the chief recovery officer in the development and implementation of the financial recovery plan. The advisory committee shall consist of twelve members, as follows:

Two members of the board of school directors;
One principal employed by the school district;
One business official employed by the school district;
One employee of the intermediate unit of which the school district is a member;
One representative of a charter school or cyber charter school in which students residing in the school district are enrolled;
One special education advocate;
One superintendent, school director or business official of an adjoining school district;
Two residents of the school district;

One teacher appointed by the employee organization that represents teachers employed in the school district; and
The superintendent of the school district.

Members of the advisory committee shall be appointed in accordance with the provisions of Act 141. An advisory committee shall not be appointed for school districts in severe financial recovery status.

Financial Recovery Plan. The chief recovery officer shall, in consultation with the superintendent for the school district, develop a financial recovery plan for the school district and deliver copies of the plan to the school district business office, the board of school directors, the superintendent of the school district, the solicitor of the school district and (in the case of a school district in moderate financial recovery status) the advisory committee. The chief recovery officer may hold one or more public hearings on the financial recovery plan. Upon the submission of the financial recovery plan to the board of school directors, the board shall hold a public meeting for the purpose of approving or disapproving the financial recovery plan. Should the board fail to approve the plan, the school district shall not be eligible for an Act 141 financial recovery transition loan and shall not receive technical assistance from the Department as provided for in Act 141.

The failure of the board to approve the financial recovery plan can also result in the appointment of a receiver. In the case of a school district in severe financial recovery status, the Secretary of the Department is immediately authorized to seek the appointment of a receiver. For school districts in moderate financial recovery status, the Secretary of the Department is authorized to seek the appointment of a receiver once the failure to approve the plan has continued for one year after the initial appointment by the Secretary of the school district's chief recovery officer.

Once the financial recovery plan has been approved by the board of school directors, the chief recovery officer shall provide a copy of the plan to the Secretary of the Department for approval. In the event the plan is disapproved, the chief recovery officer shall prepare and submit a revised plan for consideration by the board of school directors within twenty days.

Implementation of Financial Recovery Plan. The chief recovery officer is vested with the exclusive authority to implement the financial recovery plan, and shall provide the Department with monthly reports as to the status of implementation, the school district's current revenues and expenditures, and the payment of the school district's creditors. **During the financial recovery status period, the board of school directors elected pursuant to the School Code shall comply with all directives of the chief recovery officer, and may take no action that is inconsistent with such directives or that is inconsistent with the financial recovery plan. The failure of the board of school directors to comply with the chief recovery officer's directives shall make the school district subject to the appointment of a receiver.**.

Receivership. The failure or refusal of the board of school directors of a school district in financial recovery status to approve the financial recovery plan, continue to satisfy the objections specified in the plan or otherwise cooperate with the chief recovery officer shall result in the appointment of a receiver for the school district. The receiver shall possess all powers and duties of the chief recovery officer and the board of school directors; provided, however, that the receiver shall not do any of the following:

(1) Unilaterally levy or raise taxes, provided, however, that the receiver may direct the board of school directors to levy or raise taxes, to which directive the board must comply;

(2) unilaterally abrogate, alter or otherwise interfere with a lien, charge, covenant or relative priority that is held by a holder of a debt obligation of the school district, or granted by the contract, law, rule or regulation governing the debt obligation; and

(3) unilaterally impair or modify existing bonds, notes, school district securities or other lawful contractual or legal obligations of the school district, except as otherwise ordered by a court of competent jurisdiction, or as provided for in the

> Act upon a showing that the impairment or modification will effect needed economies in the operation of the district's schools.

A receiver shall be appointed by order of the court of common pleas for the county in which the school district (or the largest part in area of the school district) is located upon the filing of a petition by the Department with such court. Receivers appointed in accordance with Act 141 shall serve for terms of three years, subject to extension by request of the Department.

Restoration of Control to Board of School Directors. Under Act 141, a school district in financial recovery status may be removed from such status by the Department upon a recommendation of the chief recovery officer that all of the goals and objectives in the financial recovery plan have been accomplished. School districts in receivership shall be removed from such status upon the expiration of the term of the receiver, subject to any extensions.

After a school district is removed from financial recovery status, or is removed from receivership, the board of school directors shall resume full control over the management of the district; provided, however, that for a period of five years, the chief recovery officer shall oversee the board to ensure financial stability is maintained. Additionally, during the five year period, if the school district fails to maintain the objectives stated in the financial recovery plan, the Secretary of the Department shall: (1) seek the appointment of a receiver, if the school district was removed from financial recovery status; or (2) issue a declaration of financial recovery status, if the school district was removed from receivership.

Current Status of School District Administration and Financial Recovery Plan. The School District continues to be in moderate financial recovery status following the Department Secretary's December 12, 2012 declaration, and is being governed by Chief Recovery Officer Gene G. Veno. Under the Pennsylvania Constitution and the provisions of Act 141, however, the elected Board of School Directors must authorize the annual tax levy.

Chief Recovery Officer Veno prepared a Recovery Plan dated April 26, 2013. The Recovery Plan was revised with respect to action item RV05 on May 30, 2013. The Department approved the Recovery Plan on May 31, 2013, and the Chief Recovery Officer is in the process of implementing the Recovery Plan. On April 21, 2014, an Amended Recovery Plan was issued to: (1) revise certain initiatives of the Recovery Plan to address the revised financial circumstances and projections of the School District; (2) provide clarifying language for aspects of the Recovery Plan including a new calendar of events related to academic improvement; and (3) provide new academic improvement benchmarks for the District tied to the school performance profile process adopted by the Department. The Recovery Plan as so revised is attached to this Official Statement as Appendix D.

TABLE A-1

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHOOL FACILITIES

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Number of Class-rooms	Rated Pupil Capacity	2013-14 Enrollment
Elementary						
Camp Curtin	1952	2005/2005	5-8	44	864	740
Foose	1953	2005/2001	K-4	40	804	525
Lincoln*	1905	2003/2003	Admin	26	482	Admin
Shimmell	1914	1960/1998			Closed	
Downey	1953	2004/2004	K-4	26	580	400
Benjamin Franklin	1961	2005/2005	K-4	44	864	760
Hamilton	1891	1954/1998			Closed	
Marshall*	1950	2002/2002	5-8	29	620	520
Melrose	1961	2002/2002	K-4	26	585	620
Thomas Morris Chester	1906	1957			Closed	
Steele	1915	1960/1998			Closed	
Woodward	1911	1955			Closed	
Scott Early Childhood Ctr	1942	2005/2000	K-4	27	620	530
Rowland	1942	1999/1999	5-8	40	804	765
Secondary						
William Penn Campus	1922	1981			Closed	
John Harris Campus *	1926	2005/2007	9-12	47	1,243	1,120
Sci-Tech High*	1946	2004	9-12	16	550	400

*Lincoln will house the Administration in 2014-15.
Marshall includes the Math/Science Academy.
Harrisburg HS is official name of the John Harris Campus.
Harrisburg University of Science & Technology is the official name of Sci-Tech High.
Source: School District Officials.

Enrollment Trends

The following table presents recent trends in school enrollment for the last ten years and projections for the next four years, as prepared by School District officials.

TABLE A-2

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
ENROLLMENT TRENDS

School Year	Elementary	Secondary	Total
Actual Enrollments			
2003-04	3,692	4,191	7,883
2004-05	3,889	4,256	8,145
2005-06	4,001	4,672	8,673
2006-07	3,890	4,347	8,237
2007-08	4,180	3,783	7,963
2008-09	4,239	3,655	7,894
2009-10	4,155	3,532	7,687
2010-11	4,157	3,272	7,429
2011-12	3,986	2,705	6,691
2012-13	4,307	2,675	6,982
2013-14	3,940	2,440	6,380
Projected Enrollments			
2014-15	3,840	2,515	6,355
2015-16	3,850	2,525	6,375
2016-17	3,860	2,530	6,390
2017-18	3,870	2,535	6,405
2018-19	3,880	2,540	6,420

Source: School District Officials & Pennsylvania Department of Education.

FINANCIAL REVIEW

Accounting Method

The School District keeps its books and prepares its fund level financial reports according to a modified accrual basis. Major accrual items are payroll taxes, health insurance premiums and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. The firm of Stambaugh Ness, PC, York, Pennsylvania serves as the School District auditor.

TABLE A-3

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years ending June 30)

	2009	2010	2011	2012	2013
ASSETS					
Cash and Cash Equivalents	$ 0	$3,134,683	$6,482,580	$16,045,781	$26,305,964
Investments	3,021,679	3,215,859	4,028,869	3,041,592	46,255
Taxes Receivable	10,444,142	11,882,519	14,041,835	14,717,873	15,228,983
Interfund Receivables	2,242,453	2,485,009	1,900,438	1,927,293	1,323,439
Intergovernmental Receivables	10,174,265	9,114,624	9.989,438	4,760,916	6,706,424
Inventories	0	0	0	4,457	963
Prepaid Expenses	296,237	38,655	34,716	35,822	54,862
Other	720,973	561,104	750,022	1,086,977	1,091,074
TOTAL ASSETS..........................	$26,899,749	$30,432,453	$37,227,898	$41,620,711	$50,757,964
LIABILITIES					
Interfund Payables	$121,652	$0	$0	$0	$0
Intergovernmental Payables..........	35,955	542,961	196,353	176,701	0
Accounts Payable..........................	5,911,620	11,747,227	7,532,573	9,145,043	7,148,064
Accrued Salaries & Benefits.........	6,550,551	6,893,315	7,800,498	4,920,178	5,526,400
Deferred Revenues	10,731,605	11,298,513	13,852,649	15,507,492	15,429,868
Other Current Liabilities...............	787,165	0	0	0	0
TOTAL LIABILITIES................	$24,138,548	$30,482,016	$29,382,083	$29,749,414	$28,104,332
FUND EQUITIES					
Nonspendable:					
Reserved for Inventories..........	0	0	0	4,457	963
Interfund Receivables	0	0	1,900,438	1,927,293	1,323,439
Prepaid Expenses.....................	0	0	34,716	35,822	54,862
Committed:					
Athletics and Band Reserve.....	0	0	0	402,381	402,381
Assigned:					
Health insurance stabilization..	0	0	0	0	1,500,000
PSERS increases......................	0	0	0	0	5,000,000
Debt service increases.............	0	0	0	0	3,000,000
Capital improvements..............	0	0	0	0	3,000,000
Information Tech Improvements	0	0	0	0	1,500,000
Unassigned:					
General Fund	2,761,201	(49,563)	5,910,661	9,501,344	6,871,987
Total Fund Equities	$2,761,201	($49,563)	$7,845,815	$11,871,297	$22,653,632
TOTAL LIABILITIES AND FUND EQUITIES..............	$26,899,749	$30,432,453	$37,227,898	$41,620,711	$50,757,964

Source: School District Annual Financial Reports.

TABLE A-4
THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SUMMARY OF SCHOOL DISTRICT GENERAL FUND REVENUES AND EXPENDITURES*
(Years ending June 30)

REVENUE:

	2009	2010	2011	2012	2013	Estimate 2014
Local Sources:						
Real Estate Taxes	$ 30,696,596	$ 32,580,494	$ 33,553,930	$33,815,337	$34,437,171	$35,614,219
Total Act 511 Taxes	7,066,346	6,767,803	6,458,197	6,923,270	6,756,737	6,625,000
Public Utility Tax	48,959	54,463	54,155	56,572	54,739	54,000
Delinquent Taxes	5,308,908	6,188,502	6,795,779	5,720,344	5,844,422	5,980,436
Earnings from Temporary Deposits	135,391	69,951	39,477	59,322	757,648	694,389
Rev. Rec'd. other intermediate sources	66,087	140,817	2,023,092	1,991,207	1,842,466	1,465,445
Rev. Rec'd. other public schools	1,975,680	1,950,539	7,793	277,393	336,810	0
Rental	27,723	41,212	42,040	80,119	123,402	65,000
Tuition	383,257	277,452	380,221	104,823	99,366	295,000
Contributions	683,734	366,877	319,567	173,384	795,878	50,000
Payments in lieu of Tax	913,244	925,739	1,023,542	1,050,934	1,070,056	1,090,000
Other Sources	257,179	72,920	665,029	135,225	594,035	709,097
Total Local	$ 47,563,104	$ 49,436,769	$ 51,362,822	$50,387,930	$52,712,730	$ 52,642,586
State Sources:						
Basic Instructional Subsidy	$ 39,800,865	$ 37,111,546	$ 35,190,850	$42,065,736	$43,779,689	$44,282,950
Charter Schools	760,147	750,238	798,083	0	0	0
Empowerment	1,136,407	716,561	684,372	0	0	0
Tuition for Orphans & Children-Private Homes	292,442	98,295	1,962	59,131	63,306	65,000
Special Education	5,524,618	5,782,672	5,278,254	5,193,443	5,128,246	5,128,246
Transportation	1,315,741	1,427,147	1,269,859	1,221,226	1,194,573	1,380,000
Rentals and Sinking Fund Payments	4,756,570	1,523,539	3,472,240	1,902,458	2,847,800	2,500,000
Health Services	184,544	181,281	176,467	162,302	155,704	155,000
Educational Assistance Program	1,098,302	933,661	788,093	0	0	0
Other Program Subsidies Not Listed in 720 Series	8,145,611	8,149,388	7,266,729	2,939,869	2,677,169	2,964,822
State Property Tax Reduction Allocation	2,771,663	2,774,302	2,780,079	2,777,881	2,773,436	2,774,603
Vocational Education	247,985	246,110	284,811	127,121	3,772	0
Alternate Education	3,016,401	0	0	0	0	0
Extra Grants	98,622	283,899	120,041	0	0	0
Social Security	3,016,360	2,659,851	2,464,034	1,994,048	1,883,976	1,570,750
Retirement Contributions	1,746,090	2,107,344	2,360,573	2,673,269	3,112,117	3,782,303
Other Sources	2,060	0	520	384	30,602	30,602
Total State Sources	$ 73,914,428	$ 64,745,834	$ 62,936,967	$ 61,116,868	$63,650,390	$ 64,634,276
Federal Sources:						
Total Federal Sources	$ 12,840,541	$ 22,144,008	$ 18,704,619	$ 10,962,094	$15,697,660	$ 15,685,902
Other Sources:						
Total Other Sources	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
TOTAL REVENUE	$134,318,073	$136,326,611	$133,004,408	$ 122,466,892	$132,060,780	$ 132,962,764

TABLE A-4
THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SUMMARY OF SCHOOL DISTRICT GENERAL FUND REVENUES AND EXPENDITURES*
(Years ending June 30)

	2009	2010	2011	2012	2013	Estimate 2014
EXPENDITURES:						
Instruction	$ 83,182,167	$ 84,956,309	$ 76,561,001	$ 70,956,441	$72,731,774	$71,585,680
Pupil Personnel	4,328,814	4,313,191	4,188,181	4,070,841	4,131,152	3,111,361
Instructional Staff	2,674,924	2,650,426	1,598,355	1,470,416	2,608,487	3,580,008
Administration	8,421,015	8,789,433	7,493,968	7,182,549	6,379,033	6,702,445
Pupil Health	1,774,530	1,439,673	1,182,615	1,044,803	1,030,016	896,772
Business	1,112,887	1,128,693	1,278,092	1,231,072	1,098,798	1,289,071
Operation and Maintenance	11,530,793	10,770,251	10,764,194	10,399,446	8,863,742	9,192,866
Student Transportation	2,772,911	2,847,412	2,802,281	2,425,544	2,519,936	3,118,991
Central Support/Miscellaneous	3,957,387	4,465,829	3,369,434	3,136,799	3,171,226	3,285,871
Other	2,033,840	2,086,539	1,949,686	1,945,977	1,751,271	2,043,993
Operation of Noninstructional Services	604,607	466,182	787,627	632,220	788,257	730,922
Debt Service	8,343,968	964,416	1,182,177	108,582	13,174	262,107
Transfer to Component Units	0	0	0	0	0	0
Fund Transfers	0	0	0	0	0	0
TOTAL EXPENDITURES	$130,737,843	$124,878,354	$113,157,611	$104,604,690	$105,086,866	$105,374,568
SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES	$ 3,580,230	$ 11,448,257	$ 19,846,797	$ 17,862,202	$26,973,914	$ 17,574,479
Other Financial Sources (uses)						
Total Other Financing Sources (Uses)	(226,849)	(14,259,021)	(10,393,825)	(13,836,720)	(16,191,579)	(17,574,479)
Excess (deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	3,353,381	(2,810,764)	9,452,972	4,025,482	10,782,335	10,013,717
Beginning Fund Balance	($ 592,180)	$2,761,201	($1,607,157)**	$ 7,845,815	$ 11,871,297	$ 22,653,632
Ending Fund Balance	$2,761,201	($ 49,563)	$ 7,845,815	$ 11,871,297	$ 22,653,632	$ 32,667,349

*Totals may not add due to rounding.
**Beginning Fund Balance reflects Auditors' adjustment from the prior year's Ending balance.
Source: School District Annual Financial Reports and Budgets

Budgeting Process in School Districts under the Taxpayer Relief Act as Amended by Act No. 25 of 2011

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

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

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education (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* **"The Taxpayer Relief Act (Act 1), as Amended"** below) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under The Taxpayer Relief Act.

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

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

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

TAXING POWERS OF THE SCHOOL DISTRICT

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006 (see below), the School District is empowered by the School Code to levy the following taxes:

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

2. An 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.

The School District may also levy additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, an additional per capita tax, wage and other earned income taxes, real estate transfer taxes, gross receipts taxes, and occupation taxes, 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 sources is less than $12,000 per year.

The Taxpayer Relief Act (Act 1), as Amended

Commonwealth Act No. 1 of the Special Session of 2006 ("The Taxpayer Relief Act" or "Act 1") was intended to provide property tax relief to Commonwealth homeowners by limiting the taxation of real property by Commonwealth school districts. Act 1 restricts Commonwealth school districts from increasing the rate of any tax for school purposes above an index (the "Index") determined by the Department of Education of the Commonwealth (the "Department") unless the school district first obtains voter approval or the school district tax falls within one of the exceptions set forth in Act 1. The Index is the average of the percentage increase in the statewide average weekly wage, as determined by the Commonwealth Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. For school districts with a Market-Value/Income-Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio. The Index applicable to the School District in the 2013-14 fiscal year is 2.5%.

On June 30, 2011, Act 1 was amended so that beginning on January 1, 2012, seven (7) of the original eleven (11) exceptions were eliminated. Under the amended version of Act 1, the four (4) categories of expenses for which school districts can raise property taxes above the Index without triggering a referendum (subject, however, to approval by the Department) are as follows:

1. interest and principal on indebtedness incurred prior to September 4, 2004 for Act 72 schools and the refinancing of such debt, and prior to June 27, 2006 for non-Act72 schools and the refinancing of such debt;
2. interest and principal on electoral debt;
3. special education expenses; and
4. state pension payments;

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

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

A board of school directors may submit, but is not required to submit, a further referendum question to the voters in any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of further funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate which, when combined with any tax rate authorized at the 2007 primary election, is required to provide the maximum homestead and farmstead exclusions allowable under law.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 1. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 1 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 1, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Application of the Taxpayer Relief Act to the Bonds

Payments of debt service on the 2014A Bonds and the 2014B-1 Bonds, as described in the Official Statement, are *not* eligible for exception from the provisions of Act 1. Therefore, the debt service on the 2014A Bonds and the 2014B-1 Bonds *are subject* to the tax rate limitations of Act 1, as amended. Payments of debt service on the 2014B-2 Bonds, as described in the Official Statement, represent indebtedness of the School District eligible for exception (1) described above, since the 2004B-2 Bonds are being issued to refund indebtedness incurred prior to June 27, 2006.

Under Act 1, as amended, the School District is entitled to apply to the Department for a referendum exception if and to the extent that a tax increase greater than the index proscribed by Act 1 is needed to pay principal of and interest on the 2014B-2 Bonds in any particular fiscal year. Therefore, the debt service on the 2014B-2 Bonds is not subject to the tax rate limitations of Act 1, as amended.

Act 24 of 2001 Authorizing Replacement of the School District's Occupation Tax with an Increase in the Local Earned Income Tax

Act 24 of 2001 of the Commonwealth (the Optional Occupation Tax Elimination Act) authorizes a Board of Directors to schedule a public hearing and 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 (.5% Municipal and .5% School District) on the annual amount of residents' 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.

The School District has not scheduled a public hearing or taken other action to conduct a referendum under Act 24 of 2001.

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 – Limitation on Fund Balances

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

Total Budgeted Expenditures:	Estimated Ending 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.

The total budgeted expenditures in the School District's budget for the 2013-14 fiscal year including fund transfers and budgeted reserves are $138,402,058, and the School District's estimated ending unreserved undesignated fund balance as a percentage of total budgeted expenditures for the 2013-14 fiscal year is less than 8%.

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.

Tax Levy Trends

Table A-5 shows the recent trend of tax rates levied by the School District. Table A-6 shows the comparative trend of real property and other tax rates for the School District, Dauphin County and the City of Harrisburg.

TABLE A-5

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
TAX RATES

	Real Estate (mills)	Mercantile (mills)	Business Privilege (mills)	Wage and Income Tax (%)
2007-08	22.35	0.75	1.00	0.50
2008-09	23.75	0.75	1.00	0.50
2009-10	25.1987	0.75	1.00	0.50
2010-11	26.3074	0.75	1.00	0.50
2011-12	26.3074	0.75	1.00	0.50
2012-13	26.965	0.75	1.00	0.50
2013-14	27.9156	0.75	1.00	0.50

	Local Services Tax[1] ($)	Occupation Flat Rate ($)	Real Estate Transfer Tax[2] (%)	Amusement Tax (%)
2007-08	5.00	120.00	1.00	5.0
2008-09	5.00	120.00	1.00	5.0
2009-10	5.00	120.00	1.00	5.0
2010-11	5.00	120.00	1.00	5.0
2011-12	5.00	120.00	1.00	5.0
2012-13	5.00	120.00	1.00	5.0
2013-14	5.00	120.00	1.00	5.0

Source: School District officials.
[1]The Local Services tax levied by the City of Harrisburg is $52.00. The School District's share of this tax is $5.00. The Local Services Tax replaced the Emergency and Municipal Service Tax effective January 1, 2008.
[2]Subject to sharing.

TABLE A-6

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)*

	2013
School District	27.9156
City of Harrisburg	
Land	30.970
Building	5.160
Dauphin County	6.876

*Includes hydrant and street light tax.
Source: Dauphin County Assessment Office.

Real Property Tax

The real property tax (excluding delinquent collections) produced an audited $33,815,837 in 2011-12, approximately 27.6 percent of total revenue. The School District fiscal year is from July 1 through June 30 and tax bills are issued on July 1 of each year.

Taxpayers who remit within 60 days of July I receive a 2 percent discount, and those who remit subsequent to 120 days after July 1 are assessed a 10 percent penalty.

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

The County Commissioners of the County of Dauphin have completed a countywide reassessment of real property for tax purposes. The last countywide reassessment was in 2002 which became effective in the 2002-03 school year.

TABLE A-7

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
ASSESSMENT BY LAND USE

	2008	2009	2010	2011	2012
Residential	39.31%	38.91%	40.43%	40.58%	40.85%
Lots	0.50%	0.51%	0.53%	0.53%	0.48%
Industrial	6.97%	6.73%	6.78%	6.32%	6.03%
Commercial	53.21%	53.84%	52.26%	52.57%	52.64%
Land	0.01%	0.01%	0.01%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Pennsylvania State Tax Equalization Board.

TABLE A-8

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
REAL PROPERTY TAX COLLECTION DATA

Year	Total Assessed Value[1]	Levy[2]	Current Year Collections (July-June)	Current Year Collections as Percent of Total Adjusted Billing	Total Current Plus Delinquent Collections[3]	Total Collections as Percent of Total Adjusted Billing
2007-08	$1,584,833,900	$35,137,800	$30,885,685	87.90%	$34,773,326	98.96%
2008-09	1,610,483,200	34,770,446	30,696,596	88.28%	34,182,726	98.31%
2009-10	1,631,085,600	37,562,325	32,580,494	86.74%	37,063,753	98.67%
2010-11	1,628,586,980	39,264,231	33,553,930	85.46%	38,743,292	98.67%
2011-12	1,617,627,200	38,990,484	33,815,337	86.73%	38,288,122	98.20%
2012-13	1,612,617,500	39,904,117	34,437,171	86.30%	39,238.300	98.33%
2013-14	1,619,572,700	41,589,837	35,535,946	85.44%	Not Yet Available	

(1) Assessed Valuation taken from School District Annual Financial Reports and may not match STEB data.
(2) Flat billing plus penalties, less discounts and exonerations.
(3) Includes interim collections.
Source: School District Officials.

The largest real property taxpayers, together with 2012 assessed values, are shown on Table A-9. The aggregate assessed value of these taxpayers' total approximately 16.46 percent of total assessed value.

TABLE A-9

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
LARGEST REAL PROPERTY TAXPAYERS

Owner	Property	2012 Assessed Value
Harrisburg Redevelopment Authority	Offices/Telephone Co./Retail	$144,096,900
Penn National Real Estate Trust	Insurance Co./Office Complex	29,685,000
Manufacturers and Traders Trust Company	Bank/Offices	20,024,000
Harrisburg Hotel Associates	Commercial Business	15,715,200
KTR Harrisburg LLC	Commercial Business	13,736,700
Walnut & Third, Inc.	Commercial Business	13,519,900
Sage Market Square Plaza, LP	Commercial/Residential	12,340,000
Keystone Central Storage	Commercial Business	12,247,500
KOP Kline Plaza LLC	Retail	10,232,600
Townhouse Partners, LP	Commercial/Residential	9,742,800
Total		$261,365,200

Source: School District Officials

REVENUE FROM COMMONWEALTH SOURCES

School districts in the Commonwealth receive, annually, 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 District's Market Value/Personal Income Aid Ratio and by the factor for educational expense.

Rental 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" ("CARF") whichever is higher. The School District's Market Value Aid Ratio is currently higher at .6812. 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 a new or renovated structure and certain other costs, is assigned to the building project. This reimbursement percentage multiplied by the School District's appropriate Aid Ratio determines the Commonwealth's share of the annual lease rental or debt service for that school year.

DEBT AND DEBT LIMITS

Table A-10 shows the debt of the School District as of May 15, 2014.

TABLE A-10
THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
DEBT STATEMENT
(As of May 15, 2014)*

NONELECTORAL DEBT	**Gross Outstanding**
General Obligation Bonds, Series B-1 of 2014[1]	$6,740,000
General Obligation Bonds, Series B-2 of 2014[2]	20,895,000
General Obligation Bonds, Series C of 2014[3]	49,610,000
General Obligation Qualified School Construction Bonds, Series of A of 2010	8,251,373
General Obligation Qualified Zone Academy Bonds, Series of 2002	915,138
TOTAL NONELECTORAL DEBT	$ 86,411,511
LEASE RENTAL DEBT	
School Revenue Bonds, Series A of 2014[4]	$23,880,000
School Revenue Bonds, Series A of 2009[4]	133,765,000
School Revenue Bonds, Series C of 2009[4]	23,605,000
TOTAL LEASE RENTAL DEBT	$181,250,000
TOTAL PRINCIPAL OF DIRECT DEBT	$267,661,511

* Includes the Bonds offered through this Official Statement.
[1]Related to the Authority's School Revenue Bonds (The School District of the City of Harrisburg Project) Series B-1 of 2014.
[2]Related to the Authority's School Revenue Bonds (The School District of the City of Harrisburg Project) Series B-2 of 2014.
[3]Related to the Authority's School Revenue Bonds (The School District of the City of Harrisburg Project) Series C of 2014.
[4]Issued by the Authority
Source: School District, Department of Community and Economic Development.

Table A-11 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total $267,611,511. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total $229,472,740.

TABLE A-11
THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of May 15, 2014)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid[(1)]
DIRECT DEBT		
Non Electoral Debt	$86,411,511	$73,551,399
Lease Rental Debt	181,250,000	155,921,341
TOTAL DIRECT DEBT	$267,611,511	$229,472,740
OVERLAPPING DEBT		
Dauphin County, General Obligation[(2)]	$19,316,443	$19,316,443
City of Harrisburg[(3)]	30,700,298	30,700,298
TOTAL OVERLAPPING DEBT	$50,016,741	$50,016,741
TOTAL DIRECT AND OVERLAPPING DEBT	$317,678,252	$279,489,481
DEBT RATIOS		
Per Capita (2010 pop. 49,550)	$6,411	$5,641
Percent 2012-13 Assessed Value	20.00%	17.59%
Percent 2012-13 Market Value	15.88%	13.97%

*Includes the Bonds offered through this Official Statement.
(1) Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current CARF. See "Commonwealth Aid to School Districts." The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the percentage of the principal amount that is to be reimbursed by the Commonwealth.
(2) Pro rata 10.93% share of $176,750,503 County of Dauphin net non-electoral and lease rental debt as of April 1, 2014 (this figure would exclude debt deemed self-liquidating, however the Harrisburg Authority University Revenue Bonds, Series B of 2007 were deemed to be self-liquidating but are not currently being excluded from the County of Dauphin's total lease rental debt outstanding).
(3) City of Harrisburg net non-electoral and lease rental debt as of May 1, 2014 (excludes debt deemed self-liquidating).
Sources: Department of Community and Economic Development

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2010-11	$129,210,313
Total Revenues for 2011-12	120,557,715
Total Revenues for 2012-13	127,470,708
Total	$377,238,736
Annual Arithmetic Average (Borrowing Base)	$125,746,245

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

	Legal Limit	Total Debt Outstanding	Remaining Borrowing Capacity
Net Nonelectoral and Lease Rental Debt Limit:			
225% of Borrowing Base.......................................	$282,929,051	$267,661,511	$15,267,540

Debt Service Requirements

Table A-l2 presents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

Table A-13 presents data on the extent to which Commonwealth Aid provides coverage for debt service and lease rental requirements.

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

TABLE A-12

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
DEBT SERVICE REQUIREMENTS[(1)]

Fiscal Year Ending (June 30)	QZAB of 2002	Series A of 2009 Bonds	Series C of 2009 Bonds	QSCB of 2010[(2)]	Series A of 2014 Bonds	Series B-1 of 2014 Bonds	Series B-2 of 2014 Bonds	Series C of 2014 Bonds[(3)]	Total Requirements
2015	$305,046	$6,362,625	$7,466,630	$574,313	$554,028	$242,823	$908,865	$3,155,076	$19,569,406
2016	305,046	6,362,625	7,466,137	574,313	602,568	264,097	993,444	3,256,425	19,824,655
2017	305,046	6,362,625	7,469,460	574,313	776,455	264,097	1,023,044	3,263,964	20,039,003
2018		6,362,625	3,604,125	574,313	5,372,984	269,047	992,634	3,493,248	20,668,976
2019		6,362,625		574,313	8,977,470	268,935	992,516	3,518,165	20,694,025
2020		6,362,625		574,313	8,940,026	268,802	992,397	3,554,431	20,692,594
2021		13,898,825		574,313	1,570,369	411,245	1,012,041	3,484,904	20,951,696
2022		15,408,056		574,313		651,531	1,011,447	3,505,059	21,150,406
2023		5,661,087		574,313		3,216,294	1,197,925	10,343,360	20,992,979
2024		5,661,087		574,313		3,209,142	1,191,475	10,379,409	21,015,426
2025		5,661,087		574,313			5,107,250	10,410,533	21,753,183
2026		5,661,087		574,313			5,095,125	10,444,509	21,775,034
2027		6,373,750		574,313			4,833,875	9,984,990	21,766,928
2028		13,211,875		574,313			3,565,500	4,152,794	21,504,482
2029		20,774,831					559,988		21,334,819
2030		20,776,412					555,022		21,331,434
2031		20,775,368					558,975		21,334,343
2032		20,778,350					551,816		21,330,166
2033		20,776,831					553,500		21,330,331
2034		20,778,600					554,100		21,332,700
2035							1,254,600		1,254,600
Total	$915,138	$234,372,996	$26,006,352	$8,040,382	$26,793,900	$9,066,014	$33,505,537	$82,946,865	$421,647,184

(1) Totals may not add due to rounding.
(2) Assumes Principal Sinking Fund earnings rate of 0%
(3) Variable rate Direct Placement financing with all of the Bond swapped to a fixed rate which is reflected in the debt service requirements.

TABLE A-13
THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY COMMONWEALTH AID*

2012-13 Commonwealth Aid Received	$63,650,390
2012-13 Debt Service Requirements	$14,501,361
Maximum Future Debt Service Requirements after Issuance of Bonds	$19,041,856
Coverage of 2012-13 Debt Service Requirements	4.39 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	3.34 times

*Assumes current Commonwealth Aid Ratio. See "Commonwealth Aid to School Districts."

Interest Rate Management Agreements

Following the termination of the RBC Swap upon delivery of the 2014B Bonds, the School District will be party to two outstanding interest rate swap agreements.

The 2014C Swap was executed on May 14, 2004 between the School District and JPMorgan Chase Bank ("JPMorgan"). The 2014C Swap became effective on April 1, 2009 and was assigned from the School District to the Authority on June 25, 2009. The 2014C Swap is a fixed payer swap between the Authority and JPMorgan, with a current notional amount outstanding of $49,598,500 and a termination date of December 1, 2027. In connection with the refunding of a portion of the 2009D Bonds by the Authority's School Revenue Bonds, Series C of 2014 (the "2014C Bonds"), the 2014C Swap will be amended such that it relates to the 2014C Bonds. All amounts payable by the Authority under the 2014C Swap are nonrecourse to the Authority and paid by the School District pursuant to the Loan Agreement and the District's General Obligation Bond, Series C of 2014. Under the 2014C Swap, JPMorgan makes monthly payments to the Authority equal to the notional amount outstanding multiplied by 63% of 1-month LIBOR plus a fixed spread of 0.20%, and the Authority makes semiannual payments to JPMorgan equal to the notional amount outstanding multiplied by a fixed rate of 5.25%. The School District has the option to terminate the 2014C Swap at the market termination value at any time.

The 2009A Basis Swap was executed on October 5, 2009 and became effective on November 15, 2009. The 2009A Basis Swap is a swap between the School District and Jefferies Funding LLC ("Jefferies"), with a current notional amount outstanding of $133,765,000 and a termination date of November 15, 2033. The 2009A Basis Swap relates to all of the outstanding State Public School Building Authority School Revenue Bonds (The School District of the City of Harrisburg Project) Series A of 2009 (the "2009A Bonds"). Under the 2009A Basis Swap, Jefferies makes annual payments to the School District equal to the notional amount outstanding multiplied by 74% of 3-month LIBOR, reset quarterly, plus a fixed spread of 0.3113%, and the School District makes annual payments to Jefferies equal to the notional amount outstanding multiplied by the SIFMA Municipal Swap Index ("SIFMA"), reset weekly. The School District has the option to terminate the 2009A Basis Swap at the market termination value at any time.

There are a number of risks associated with the 2014C Swap and 2009A Basis Swap (together, the "Swaps") that could affect the values of the Swaps, the ability of the School District to accomplish its objectives in entering into the Swaps and the ability of the School District to meet its obligations under the Swaps and the related bonds. These risks include, among others, the following: counterparty risk – the risk of default under the swap by the counterparty which results in an economic loss to the School District; termination risk – the risk that a swap could be terminated while valued in favor of a counterparty and against the School District as a result of any of several events; interest rate risk – the risk that a generally adverse move in variable rates increases the overall cost of borrowing; and tax exemption risk – the risk that a change in marginal income tax rates results in an economic loss to the School District. This is not a complete list of the risks associated with the Swaps. Purchasers of the Bonds should consult with their own advisors to ascertain such risks.

LABOR RELATIONS

School District Employees

There are presently 871 employees, including 504 professional employees (teachers, nurses and counselors). The professional employees are covered under a labor agreement with the Harrisburg Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract which expires on June 30, 2014. There are approximately 253 support staff covered under a labor agreement with the American Federation of State, County and Municipal Employees which expires on June 30, 2014. The administrative employees are covered by the Management Compensation Plan.

Pension Program

School Districts in Pennsylvania are required to participate in a statewide pension program administered by the State Public School Employees Retirement Board. All of the School District's 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 participate in the program.

Currently, each party (the employer, the School District and the Commonwealth) to the program contributes a fixed percentage of the employee's salary. Employees belonging to the Pennsylvania Public School Employees' Retirement System ("PSERS") prior to July 22, 1983 contribute 5.25% of their salary, and employees who joined PSERS on or after July 22, 1983 contribute 6.25% of their salary. On February 17, 2002, Act 9 became effective which created a new membership class that sets the employee contribution rate at 7.50% of the employee's salary for those employees hired on or after July 22, 1983. The PSERS Board of Trustees has set the fiscal year 2013-14 employer retirement contribution rate at 16.93 percent of payroll. This contribution may increase in future fiscal years. Please see the PSERS website www.psers.state.pa.us for a description of the contribution requirements. Both the School District and the Commonwealth are responsible for paying a portion of the employer's share. Employers are divided into two groups; school entities and non-school entities. School entities are responsible for paying 100 percent of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. Recent School District payments have been as follows:

2007-08	$4,351,889
2008-09	$3,058,854
2009-10	$3,129,075
2010-11	$3,099,682
2011-12	$4,375,834
2012-13	$5,352,967

The School District is current in all payments.

PSERS is the 17th largest defined benefit pension fund in the nation. PSERS is primarily responsible for administering a defined benefit pension plan for public school employees in the Commonwealth of Pennsylvania. The rate of return on investments was 3.29% for the 1st quarter of 2013, 3.43% for the fiscal year ended June 30, 2012, 20.37% for the fiscal year ended June 30, 2011 and 14.59% for the fiscal year ended June 30, 2010.

PSERS' total plan net assets decreased by $2.6 billion from $51.4 billion at June 30, 2011 to $48.8 billion at June 30, 2012. PSERS' total plan net assets increased by $5.5 billion from $45.9 billion at June 30, 2010 to $51.4 billion at June 30, 2011. PSERS' funded ratio as of the latest actuarial valuation dated June 30, 2012 decreased from 69.1% at June 30, 2011 to 66.4% at June 30, 2012. PSERS' total plan net assets as of March 31, 2013 were approximately $50.2 billion. The Fund's complete report is available on the PSERS website on the Internet: www.psers.state.pa.us.

Source: School District Administrative Officials and PSERS website.

Recent Events Regarding School District Pension Contributions

On November 23, 2010, the Governor of Pennsylvania signed H.B. 2497 into law. The bill is known as Act 120 of 2010 or the Pension Reform Bill ("Act 120").

Act 120 includes a series of actuarial and funding changes to PSERS and benefit reductions for individuals who become new members of PSERS on or after July 1, 2011. Act 120 will NOT impact the pension benefits of current employees or retired PSERS members. For school employees who become new members of PSERS on or after July 1, 2011, there are two new classes; Class T-E and T-F. The benefit multiplier for Class T-E will be 2% per year of credited service; for Class T-F it will be 2.5%. All new members will automatically become Class T-E members. New members however, will have a one-time opportunity to elect Class T-F. Once the election is made either by action or inaction, the election is permanent. Effective July 1, 2011, the employee contribution base rate for Class T-E is 7.5% (base rate) with "shared risk" contribution levels between 7.5% and 9.5%; for Class T-F, the employee contribution base rate is 10.3% (base rate) with "shared risk" contribution levels between 10.3% and 12.3%.

"Shared risk" means the employer and any employee hired after July 1, 2011 are jointly responsible for any investment losses in the future. There would be no increase to the employee contribution rate where there has not been an equivalent increase in the employer contribution rate. Likewise there would be no increase to the employee contribution rate if the system is funded at 100% or more. The member contribution rate will stay within the specified range allotted for Class T-E or T-F, but could increase or decrease every three years starting July 1, 2015, depending on the investment performance of PSERS. Beginning with the annual actuarial valuation performed for the period ending June 30, 2014 and every three years thereafter, a comparison of the actual investment rate of return to the assumed rate of return for the previous 10-year period will be made. If the actual rate of return is less than the assumed rate (for PSERS, the assumed rate of return is 8% annually) by 1% or more, the employee contribution rate will increase by ½% per year, up to a maximum increase of 2%. If the actual rate is equal to or more than the assumed rate, the total membership contribution rate will decrease by ½%. New hires will contribute at the rate in effect when they are hired. Act 120 prohibits the use of pension obligation bonds to prop up or mask funded status.

New members' benefits have been reduced as follows: employees cannot withdraw contributions and interest in a lump sum when retiring (the lump sum option currently permits retiring employees to withdraw all of their contributions upon retirement, and still receive a monthly benefit for the remainder of their life); the vesting period is increased from 5 to 10 years; for normal retirement, employees 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; the pension benefit cannot exceed the employee's final average salary; the cost to purchase most types of nonschool or nonstate service credit (other than intervening military service) will be the full actuarial cost of the service.

Please refer to the PSERS website, www.psers.state.pa.us, for additional information.

On February 5, 2013, Pennsylvania Governor Tom Corbett announced a proposal for a comprehensive pension reform plan. The key provisions of the plan include enrolling employees hired after July 1, 2015 into a 401(a) defined contribution plan instead of the traditional pension plan; changing the formula for the computation of future benefits for current employees' plans, effective July 1, 2015; and limiting the amount by which the Commonwealth's employer contributions can be increased, beginning with fiscal year 2013 - 14. Implementation of the plan has not taken place and is subject to legislative approval.

Please refer to the Commonwealth of Pennsylvania website, www.pa.gov, for additional information.

Other Post-Employment Benefits ("OPEB")

The District's annual other post-employment benefit ("OPEB") cost is calculated based on the annual required contribution ("ARC"), and the amount actuarily determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. GASB Statement No. 45 was implemented prospectively; therefore, the net OPEB obligation at transition is $0.

The following table provides the District's annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB asset:

TABLE A-14

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
OTHER POST-EMPLOYMENT BENEFITS

Year Ended	OPEB Cost	Contribution (ARC)	OPEB Cost Contributed	% of ARC Contributed	OPEB Liability
June 30, 2013	$2,649,062	$2,511,705	$2,662,776	106.01%	($1,866,586)
June 30, 2012	2,726,142	2,676,058	2,653,508	99.16%	(1,880,300)
June 30, 2011	2,733,136	2,676,058	2,178,430	81.04%	(1,265,933)
June 30, 2010	1,955,360	1,944,568	3,617,315	186.03%	(662,656)

The actuarial valuation of the plan as of July 1, 2012 is as follows:

Actuarial Value of Assets	Actuarial Accrued Liability (AAL) – Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
$ --	$18,486,095	$18,486,095	0.00	$42,274,529	43.73%

Source: School District financial statements

APPENDIX B

School District Single Audit
Report for the Fiscal Year Ended June 30, 2013

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HARRISBURG CITY
SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND
SINGLE AUDIT INFORMATION

JUNE 30, 2013

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CONTENTS

CONTENTS - continued

Stambaugh Ness, PC

Board of School Directors
Harrisburg City School District

We have performed the Single Audit of the Harrisburg City School District for the year ended June 30, 2013, and will submit the audit report electronically to the Federal Clearinghouse.

The Single Audit was done to fulfill the requirements of the Office of Management and Budget's (OMB) Circular A-133. The audit included an examination of the systems of control, systems established to ensure compliance with laws and regulations affecting the expenditures of federal funds, financial transactions and accounts and financial statements and report of the District.

A Memorandum of Advisory Comments letter was prepared as a result of this audit and was issued separately.

Stambaugh Ness, PC

York, Pennsylvania
December 20, 2013

A Professional Corporation

HARRISBURG CITY SCHOOL DISTRICT
DISTRIBUTION REPORT
JUNE 30, 2013

Number of Copies	To:
1	Clerk of Courts
30	District
31	Total Number of Copies

INDEPENDENT AUDITORS' REPORT

Board of School Directors
Harrisburg City School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harrisburg City School District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Harrisburg City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Harrisburg City School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress on pages 9 through 21 and 72 through 74 and 78 through 79 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 Harrisburg City School District's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013 on our consideration of Harrisburg City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Harrisburg City School District's internal control over financial reporting and compliance.

Stambaugh Ness, PC

York, Pennsylvania
December 20, 2013

HARRISBURG CITY SCHOOL DISTRICT

Administration Building
2101 North Front Street
Harrisburg, PA 17110
Telephone (717) 703-4024
Fax (717) 703-4115

Members of the Board of School Directors
Harrisburg City School District

This section of the Harrisburg City School District's annual financial report provides a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. This discussion and analysis should be read in conjunction with the District's accompanying financial statements, which immediately follow this section.

Background

Based on the volume of the Harrisburg City School District's annual expenditures, the District's financial statements are required to meet the GASB 34 Accounting Standards. Where previous standards (pre GASB 34) required modified accrual (no receivables/accruals beyond 60 days), no capital asset depreciation and no reports of combined net position, GASB 34 requires fixed asset accounting, properly combining of multiple funds and the realization of the depreciation expense as part of the Statement of Net Position and Statement of Activities.

Financial Highlights

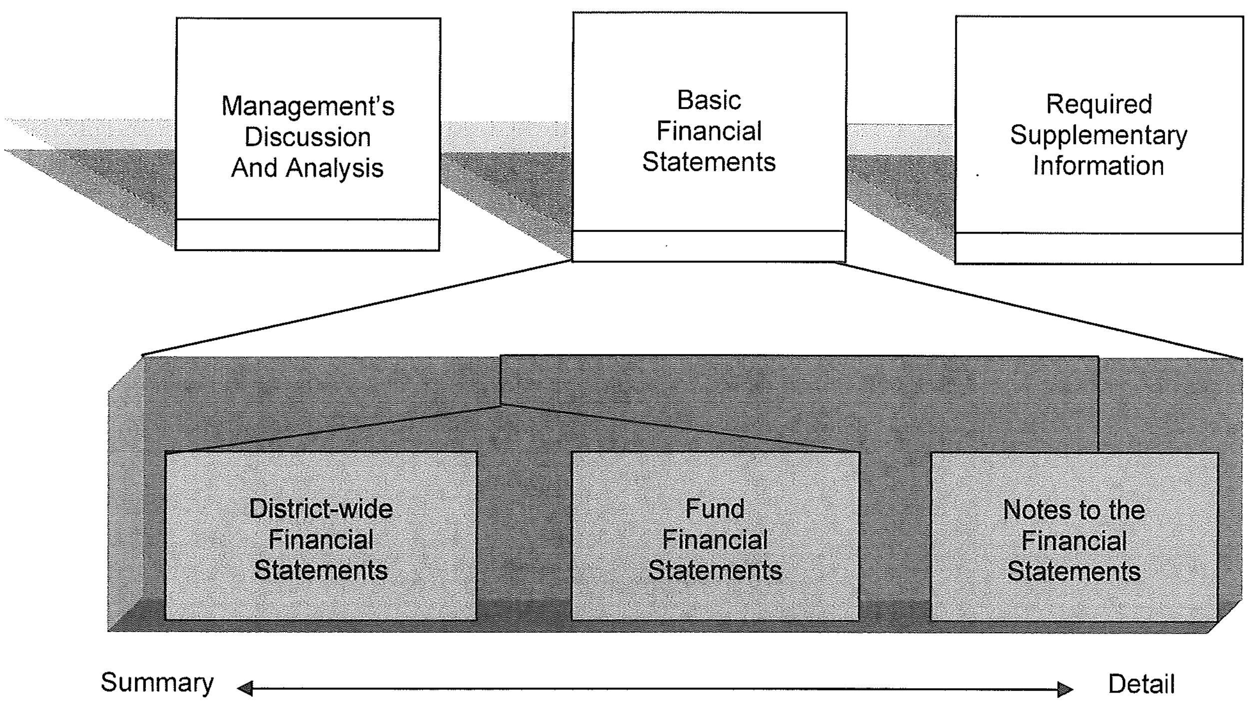
- Total net position of ($36,236,850).
- The total fund balance of all governmental funds equaled positive $29,249,414.
- Unassigned general fund balance equaled positive $6,871,987.
    - Total actual general fund revenues were under the final budget by $1,203,244 or -0.9%.
    - Total actual general fund expenditures were under the final budget by $16,443,218 or -11.94%.
- The total governmental activities operating grants and contributions amounted to $27,510,084 or 22% of the governmental activities expenditures.
- The net position of business-type activities - Food Services - at June 30, 2013, totaled ($1,336,082) with revenues of $5,466,963 and expenditures of $5,442,950.
- The total capital assets, net of accumulated depreciation, for government activities - primarily general fund, capital project funds and capital reserve fund - totaled $193,937,176.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements which present different views of the District. The first two statements are District-wide Financial Statements that provide both short-term and long-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements. The governmental funds statements indicate how basic services such as regular and special education were financed in the short-term as well as indicate future spending plans. Proprietary fund statements offer short- and long-term financial information about the activities the District operated like a business, such as the food service operation. Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, such as student activity funds or scholarship funds.

The financial statements also include notes that explain information in the statements as well as provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1 Organization of HARRISBURG CITY SCHOOL DISTRICT Annual Financial Report



Overview of the Financial Statements - continued

Figure A-2 summarizes the major features of the District's financial statement. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of the District-wide and Fund Financial Statements

		Fund Financial Statements		
	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	Activities of the District which are not proprietary or fiduciary, such as general operating and capital projects.	Activities the District operates similar to private businesses, such as food services.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term.	General assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

District-wide Statements

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

The two District-wide statements report the District's net position and how it has changed. Net position - the difference between the District's assets and liabilities - is one way of measuring the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. To assess the District's overall health, consideration needs to be given to additional non-financial factors, such as changes in the District's property tax base and the condition or need for improvements or expansion to existing school facilities.

In the District-wide financial statements, the District's activities are divided into two categories as follows:

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, maintenance and operation of plant services, transportation services and administrative services. Property taxes, along with state aid formula, finance most of these activities.

- **Business-type Activities:** The District charges fees to cover the cost of certain services such as the Food Service program.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. These statements focus on the District's most significant or "major" funds - not the District as a whole. Funds are accounting components that the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes, such as repaying its long-term debts.

The District has three types of funds as follows:

Governmental Funds: Most of the District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets can readily be converted into cash inflows and outflows and (2) balances left at year-end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the Governmental Funds statements explains the relationship (or differences) between them.

Proprietary Funds: Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the District-wide financial statements. The District's Enterprise Fund (one type of proprietary fund) is the same as Business-Type Activities but provides more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the Food Service Fund.

Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship Funds or Student Activity Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities for the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and Other Assets	$ 91,928,060	$ 88,424,385	$ 829,808	$ 228,695	$ 92,757,868	$ 88,653,080
Capital Asset	196,744,864	193,937,176	107,755	91,860	196,852,619	194,029,036
Total Assets	288,672,924	282,361,561	937,563	320,555	289,610,507	282,682,116
Current Liabilities	19,463,441	18,595,318	2,042,677	1,498,746	21,506,118	20,094,064
Total Non-current Liabilities	311,148,042	298,667,011	254,981	157,891	311,403,023	298,824,902
Total Liabilities	330,611,483	317,262,329	2,297,658	1,656,637	332,909,141	318,918,966
Net Position						
Net Investment in Capital assets	(75,782,138)	(68,815,863)	107,755	91,860	(75,674,383)	(68,724,003)
Restricted for Debt Service	7,513,958	5,614,283	-	-	7,513,958	5,614,283
Unrestricted	26,329,621	28,300,812	(1,467,850)	(1,427,942)	24,861,771	26,872,870
Total Net Position	($41,938,559)	($34,900,768)	($1,360,095)	($1,336,082)	($43,298,654)	($36,236,850)

The net position increased by $7,958,088 in the fiscal year. Issues that significantly affect the net position increase in fiscal year 2012-2013 were the following:

- Net expense for governmental activities was $95,143,901.
- General revenue which includes taxes, grants and subsidies, investment earnings and miscellaneous was $103,077,976.
- Business Type Activities (Food Service) has a total net operating profit of $24,013.

Financial Analysis of the District as a Whole - continued

The District's total revenues for the fiscal year were $138,333,665. Property taxes and other taxes levied for general purposes continue to account for most of the District's revenue in the amount of $48,765,786 or 35% of total revenues. Another 38% or $52,634,582 came from state formula aid, such as basic education and student transportation subsidies. Approximately 24% or $32,708,896 came from operating and capital grants and contributions, with the remainder of $4,224,401 or 3% coming from fees charged for services and other miscellaneous sources.

The cost of all programs and services was $130,375,577. The District expenses are predominately related to instructing, caring for (instructional support services & operation/maintenance of school facilities) and transporting students, which represents 83% or $108,220,383 of total expenses. (See Figures A-4 through A-8)

Figure A-4

Changes in Net Position from Operating Result

Revenue	Governmental Activities		Business-Type Activities		Total	
Program Revenues	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013
Charges for Services	$ 2,373,423	$ 2,278,642	$ 217,391	$ 268,150	$ 2,590,814	$ 2,546,792
Operating Grant Contributions	21,569,014	27,510,084	5,120,954	5,198,812	26,689,968	32,708,896
Property Tax and Other Taxes levied for General Purposes	48,782,855	48,765,786	-	-	48,782,855	48,765,786
State Formula Aid	50,684,109	52,634,582	88,432	-	50,772,541	52,634,582
Other	2,405,109	1,677,608	1	1	2,405,110	1,677,609
Total Revenues	$125,814,510	$132,866,702	$5,426,778	$5,466,963	$131,241,288	$138,333,665

Financial Analysis of the District as a Whole - continued

Changes in Net Position from Operating Result - continued

Expenses	Governmental Activities		Business-Type Activities		Total	
	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013
Instruction	$72,371,385	$79,960,849			$72,371,385	$ 79,960,849
Instructional student support	5,654,871	6,734,194			5,654,871	6,734,194
Administrative and financial support	9,975,853	9,315,466			9,975,853	9,315,466
Operational and maintenance of plant	13,356,418	9,689,938			13,356,418	9,689,938
Pupil Transportation	2,425,544	2,519,936			2,425,544	2,519,936
Student activities	601,106	469,614			601,106	469,614
Central and other support services	5,297,253	2,018,789			5,297,253	2,018,789
Community services	216,465	318,643			216,465	318,643
Interest/fiscal charges on long-term debt	13,940,735	13,905,198			13,940,735	13,905,198
Food Service	-	-	5,561,731	5,442,950	5,561,731	5,442,950
Total Expenses	$123,839,630	$124,932,627	$5,561,731	$5,442,950	$129,401,361	$130,375,577
Change in Net Position					$1,839,927	$7,958,088

Financial Analysis of the District as a Whole - continued

Figure A-5

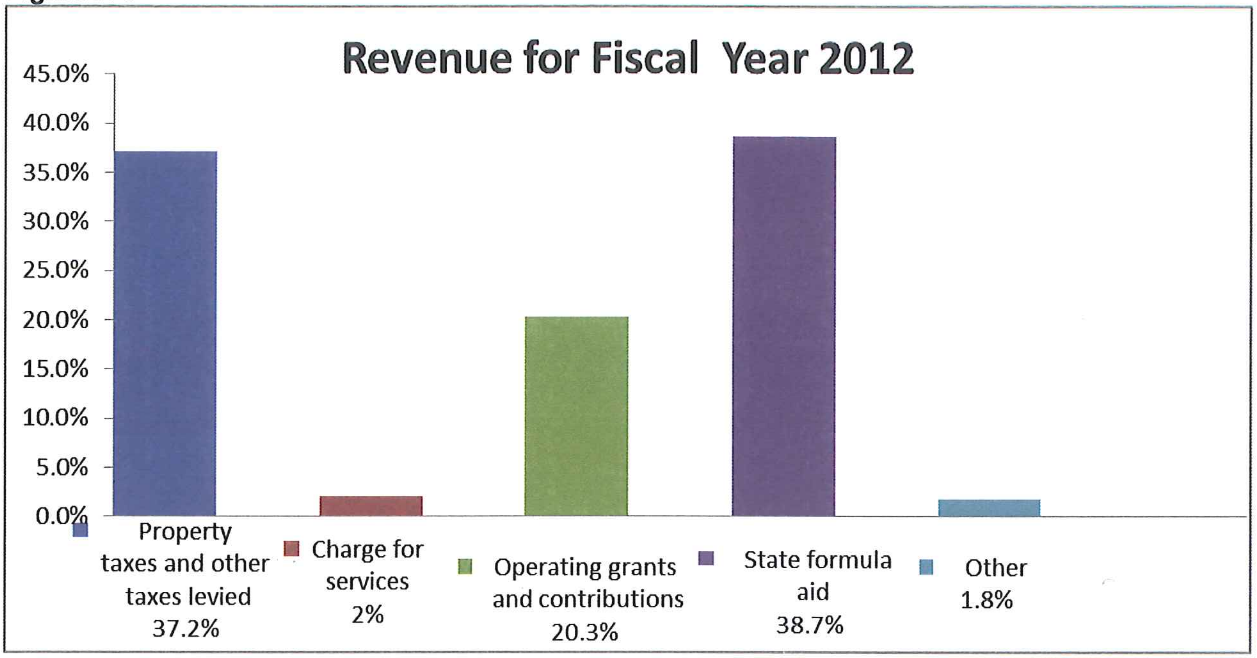
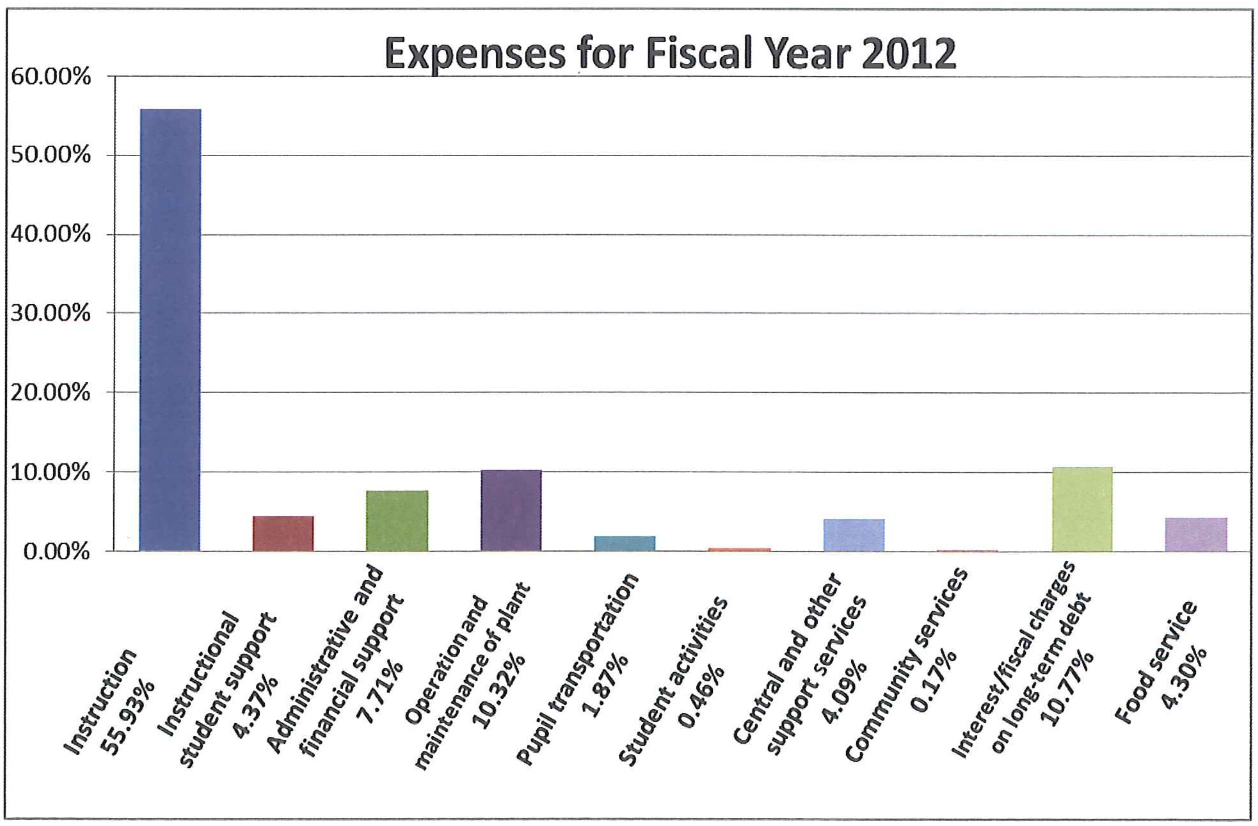


Figure A-6



Financial Analysis of the District as a Whole - continued

Figure A-7

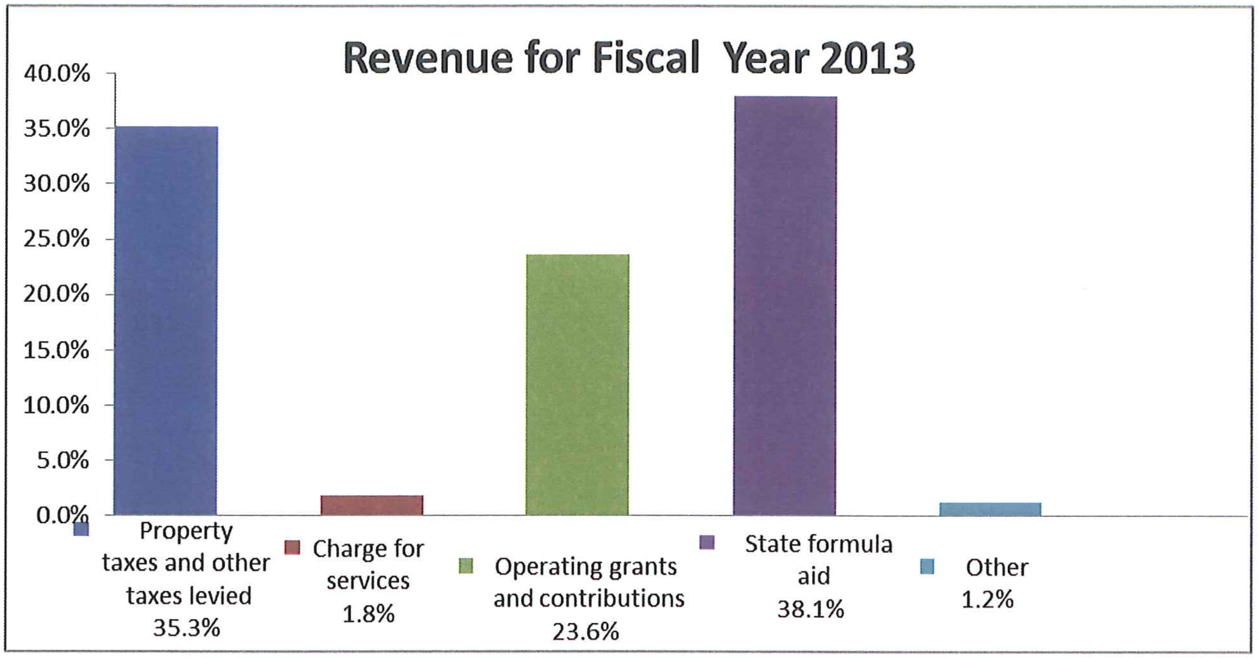
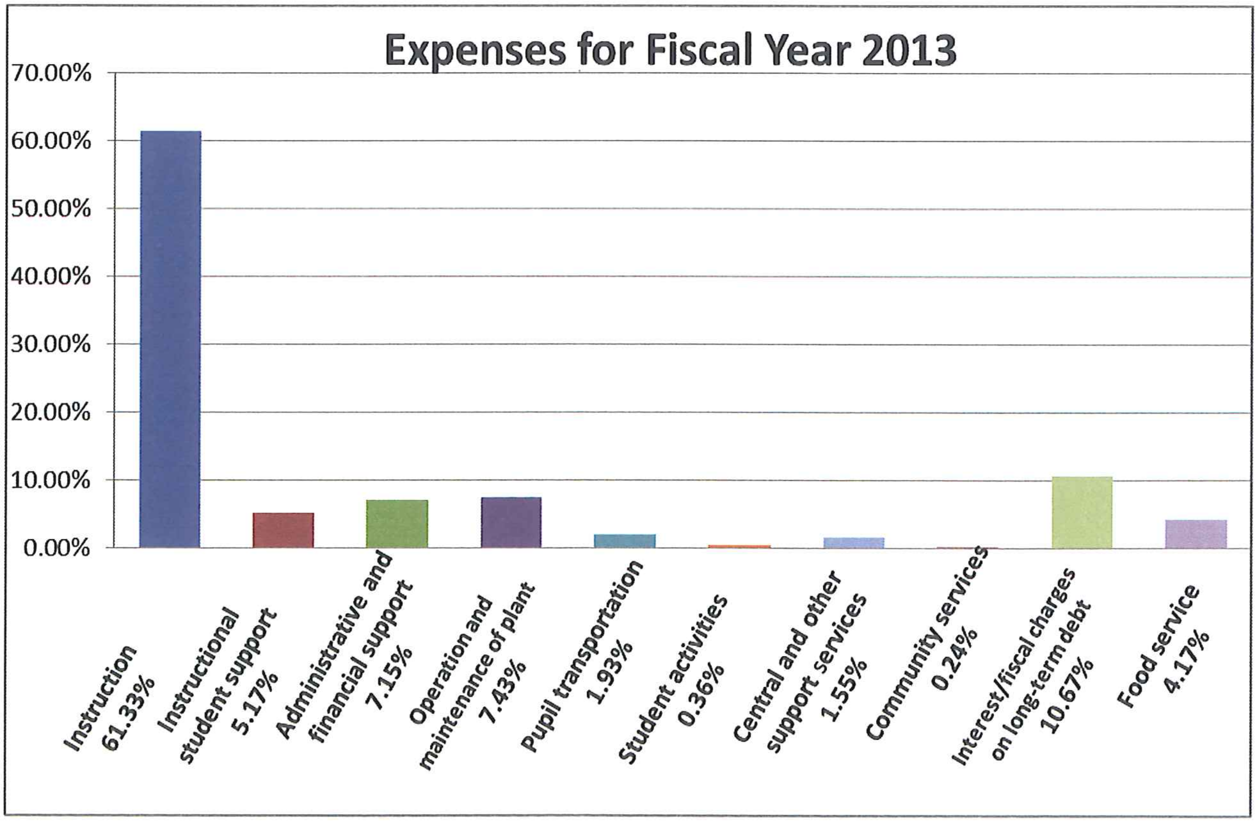


Figure A-8



Financial Analysis of the District as a Whole - continued

Figure A-9 presents the cost of six (6) major District activities: instruction, instructional student support, administrative and financial support services, operation and maintenance of plant services, pupil transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and governmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions. The net cost of governmental activities decreased by 4.8% to $95,143,901. The net cost for the District's basic programs decreased for the following reasons: an increase in operating grants and contributions and the implementation of various cost saving measures.

Figure A-9

	Total Cost of Services 2012	Total Cost of Services 2013	Percent of Change 2012-2013	Net Cost of Services 2012	Net Cost of Services 2013	Percent of Change 2012-2013
Instruction	$72,371,385	$79,960,849	10.5%	$55,055,013	$59,422,821	7.9%
Instructional Student Support	5,654,871	6,734,194	19.1%	2,990,651	2,742,772	-8.3%
Administrative & Financial Support Services	9,975,853	9,315,466	-6.6%	9,362,260	8,766,512	-6.4%
Operational & Maintenance of Plant Services	13,356,418	9,689,938	-27.5%	12,077,970	7,721,244	-36.1%
Pupil Transportation	2,425,544	2,519,936	3.9%	1,132,059	1,240,242	9.6%
Other	20,055,559	16,712,244	-16.7%	19,279,240	15,250,310	-20.9%
Total	$123,839,630	$124,932,627	0.9%	$99,897,193	$95,143,901	-4.8%

Financial Analysis of the District

At the end of the fiscal year 2013; governmental funds had total positive fund balance of $29,249,414. The ending fund balance for the General Fund was $22,653,632, of which $6,871,987 is unassigned and $402,381 is committed for a reserve for athletics and band. Fund balance has also been assigned in the General Fund for health insurance stabilization, future PSERS increases, debt service increases, capital improvements and information technology improvements. The fund balance from the Debt Service fund was $6,230,681.

The business-type activities produced a profit during the year. In addition to the District-wide financial statement, Food Services are reported in greater detail in the proprietary fund statements.

General Fund Budgetary Highlights

While the District final budget for the general fund anticipated that $4,457,639 of fund balance would be needed to balance the budget, the actual results for the year reflected a net change in Fund Balance of $10,782,335, which increased the General Fund balance to positive $22,653,632.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2013, the District had net investments of $193,937,176 in a broad range of capital assets, including land, school buildings, administrative offices, athletic facilities, furniture and equipment. (See Figure A-10.) The District placed $8,382,022 of capital assets into service during the year.

Figure A-10

Capital Assets (net of depreciation)

	Governmental Activities 2012	Governmental Activities 2013	Business-type Activities 2012	Business-type Activities 2013	Total 2012	Total 2013	Percentage Change 2012-2013
Land and site improvements	$ 13,700	$ 13,700	-	-	$ 13,700	$ 13,700	0%
Building and building Improvements	239,625,155	246,699,250	-	-	239,625,155	246,699,250	2.95%
Furniture and equipment	33,228,898	34,536,825	1,453,481	1,475,613	34,682,379	36,012,438	3.83%
Construction in Progress	5,020,332	1,578,297	-	-	5,020,332	1,578,297	-68.6%
Accumulated depreciation	(81,143,221)	(88,890,896)	(1,345,726)	(1,383,753)	(82,488,947)	(90,274,649)	9.44%
Total	$196,744,864	$193,937,176	$107,755	$91,860	$196,852,619	$194,029,036	-1.43%

Outstanding Long-Term Debt

At year-end, the District has $269,813,000 in general obligation bonds and other long-term debt outstanding. The District continued to pay down its debt, retiring $755,000 of outstanding bonds and other long-term debt. More detailed information about the District's long-term liabilities is presented in Note G to the financial statements.

Figure A-11

Outstanding Long-Term Debt

	Totals		Percent of Change
	2012	2013	2012-2013
Debt Outstanding at Beginning of Year	$271,263,000	$270,568,000	-0.3%
Additional Debt During Year	-	-	0.0%
Retirement and Repayments	(695,000)	(755,000)	8.6%
Debt Outstanding at End of Year	$270,568,000	$269,813,000	-0.3%

Factors Impacting on the District's Future

- On December 12, 2012, the Harrisburg City School District was declared to be in a state of moderate fiscal distress under the terms of the Commonwealth's Act 141 of 2012. This designation led to the appointment of a Chief Recovery Officer (CRO), Gene G. Veno, on the same day. CRO Veno was charged with developing a Recovery Plan for the District that stabilized its finances while providing for academic improvement. The Recovery Plan was issued on April 26, 2013. The District's Board approved the plan on May 17, 2013 and it was approved by the Secretary of Education on May 31, 2013. The District's Board and Administration has worked diligently to address the various initiatives identified within the Recovery Plan. The Chief Recovery Officer is working to recalibrate the Recovery Plan in response to the positive financial outcome in the 2012-13 fiscal year.

- The Pennsylvania School Employees Retirement System (PSERS) retirement rate will increase 37% from 2012-2013 to 2013-2014, from 12.36% to 16.93% of qualified retirement wages. PSERS projections indicate that employer contribution rates will increase to 21.4% of qualified retirement wages in 2014-2015, a 26.4% increase and continue to rise for several years thereafter. In November 2010, the State Legislature passed Act 120 of 2010, which established rate caps for the employer contributions. Future increases are capped at 4.5% of the prior year's rate plus the premium assistance contribution rate.

- The District expects the historical trend for greater local tax effort to fund instructional programs and services to continue as state and federal funding for public education is expected to decline. The Commonwealth of Pennsylvania provided 48.2% of total revenue sources to fund cost supporting the District's educational programs during fiscal year 2013. Local sources, primarily property taxes support 39.9% of the cost for educational cost and services in Harrisburg City School District. Federal grants and other sources of revenue provide 11.9% of the funds to support programs and services provided by the District.

Factors Impacting on the District's Future - continued

- The previous teachers' contract began in the fiscal year 2007-2008 providing an average increase of 4.5% for the 2007-2008 year. The contract provided for an average increase of 4% for the following years 2008-2009, 2009-2010 and 2010-2011. The Union agreed to a no cost extension to the collective bargaining agreement for 2011-2012 through 2012-2013 and a one-year agreement with a 5% wage reduction and additional 5% employee share of health insurance premium for the 2013-14 fiscal year. Contract negotiations begin this winter for a new agreement.

- The previous classified employees' contract began in the fiscal year 2007-2008 providing for an average increase of 4.5% for the 2007-2008 year. The contract provided for an average increase of 4% for the following years 2008-2009, 2009-2010 and 2010-2011. The Union agreed to a no cost extension to the current collective bargaining agreement for 2011-2012 through 2012-2013 and a one-year agreement with a 5% wage reduction and additional 5% employee share of health insurance premium for the 2013-2014 fiscal year. Contract negotiations begin this winter for a new agreement.

- In recognition of a continuing decline in State and Federal funding for public education and a limited local tax base, the District has undertaken cost cutting measures to systematically reduce the District's budget including downsizing of staff and the closure of several schools.

- Expenditures reductions have also led to an improved cash flow eliminating the need for short-term borrowing and increasing fund balance.

- The District has assigned fund balance to address a variety of future budgetary concerns - health insurance costs, PSERS increases, debt service increases, capital improvements and information technology improvements.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Business Office, Harrisburg City School District, 2101 North Front Street, Harrisburg, PA 17110-1081.

Respectfully submitted,

Sybil Knight-Burney, ED. D.
Superintendent

Peggy Morningstar,
Chief Financial Officer

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	$ 27,358,849	$ 8,977	$ 27,367,826
Investments	1,708,331	1,025	1,709,356
Taxes receivable, net	15,228,983	-	15,228,983
Internal balance	1,323,439	-	1,323,439
Due from other governments	6,706,424	82,988	6,789,412
Other receivables	1,091,074	87,219	1,178,293
Prepaid expenses	54,862	-	54,862
Inventories	963	48,486	49,449
Total current assets	53,472,925	228,695	53,701,620
NONCURRENT ASSETS			
Sinking fund investments	3,896,116	-	3,896,116
Bond discounts and issue costs, net	7,382,778	-	7,382,778
Land and site improvements, net	13,700	-	13,700
Building and building improvements, net	188,659,462	-	188,659,462
Furniture and equipment, net	3,685,717	91,860	3,777,577
Construction in progress	1,578,297	-	1,578,297
Deferred outflow	23,672,566	-	23,672,566
Total noncurrent assets	228,888,636	91,860	228,980,496
	$282,361,561	$ 320,555	$282,682,116

LIABILITIES AND NET POSITION

CURRENT LIABILITIES			
Internal balance	$ 14,425	$ 1,285,534	$ 1,299,959
Accounts payable	7,148,934	14,089	7,163,023
Accrued interest	1,606,097	-	1,606,097
Current portion of long-term debt	3,005,000	-	3,005,000
Current portion of capital leases	602,040	-	602,040
Current portion of compensated absences	200,892	22,892	223,784
Deferred subsidy revenue	491,530	17,348	508,878
Accrued salaries and benefits	5,526,400	158,883	5,685,283
Total current liabilities	18,595,318	1,498,746	20,094,064
NONCURRENT LIABILITIES			
Long-term debt net of current portion	266,808,000	-	266,808,000
Premium on issue of swap	2,834,589	-	2,834,589
Premium on bond issue	763,307	-	763,307
Capital leases	486,539	-	486,539
Compensated absences	1,995,249	30,497	2,025,746
Derivative instruments - swaps	24,040,135	-	24,040,135
Other post-employment benefits liability	1,739,192	127,394	1,866,586
Total noncurrent liabilities	298,667,011	157,891	298,824,902
Total liabilities	317,262,329	1,656,637	318,918,966
NET POSITION			
Restricted for debt service	5,614,283	-	5,614,283
Net investment in capital assets	(68,815,863)	91,860	(68,724,003)
Unrestricted	28,300,812	(1,427,942)	26,872,870
Total net position	(34,900,768)	(1,336,082)	(36,236,850)
	$ 282,361,561	$ 320,555	$ 282,682,116

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Govern-mental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES						
Instruction	$ 79,960,849	$ 2,278,642	$ 18,259,386	$ (59,422,821)	$ -	$ (59,422,821)
Instructional student support	6,734,194	-	3,991,422	(2,742,772)	-	(2,742,772)
Administrative and financial support services	9,315,466	-	548,954	(8,766,512)	-	(8,766,512)
Operation and maintenance of plant services	9,689,938	-	1,968,694	(7,721,244)	-	(7,721,244)
Pupil transportation	2,519,936	-	1,279,694	(1,240,242)	-	(1,240,242)
Student activities	469,614	-	457,359	(12,255)	-	(12,255)
Central and other support services	2,018,789	-	715,744	(1,303,045)	-	(1,303,045)
Community services	318,643	-	288,831	(29,812)	-	(29,812)
Interest/fiscal charges on long-term debt	13,905,198	-	-	(13,905,198)	-	(13,905,198)
Total governmental activities	124,932,627	2,278,642	27,510,084	(95,143,901)	-	(95,143,901)
BUSINESS-TYPE ACTIVITIES						
Food service	5,442,950	268,150	5,198,812	-	24,012	24,012
Total primary government	$ 130,375,577	$ 2,546,792	$ 32,708,896	(95,143,901)	24,012	(95,119,889)
GENERAL REVENUES						
Taxes				48,765,786	-	48,765,786
Grants, subsidies and contributions not restricted				52,634,582	-	52,634,582
Investment earnings - derivatives				73,889	-	73,889
Investment earnings				757,648	1	757,649
Miscellaneous income				846,071	-	846,071
				103,077,976	1	103,077,977
CHANGE IN NET POSITION				7,934,075	24,013	7,958,088
NET POSITION - BEGINNING - restated				(42,834,843)	(1,360,095)	(44,194,938)
NET POSITION - ENDING				$ (34,900,768)	$ (1,336,082)	$ (36,236,850)

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS

	General Fund	Debt Service Fund	Non-major Funds	Total Governmental Funds
Cash and cash equivalents	$ 26,305,964	$ 672,489	$ 380,396	$ 27,358,849
Investments	46,255	1,662,076	-	1,708,331
Taxes receivable, net	15,228,983	-	-	15,228,983
Due from other funds	1,323,439	-	-	1,323,439
Due from other governments	6,706,424	-	-	6,706,424
Other receivables	1,091,074	-	-	1,091,074
Prepaid expenses	54,862	-	-	54,862
Inventories	963	-	-	963
Sinking fund investments	-	3,896,116	-	3,896,116
	$ 50,757,964	$ 6,230,681	$ 380,396	$ 57,369,041

LIABILITIES AND FUND BALANCES

	General Fund	Debt Service Fund	Non-major Funds	Total Governmental Funds
LIABILITIES				
Accounts payable	$ 7,148,064	$ -	$ 870	$ 7,148,934
Due to other funds	-	-	14,425	14,425
Accrued salaries and benefits	5,526,400	-	-	5,526,400
Deferred revenues	15,429,868	-	-	15,429,868
Total liabilities	28,104,332	-	15,295	28,119,627
FUND BALANCES				
Nonspendable:				
Reserve for inventories	963	-	-	963
Interfund receivable	1,323,439	-	-	1,323,439
Prepaid expenses	54,862	-	-	54,862
Restricted:				
2002 QZAB	-	3,373,056	-	3,373,056
2010 Debt service fund	-	2,241,227	-	2,241,227
Committed:				
Athletics and band reserve	402,381	-	-	402,381
2009 Debt series	-	616,398	-	616,398
Assigned:				
Capital projects fund	-	-	284,401	284,401
Special revenue fund	-	-	95,995	95,995
Health insurance stabilization	1,500,000	-	-	1,500,000
PSERS increases	5,000,000	-	-	5,000,000
Debt service increases	3,000,000	-	-	3,000,000
Capital improvements	3,000,000	-	-	3,000,000
Information Technology improvements	1,500,000	-	-	1,500,000
Unassigned:				
General fund	6,871,987	-	-	6,871,987
Capital projects fund	-	-	(15,295)	(15,295)
Total fund balances	22,653,632	6,230,681	365,101	29,249,414
	$ 50,757,964	$ 6,230,681	$ 380,396	$ 57,369,041

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 29,249,414
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is $282,828,072 and the accumulated depreciation is $88,890,896.		193,937,176
Taxes receivable that are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds, net of allowance.		14,938,338
To record other post-employment benefits (OPEB)		(1,739,192)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable	$ (269,813,000)	
Accrued interest on the bonds	(1,606,097)	
Bond issue costs (net of accumulated amortization)	7,382,778	
Capital leases	(1,088,579)	
Premium on issue of swap	(2,834,589)	
Premium on bond issue	(763,307)	
Compensated absences	(2,196,141)	
		(270,918,935)
To record GASB 53 fair market value		(367,569)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ (34,900,768)

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(DEFICIT) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	Non-Major Funds	Total Governmental Funds
REVENUES				
Local sources	$ 52,712,730	$ 131,088	$ 737	$ 52,844,555
State sources	63,650,390	-	-	63,650,390
Federal sources	15,697,660	-	-	15,697,660
Total revenues	132,060,780	131,088	737	132,192,605
EXPENDITURES				
Instruction	72,731,774	-	-	72,731,774
Support services	31,553,661	-	-	31,553,661
Noninstructional services	788,257	-	-	788,257
Facility acquisition and improvement	-	-	2,404,492	2,404,492
Debt service (principal, interest and fees)	13,174	14,488,187	-	14,501,361
Total expenditures	105,086,866	14,488,187	2,404,492	121,979,545
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	26,973,914	(14,357,099)	(2,403,755)	10,213,060
OTHER FINANCING SOURCES (USES)				
Transfers in	-	15,383,960	2,908,962	18,292,922
Transfers out	(15,383,960)	(2,908,962)	-	(18,292,922)
Refunds of prior years receipts	(807,619)	-	-	(807,619)
Total other financing sources (uses)	(16,191,579)	12,474,998	2,908,962	(807,619)
NET CHANGE IN FUND BALANCES	10,782,335	(1,882,101)	505,207	9,405,441
FUND BALANCE (DEFICIT) - BEGINNING	11,871,297	8,112,782	(140,106)	19,843,973
FUND BALANCE - ENDING	$ 22,653,632	$ 6,230,681	$ 365,101	$ 29,249,414

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$9,405,441
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated to expense over their estimated useful lives as depreciation expense.		
Depreciation expense	$ (7,747,675)	
Capital outlays	3,360,053	
Construction in progress	1,578,297	
		(2,809,325)
Because some taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.		602,661
Capital leases are recorded as expenditures in the governmental funds but are recorded as long-term liabilities in the statement of net position.		(1,067,380)
Repayment of bonds and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,366,654
Payments on the premium on swap issue is recorded in the governmental funds in 2013, the premium is being amortized and interest expense is being recorded on the premium amount. The SWAP premium decreased this year by this amount.		166,971
Interest on serial bonds is recorded in the governmental funds when paid, but the statement of activities records interest expense as it is incurred. Accrued interest decreased by this amount this year.		46,096

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - continued
YEAR ENDED JUNE 30, 2013

To record the change in other post-employment benefits (OPEB) liability.	39,159
Bond issue costs are recorded as expenditures in the governmental funds, but are recorded as long-term assets in the statement of net assets and amortized over the term of the bonds. Current bond issue costs are as follows:	
Current year bond premium amortization	97,444
Current year bond issue costs amortization	(469,348)
Accrued compensated absences are not recorded as expenditures in the governmental funds, but are in the statement of activities. Accrued compensated absences decreased by this amount this year.	481,813
GASB 53 measurement of change in fair value of ineffective SWAP	73,889
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$7,934,075

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION -
PROPRIETARY FUND
JUNE 30, 2013

ASSETS

	Food Service Fund
CURRENT ASSETS	
Cash	$ 8,977
Investments	1,025
Other receivables	87,219
Due from other governments	82,988
Inventories	48,486
Total current assets	228,695
NONCURRENT ASSETS	
Fixed assets, net	91,860
Total assets	$ 320,555

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	$ 14,089
Due to other funds	1,285,534
Accrued salaries and benefits	158,883
Current portion of compensated absences	22,892
Deferred subsidy revenues	17,348
Total current liabilities	1,498,746
NONCURRENT LIABILITIES	
Compensated absences	30,497
Other post-employment benefits	127,394
Total noncurrent liabilities	157,891
NET POSITION	
Invested in capital assets, net of related debt	91,860
Unrestricted	(1,427,942)
Total net position	(1,336,082)
Total liabilities and net position	$ 320,555

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

	Food Service Fund
OPERATING REVENUES	
Food service revenue	$ 268,150
OPERATING EXPENSES	
Salaries	1,478,412
Employee benefits	969,152
Purchased property service	59,817
Other purchased service	19,707
Supplies	2,877,199
Depreciation	38,027
Other	636
Total operating expenses	5,442,950
OPERATING LOSS	(5,174,800)
NONOPERATING REVENUES	
Earnings on investments	1
Local sources	108,617
State sources	400,979
Federal sources	4,403,679
USDA donated commodities	285,537
Total nonoperating revenues	5,198,813
CHANGE IN NET POSITION	24,013
NET POSITION - BEGINNING	(1,360,095)
NET POSITION - ENDING	$ (1,336,082)

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	$ 224,944	
Cash payments to employees for services	(2,542,877)	
Cash payments to suppliers for goods and services	(3,196,518)	
Cash payments for other operating expenses	(636)	
Net cash used in operating activities		$ (5,515,087)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants and subsidies received for non-operating activities:		
Local	108,617	
State	435,601	
Federal	4,999,918	
Net cash provided by noncapital financing activities		5,544,136
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of equipment		(22,132)
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on investments		1
NET DECREASE IN CASH		6,918
CASH - BEGINNING OF YEAR		2,059
CASH - END OF YEAR		$ 8,977
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss		$ (5,174,800)
Adjustment to reconcile operating loss to net cash used in operating activities:		
Depreciation	$ 38,027	
Donated commodities	285,537	
(Increase) decrease in:		
Inventory	33,642	
Other receivables	(43,206)	
Increase (decrease) in:		
Accounts payable	(48,665)	
Due to other funds	(510,309)	
OPEB liability	25,445	
Accrued salaries and benefits	4,355	
Accumulated compensated absences	(125,113)	
Total adjustment		(340,287)
Net cash used in operating activities		$ (5,515,087)

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

ASSETS

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	$118,549	$189,224
Investments	-	28,811
Other receivables	-	2,771
Total assets	$118,549	$220,806

LIABILITIES AND NET POSITION

	Private Purpose Trust Funds	Agency Funds
LIABILITIES		
Accounts payable	$ -	$ 25,762
Due to other funds	7,793	15,687
Funds held for others	-	179,357
Total liabilities	7,793	220,806
NET POSITION		
Restricted	110,756	-
	$118,549	$220,806

See accompanying notes.

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2013

	Private Purpose Trust Funds
ADDITIONS	
Receipts	$ 3,785
DEDUCTIONS	
Other	16,312
CHANGE IN NET POSITION	(12,527)
NET POSITION - BEGINNING	123,283
NET POSITION - ENDING	$ 110,756

See accompanying notes.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

Reporting Entity

The financial statements of the School District include all funds, functions and activities to which the appointed Board of School Directors has oversight responsibility. The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Harrisburg City School District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity", establishes the criteria for determining the activities, functions and organizations to be included in the financial statements of the reporting entity. This statement requires that a component unit be included if the District's elected officials are financially accountable for the component unit. The District is financially accountable if it appoints a voting majority of the component unit's governing body and (1) it is able to impose its will on the component unit, or (2) there is a potential for the District to provide specific financial benefits to, or impose specific financial burdens on the component unit. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the District has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The District has evaluated its relationship with Capital Area Intermediate Unit #15 to determine if the financial information of the unit should be included in the financial statements. Based on this evaluation, the Unit has not been included as a component unit of the District's reporting entity because of the limited oversight responsibility and limited accountability for fiscal matters.

Related Organization

Related organizations are not reported as component units in these financial statements, but significant transactions are disclosed in Note Q. The Capital Area Intermediate Unit #15 (CAIU) is a related organization to the District.

The CAIU is a regional education service agency located in central Pennsylvania that has responsibility for providing services in the areas of curriculum development and instructional improvement, educational planning, instructional materials, continuing professional education, pupil personnel, state and federal agency liaison, management services, and special education services. The CAIU serves 24 public school districts, 2 vocational technical schools, and over 50 non-public schools, several charter schools and cyber charter schools.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organization - continued

The CAIU's Board of Directors consists of 19 members, 7 members from 7 different Cumberland County school districts, 1 member from the Northern York County School District, 8 members from 8 different Dauphin County school districts, and 3 members from Perry County school districts. The CAIU Board Members are school district board members who are elected by the public and who are appointed to the CAIU Board by the member districts' board of directors. The District is responsible for appointing one of these members. The CAIU board members have decision-making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. The Statements include the primary government, except for the fiduciary funds of the primary government.

Separate rows and columns are used to distinguish between the governmental and business-type activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. These activities are usually reported in Governmental Funds. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. These activities are usually reported in Enterprise Funds.

Measurement Focus and Basis of Accounting - Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities are prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33.

In June 2011, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Policy for Eliminating Internal Activity - Government-Wide Financial Statements

In the process of aggregating data for the Statement of Net Position, some amounts reported as interfund balances in the funds are eliminated or reclassified. Eliminations are made in the Statement of Net Position to minimize the "grossing-up" effect on assets and liabilities within the governmental and business-type activities columns of the primary government. As a result, amounts reported in the funds as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Policy for Capitalizing Assets and Estimating Useful Lives - Government-Wide Financial Statements

The School District reports capital assets at historical cost or estimated historical cost. Capital assets include land, improvements, and easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure and all other tangible or intangible assets that are used in operations and that have useful lives extending beyond a single reporting period. The School District's policy is to capitalize assets, or groups of assets with costs in excess of $1,500. Estimated depreciation expense is calculated using the straight-line method over the useful lives of capital assets ranging from 3 to 50 years.

Program Revenues - Government-Wide Financial Statements

The Statement of Activities reports three categories of program revenues: (a) charges for services, (b) program specific operating grants and contributions and (c) program specific capital grants and contributions. Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. As a whole, they reduce the net cost of the function to be financed from the government's general revenues.

Policy for Defining Operating and Nonoperating Revenues of Proprietary Funds

The School District defines proprietary funds operating revenues based on how the individual transaction would be categorized for purposes of preparing the statement of cash flows. Transactions for which cash flows are reported as capital and related financing activities, noncapital finance activities or investing activities would normally not be reported as operating revenues.

Policy Regarding Applying Restricted or Unrestricted Revenues

The School District first applies unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds are used by the School District:

Governmental Fund Types

General Fund

The General Fund accounts for all financial resources of the School District except those specifically required by laws to be accounted for in an another fund. This is a budgeted fund, and any fund balances are considered as resources available for use.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. These are not budgeted funds. Special Revenue Funds include the following:

1. Capital Reserve Fund; authorized by P.L. 145, Act of April 30, 1943, known as Section 1431 of Municipal Code.

Capital Project Funds

The Capital Project Funds account for the proceeds and expenditures relating to bond issues and construction projects. Capital project funds include the following:

1. Series 2008 Note - accounts for the costs of acquiring a piece of property and costs of making improvements and renovations to school buildings as financed by the Series 2008 General Obligation Note. The Series 2008 Note was refunded with the Series 2009A Fund.

2. Series 2010 Note - accounts for the costs of HVAC and other related renovations to school buildings as financed by the Series 2010 General Obligation Note.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Governmental Fund Types - continued

Debt Service Funds

1. Series 2002 QZAB Fund - accounts for the sinking fund established by the Series of 2002 General Obligation Qualified Zone Academy Bonds.
2. Series 2009A Fund - accounts for the refinancing of Series 1999, 2006, and 2008 bond issues.
3. Series 2009B Fund - accounts for the refinancing of Series 2007, deficit financing, and new money.
4. Series 2009C Fund - accounts for the refinancing of Series 2002A bond issue.
5. Series 2009D Fund - accounts for the refinancing of Series 2003 bond issue.
6. Series 2010 Fund - accounts for the financing of the Series 2010 General Obligation Note.

Proprietary Fund Types

Enterprise Fund

The Enterprise Fund, an unbudgeted fund, is used to account for all revenue and expenses pertaining to cafeteria operations. The Enterprise Fund is utilized to account for operations that are financed and operated similar to private business enterprises where the stated intent is the costs (expenses, including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered through user charges.

The District's Enterprise Fund is the Food Service Fund which accounts for the costs of providing meals to students during the school year. Revenue is received from student payments, from state and federal subsidies, and from General Fund contributions when user fees and cost reimbursements are insufficient to meet the costs of providing meals.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fiduciary Fund Types

Trust and Agency Funds

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent. Trust funds include nonexpendable trust funds and expendable trust funds. Agency funds are custodial in nature and do not involve measurement of results of operations.

The following are the District's trust funds:

1. Nonexpendable Trust Fund - accounts for monies received through donations from various classes and individuals. The principal amounts of the gifts remain intact; however, investment earnings are used to give awards to students.

2. Expendable Trust Fund - accounts for contributions from private sources for various programs.

The following are the District's agency funds:

1. Student Activity Fund - accounts for the Activity Funds established by each elementary and secondary school.

2. Agency Fund - accounts for high school and middle school club activities.

3. SBI Agency Fund - accounts for store sale activities.

Measurement Focus/Basis of Accounting

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds of the School District are accounted for using the current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheet, and the fund balances reflect spendable or appropriable resources. The operating statements of these funds reflect increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Measurement Focus/Basis of Accounting - continued

The proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities (current and noncurrent) associated with the operation of the funds are included on its balance sheet. The proprietary fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Modified Accrual Basis

The modified accrual basis of accounting is followed for all governmental type funds of the School District. Under the modified accrual basis of accounting, expenditures (other than interest and principal payments on long-term debt which are recorded on their payment dates) are recorded when the fund liability is incurred. Revenues are recognized when they become susceptible to accrual, i.e., measurable and available to finance the School District's operations. Available means collectible within 60 days after fiscal year-end. The modified accrual basis of accounting is used as follows:

Revenue from Local Sources

The District receives local revenues through various sources which include real estate taxes, earned income tax, occupation tax, local service tax, real estate transfer taxes, amusement tax and business privilege/mercantile tax.

The District follows the policy of accruing and recognizing in current income only those taxes which, in addition to being due and unpaid, were reasonably measurable and payment within 60 days after the close of the school year was likely.

The District's financial statements reflect delinquent occupation tax for the current and prior years. An allowance for estimated uncollectible school occupation taxes is based on a historical analysis of collections.

Revenue from State Sources

State subsidies due the District as current fiscal year entitlements are recognized as revenue in the current fiscal year even though such funds may be received in a subsequent fiscal year.

Revenue from Federal Sources

Federal program funds applicable to expenditures for the same program in the current fiscal year but expected to be received in the next fiscal year are accrued as current revenue at the end of the current fiscal year along with the recognition of the federal funds receivable. Likewise, any excess of revenues at the fiscal year end over the program expenditures are recorded as deferred revenue.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accrual Basis

Under the accrual basis of accounting, revenues are recognized in the accounting period they are earned and become measurable; expenses are recognized in the period incurred. The accrual basis of accounting is used for the Proprietary Fund and Nonexpendable Trust Funds.

Budgets and Budgetary Accounting

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

a. The official school budget was prepared for adoption for the General Fund only. The budget was formally adopted by the Board of School Directors at a duly advertised public meeting prior to the expenditure of funds. The budget was properly amended by the Board as needed throughout the year. The budget was adopted on a basis consistent with accounting principles generally accepted in the United States of America.

b. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

c. Unused appropriations for the General Fund lapse at the end of the year.

d. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

Fund Balance Classification

Beginning with fiscal year June 30, 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable amounts are disclosed on the Balance Sheet - Governmental Funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Balance Classification - continued

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the 2002 QZAB and 2010 Debt Service within the Debt Service Fund as being restricted because its use is limited by legislation or external parties.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of School Directors. These amounts cannot be used for any other purpose unless the Board of School Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified the 2009 Debt series and the Athletics and Band Reserve as being committed resources.

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Superintendent and Chief Financial Officer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has classified the Capital Projects and Special Revenue Funds as assigned resources. During the current year, the Board assigned amounts in the General Fund. The specific assignments are disclosed on the Balance Sheet - Governmental Funds.

- Unassigned: This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding which represents the portion of the General Fund balance that has been established by a Resolution of the Board of School Directors dated May 2, 2011. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The District will strive to maintain a fund balance of not less than 1% and not more than 8% of the annual approved budget.

The Board would typically use Unassigned fund balances first, followed by Assigned resources, and then Committed resources, unless otherwise directed by the Board.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventory

The Enterprise Fund inventory consists of government donated commodities which were valued at government declared value and purchased commodities and supplies valued at cost.

It is the District's policy to expense supply and janitorial products when purchased for governmental funds.

Revenue Recognition - Property Taxes

Property taxes are levied on July 1. Taxes are collected at discount until August 31, at their face from September 1, until October 31, and include a penalty thereafter. All unpaid taxes levied July 1, become delinquent November 1, of the same year. The current year's millage for real estate taxes was 26.9650 mills. Interim taxes are assessed at various times during the year as needed. Annually, the District enters into an agreement of sale and purchase of unpaid real estate taxes with The Redevelopment Authority of the City of Harrisburg. The District conducted settlement on January 1, 2013 for the 2012-2013 unpaid real estate taxes.

Taxes receivable as reported on the combined balance sheet represents unpaid occupation taxes outstanding at June 30, 2013. Taxes receivable not deemed available under accounting principles generally accepted in the United States of America are included in deferred revenues.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Proprietary and Nonexpendable Trust Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Vacation, Sick Leave and Other Compensated Absences

Employees of the District are entitled to certain compensated absences, consisting of vacation and sick leave and early retirement incentive benefits. The accrued liability for vacation and sick leave is calculated based on salary rates in effect at the balance sheet date. Additional amounts are accrued for salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

Employees may carryover up to 40 vacation days. In a termination year, unused vacation leave is paid in full at termination.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Vacation, Sick Leave and Other Compensated Absences - continued

Eligible employees may accumulate an unlimited amount of sick leave. At the time of retirement, teachers are entitled to unused sick leave reimbursement at varying rates. Administrative employees are paid 25 percent of their accumulated unused sick leave at their current daily rate. In estimating the sick leave liability, the District determined whether it was probable that employees will, in the future, meet the conditions to receive a cash payment at termination for their sick leave balances.

Early retirement incentive benefits are offered to teachers and administrators of the District, who, after fifteen years of service, retire with superannuation from either the Pennsylvania School Employees Retirement System (PSERS) or from dual or joint combined service with PSERS and the state employees' retirement system.

Early retirement incentive benefits include unused sick leave reimbursement and health care. The retiree's eligibility for health care benefits is limited to those persons not covered either directly or through his or her spouse by any other health program or plan of any kind, whether public or private. Coverage discontinues when the retiree becomes eligible for Medicare.

Monthly benefit expense is determined by employee classification, coverage type and amount of PSERS supplementation, if any.

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

- Restricted - consists of resources that are restricted by the District for a specific purpose.

- Unrestricted - all other resources are reported in this category.

Pension Plan

All full-time employees of the District participate in a cost-sharing multiple employer defined benefit pension plan. The District made all required contributions for the year ended June 30, 2013, and has recognized them as expenditures and expenses in the governmental and proprietary funds, respectively.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investments

The School District invests funds with The Pennsylvania School District Liquid Asset Fund (PSDLAF), Pennsylvania Local Government Investment Trust (PLGIT), and the Pennsylvania Treasurer's INVEST Program for Local Governments (INVEST). PSDLAF, PLGIT, and INVEST operate and are authorized under the Intergovernmental Cooperation Act of 1972. Investments in these funds have daily liquidity and are valued at the current cost which equals market value.

These funds invest in federal securities backed by the full faith and credit of the United States Government, in agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania backed by the full faith and credit of the Commonwealth and certificates of deposit which are insured by the Federal Deposit Insurance Corporation or which are collateralized as provided by law of Act 72 of 1971.

Derivative Financial Instruments

The District uses swap contracts that have fixed or variable payments based on the price of an underlying interest rate or index. Hedging derivative instruments are used to reduce financial risks, such as offsetting increases in interest rate costs by offsetting changes in cash flows of the hedged item. These derivative instruments are evaluated to determine if they are effective in significantly reducing the identified financial risk at year end. If the derivative is determined to be an effective hedge, its fair value is an asset or liability with a corresponding debit (credit) to deferred outflows (inflows) on the Statement of Net Position. Deferred outflows (inflows) constitute changes in fair values of effectively-hedged derivative instruments. If the derivative instruments are determined to be ineffective, they are considered investment derivatives in which their fair values are either assets or liabilities on the Statement of Net Position and the changes in fair values are recognized against investment income in the Statement of Activities.

Interfund Transactions

During the course of normal operations, the school district has numerous transactions between funds, including expenditures and transfers of resources to provide services and service debt. Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through various due from and due to accounts. The amount due from the Proprietary Fund to the General Fund will not be repaid within the next twelve months.

Fixed Assets - Fund Financial Statements

Under the School District's method of accounting, fixed assets are recorded as expenditures at the time of purchase in the governmental funds. Accordingly, no depreciation has been provided on fixed assets in those funds. Proprietary Fund fixed assets are recorded at cost. Depreciation is provided for on a straight-line basis over periods ranging from 5 to 20 years.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Memorandum Only Columns

Total columns on the combined statements are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

In June 2011, GASB issued Statement No.63, *Financial Reporting of Deferred Out-flows of Resources, Deferred Inflows of Resources, and Net Positions*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and the resulting net position.

In April 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement clarifies the appropriate reporting of deferred inflows and deferred outflows of resources which were previously reported as assets and liabilities in order to be consistent with GASB Concepts Statement No. 4, *Elements of Financial Statements*. This statement is not effective until the financial statements for the period ending June 30, 2014. The District's management has not yet determined the impact, if any, of the implementation of this statement on the District's financial statements.

In April 2012, GASB issued Statement No. 66, *Technical Corrections 2012* - an amendment of GASB Statements No. 10 and 62 that is effective for the financial statements for the period ending June 30, 2014. The District's management has not yet determined the impact, if any, of the implementation of this statement on the District's financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements - continued

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans.* This statement address reporting standards for defined benefit pension plans whether the plan's financial statements are in a separate financial report issued by the plan or in an employer's report. This statement is not effective until the financial statements for the period ending after June 30, 2014. The District's management has not yet determined the impact, if any, of the implementation of this statement on the District's financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pension Plans* - an amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement is not effective until the financial statements for the period ending June 30, 2015. The District's management has not yet determined the impact, if any, of the implementation of this statement on the District's financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees.* This statement will require a governmental entity that extends a non-exchange guarantee to recognize a liability, when qualitative factors and historical data indicates that it is more likely than not that the governmental entity will be required to make a payment on a guarantee. This statement is effective retroactively for periods that begin after June 15, 2013. The District's management has not determined the impact, if any, of the implementation of this statement on the District's financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.* The statement eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing Statement No. 68. This statement is effective concurrent with State No. 68, for fiscal years beginning after June 15, 2014. The District's management has not determined the impact, if any, of the implementation of this statement on the District's financial statements.

NOTE B - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The School District is authorized by statute to invest in obligations of the U.S. Treasury, agencies, and instrumentalities and state treasurer's investment pools.

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2013, none of the District's bank balance of $29,355,720 was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance (FDIC)	$ 556,089
Secured by pooled collateral as permitted by Act 72 of the Commonwealth of Pennsylvania	28,799,631
Total	$29,355,720

Reconciliation to Financial Statements

Covered by Federal Depository Insurance (FDIC)	$ 556,089
Plus: funds covered under Act 72	28,799,631
Less: outstanding checks	(2,412,107)
Carrying amount - bank balances	26,943,613
Plus: deposits in pooled funds considered cash equivalents	731,986
Total cash per financial statements	$ 27,675,599

NOTE B - CASH AND CASH EQUIVALENTS AND INVESTMENTS - continued

Investments

As of June 30, 2013, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1	1 - 5	5 - 10
Federal National Mortgage Association	$3,316,967	$3,316,967	$ -	$ -
PA School District Liquid Asset Fund	32,131	32,131	-	-
PA Local Government Investment Trust	1,783,162	1,783,162	-	-
PA Treasurer's INVEST Program for Local Governments	38,488	38,488	-	-
Treasury obligations funds	1,195,521	1,195,521	-	-
Total	$6,366,269	$6,366,269	$ -	$ -

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District does not have a formal investment policy that limits its investment choices to certain credit ratings. As of June 30, 2013, the District's investments were rated as:

Investment	Standard & Poor's
Federal National Mortgage Association	AAA
PA Local Government Investment Trust	AAA
PA School District Liquid Asset Fund	AAA
PA Treasurer's INVEST Program	AAA

NOTE B - CASH AND CASH EQUIVALENTS AND INVESTMENTS - continued

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. Excluding investments in various Federal treasury obligations funds, the District carried investments in the Federal National Mortgage Association that exceeded 5% of total investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total investments above	$ 6,366,269
Less: deposits in pooled funds considered cash equivalents	(731,986)
Total investments per financial statements	$ 5,634,283

NOTE C - PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment of the Business-Type Activities as of June 30, 2013, is as follows:

	Beginning Balance	Additions	Ending Balance
Machinery and equipment	$1,453,481	$22,132	$1,475,613
Accumulated depreciation	1,345,726	38,027	1,383,753
Net property, plant, and equipment			$ 91,860

NOTE C - PROPERTY, PLANT AND EQUIPMENT - continued

A summary of property, plant, and equipment for the Governmental Activities for the year ended June 30, 2013, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and land improvements	$ 13,700	$ -	$ -	$ 13,700
Building and improvements	239,625,155	7,074,095	-	246,699,250
Furniture and equipment	33,228,898	1,307,927	-	34,536,825
Construction in progress	5,020,332	1,578,297	5,020,332	1,578,297
Total capital assets	277,888,085	9,960,319	5,020,332	282,828,072
Less accumulated depreciation:				
Building and improvements	52,342,093	5,697,694	-	58,039,787
Furniture and equipment	28,801,128	2,049,981	-	30,851,109
Total accumulated depreciation	81,143,221	$7,747,675	$ -	88,890,896
Net property, plant and equipment	$ 196,744,864			$193,937,176

Depreciation was charged to individual functions as follows:

Instructional	$ 1,784,950
Instructional support	107,993
Administrative	220,401
Operation of plant and maintenance	4,257,714
Central support services	1,195,937
Student activities	180,512
Community services	168
Total	$ 7,747,675

NOTE D - TAXES RECEIVABLE, DEFERRED TAX REVENUES AND ESTIMATED UNCOLLECTIBLE TAXES

A summary of the taxes receivable and related accounts recorded at the fund level at June 30, 2013, follows:

	Earned Income	Real Estate Transfer	School Occupation	Total
Current taxes collected by City, County, or Tax Claim Bureau by June 30, and remitted shortly thereafter	$129,805	$ 15,883	$ 144,957	$ 290,645
Deferred tax revenues	-	-	14,938,338	14,938,338
Taxes receivable, net	$129,805	$ 15,883	$ 15,083,295	$ 15,228,983

Deferred revenues consist of the following:

Taxes receivable which were not collected within 60 days subsequent to June 30, 2013			$ 14,938,338	
Deferred subsidies			491,530	
Total			$ 15,429,868	
Taxes receivable	$129,805	$ 15,883	$ 22,331,004	$22,476,692
Estimated uncollectible taxes	-	-	(7,247,709)	(7,247,709)
Taxes receivable, net	$129,805	$ 15,883	$ 15,083,295	$15,228,983

NOTE E - INVENTORIES

A schedule of the Business-Type Activities' inventories at June 30, 2013, follows:

Material and supplies	$ 5,103
Purchased food	27,344
Donated commodity food	16,039
	$48,486

NOTE F - ACCRUED SALARIES AND BENEFITS

Accrued salaries principally represent teachers' salaries earned during the 2012/2013 school year that were paid subsequent to June 30, 2013. Accrued retirement, social security, and workers' compensation represent the District's liability on salaries paid during June 2013 and on accrued salaries at June 30, 2013. Accrued payroll withholdings represent the employees' share of retirement, social security and other benefits not remitted to the respective entities as of June 30, 2013.

NOTE G - BONDS AND NOTES PAYABLE

A summary of bonds and notes payable at June 30, 2013, which were issued to finance various school facilities acquisitions and renovations follows:

Date of Issue	Last Maturity Date	Interest Rate	Amount
Bonds Payable			
July 31, 2002 - Series 2002 QZAB	July 30, 2016	0.00%	$ 5,104,000
May 1, 2009 - Series 2009A	November 15, 2033	4.00% to 4.13%	133,765,000
May 1, 2009 - Series 2009B	November 15, 2020	3.50% to 5.25%	22,855,000
May 1, 2009 - Series 2009C	November 15, 2017	4.88% to 5.95%	26,605,000
June 25, 2009 - Series 2009D	December 1, 2027	5.25%	72,295,000
Notes Payable			
Oct 6, 2010 - Series 2010 QSCB	September 15, 2027	5.00%	9,189,000
			$269,813,000

On August 1, 2002, the District issued $5,104,000 of General Obligation Qualified Zone Academy Bonds. Proceeds of the bonds were used for payment of costs of rehabilitating or repairing Lincoln Elementary School, purchasing and installing equipment therein and to pay the costs of issuance. The District is required to deposit $305,046 on July 30th of each year to the sinking fund until maturity. As of June 30, 2013, the District has restricted cash and investments of $3,316,967 in the sinking fund.

On May 1, 2009, the State Public School Building Authority issued $133,765,000 of fixed rate School Revenue Bonds, Series 2009A. Proceeds of the bonds were used to refund the Series 1999 adjustable rate School Revenue Bonds, Series 2006 adjustable rate School Revenue Bonds, Series 2008 General Obligation Note, to terminate the Interest Rate Management Agreements associated with the Series 1999 and 2006 adjustable rate School Revenue Bonds and to pay the costs of issuance.

On May 1, 2009, the State Public School Building Authority issued $22,855,000 of fixed rate School Revenue Bonds, Series 2009B. Proceeds of the bond were used to refund the Series 2007 fixed rate General Obligation Note, to fund certain operating expenditures of the District, and to pay the costs of issuance.

NOTE G - BONDS AND NOTES PAYABLE - continued

On May 1, 2009, the State Public School Building Authority issued $26,620,000 of fixed rate Federally-Taxable School Revenue Bonds, Series 2009C. Proceeds of the bonds were used to refund the Series 2002A "Penncaps" and pay the costs of issuance.

On June 25, 2009, the State Public School Building Authority issued $74,850,000 of variable rate School Revenue Bonds, Series 2009D. Proceeds of the bonds were used to refund the Series 2003 adjustable rate School Revenue Bonds and pay the costs of issuance. The variable rate is determined by the remarketing agent in accordance with defined interest rate adjustment dates, interest rate determination or reset dates, and interest rate periods. The interest rate on the bond was effectively fixed at 5.25% through the swap arrangements discussed in Note H.

On October 6, 2010, the District obtained a $9,194,000 note under the Pennsylvania State Public School Building Authority Qualified School Construction Bond Program, Series 2010 QSCB. Proceeds of the note are to be used for HVAC and roofing projects at several of the schools and to pay the costs of issuance. The note carries an interest rate of 5% annually that is partially offset by federal subsidies, with interest payments due March 15 and September 15.

A schedule of the District's debt service requirements, which are financed by the General Fund follows:

Year ending June 30,	Principal	Interest	Totals
2014	$ 3,579,313	$ 14,182,345	$ 17,761,658
2015	6,939,313	13,957,980	20,897,293
2016	7,414,313	13,627,048	21,041,361
2017	12,913,313	13,244,150	26,157,463
2018	8,974,313	12,800,171	21,774,484
2019 - 2023	52,066,563	57,154,380	109,220,943
2024 - 2028	69,326,563	39,690,360	109,016,923
2029 - 2033	87,745,000	16,136,795	103,881,795
2034	20,280,000	498,600	20,778,600
Totals	$ 269,238,691	$ 181,291,829	$ 450,530,520

The annual payment of $305,046 to the sinking fund for the 2002 QZAB bond issue is not included in the schedule of principal payments for the fiscal years 2014-2017; however, the accumulated amounts of these payments are included in the fiscal year 2017 debt service requirement, which will be used to retire the outstanding bond on July 30, 2016.

The future principal payments scheduled above are net of the annual payment of $574,309 to a debt service fund made during the current year for the 2010 QSCB bond issue.

Interest expense totaled $13,159,000 for the year ended June 30, 2013.

NOTE G - BONDS AND NOTES PAYABLE - continued

Changes in Bonds and Notes Payable

Changes in bonds and notes payable during the year ended June 30, 2013, follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Bonds payable:				
August 2002 issue	$ 5,104,000	$ -	$ -	$ 5,104,000
Series 2009A issue	133,765,000	-	-	133,765,000
Series 2009B issue	22,855,000	-	-	22,855,000
Series 2009C issue	26,610,000	-	(5,000)	26,605,000
Series 2009D issue	73,045,000	-	(750,000)	72,295,000
Notes payable:				
October 2010 issue	9,189,000	-	-	9,189,000
Total	$ 270,568,000	$ -	$ (755,000)	$ 269,813,000

NOTE H - SWAP TRANSACTIONS

The District is a party to contracts for various derivative instruments, as discussed below.

At June 30, 2013, the District has the following derivative instruments outstanding (in thousands):

			Fair Value		Changes in Fair Value	
		Notional Amount	Classification	Amount	Classification	Amount
Governmental Activities:						
	Cash flow hedges:					
A	Pay-fixed interest rate swap	$ 21,258	Deferred outflow	$ (7,102)	Deferred inflow	$ 2,200
B	Pay-fixed interest rate swap	49,602	Deferred outflow	(16,571)	Deferred inflow	5,133
C	Basis swap	133,765	Investment	(367)	Investment gain	74

NOTE H - SWAP TRANSACTIONS - continued

Swap Agreements

The School District currently has three interest rate swap agreements with three separate counterparties. The estimated fair value of the interest rate swaps was a net unrealized loss position of $24,040,135 at June 30, 2013 and is recorded as a liability. The current notional amount for all three agreements is $204,625,000. The School District utilized a regression method analysis to evaluate the hedge effectiveness for their interest rate swap portfolio. This method evaluates effectiveness by measuring the statistical relationship between the fair value or cash flows of the potential interest rate swap and the item it is hedged against. The analysis confirmed that the changes in cash flows of the potential interest rate swap instrument substantially offsets the changes in cash flows of the item hedged against and met within reason all required criteria.

Fair Values

Accounting Standards Codification 820, "Fair Value Measurements", provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. Accounting Standards Codification 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting Standards Codification 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounting Standards Codification 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. The swaps are classified as Level 2 in the fair value hierarchy.

Fair values for the School District's interest rate swap portfolio were estimated using the comparable fair values using the zero-coupon method. This calculates the future net settlement payments or future cash flows, assuming that current rates implied by the comparable yield curve correctly anticipate future spot interest rates. The payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Swap Payments and Associated Debt

Using rates at June 30, 2013, the debt service requirements of the variable-rate debt and net swap payments, assuming interest rates remain substantially similar based on their term are within acceptable levels. As interest rates vary, variable-rate bonds interest rate payments and net swap payments will vary.

NOTE H - SWAP TRANSACTIONS - continued

Hedging Derivative Instruments - Objectives and Terms

The objectives and terms of the District's hedging derivative instruments outstanding at June 30, 2013, and counterparty credit ratings are as follows (in thousands):

Instr.	Derivative Type	Counterparty Credit Rating	Objective	Notional Amount	Effective Date	Maturity Date	Terms
A	Pay-fixed interest rate swap	AA-/Aa3	Hedge changes in cash flows on the 2009D obligation Bonds	$21,258	5/15/09	12/1/27	Pay 5.25% Receive 63% of 1 month LIBOR plus .2%
B	Pay-fixed interest rate swap	A2/AA-	Hedge changes in cash flows on the 2009D obligation Bonds	$49,602	5/15/09	12/1/27	Pay 5.25% Receive 63% of 1 month LIBOR plus .2%
C	Basis Swap	A+/A2	Hedge changes in cash flows on the 2009A obligation Bonds	$133,765	11/15/09	11/15/33	Pay SIFMA Municipal Swap Index Receive 74% of 3 month LIBOR plus .3113%

Derivative Instrument Risks

Credit risk: The School District is exposed to credit risk on hedging derivative instruments that are in asset positions. To mitigate the potential for credit risk, the District's policy when entering into a swap agreement is to negotiate additional collateralization requirements in the event of a ratings downgrade. Should a counterparty's credit rating fall below Aa as issued by Moody's Investor Services or AA as issued by Standard & Poor's, the counterparty is required to post collateral equal to the net amount of the fair value of derivative instruments in an asset position less the effect of any netting arrangements. The collateral is required to be U.S. Treasury securities and must be held by a third-party custodian.

NOTE H - SWAP TRANSACTIONS - continued

It is also the District's policy to negotiate netting arrangements whenever it has entered into more than one derivative instrument transaction with counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, the non-defaulting party may accelerate and terminate all outstanding transactions and net their fair values so that a single amount will be owed by (or to) the nondefaulting party. As of June 30, 2013, the District is in a negative position after netting the basis swaps with the interest rate swaps and, therefore, there is no credit risk.

Interest rate risk: The District is exposed to interest rate risk on its swap agreements. On the pay-fixed, receive variable interest rate swaps (Instruments A and B), the District's net payment increases as LIBOR index decreases. On the basis swap, the District's net payment increases as the ISDA swap rate or the SIFMA municipal swap index decreases.

Basis risk: The District is exposed to basis risk on its pay-fixed interest rate swaps hedging derivative instruments (Instruments A and B) because the variable rate payments received on these derivative instruments are based on a rate or index other than interest rates the District pays on its hedged variable-rate debt, which is remarketed every 30 days. As of June 30, 2013, the weighted average interest rate on the District's hedged variable-rate debt is 5.25 percent, while the 63% of LIBOR plus .2% is .32 percent.

The District is exposed to basis risk on its basis swaps hedging derivative instruments (Instrument C) because the variable rate payments received on these derivative instruments are based on a rate or index other than rate or index interest rates the District pays on its hedged variable-rate debt. As of June 30, 2013, the interest rates paid and received under the basis swaps are as follows:

Instrument C	74% of 3 month LIBOR plus .3113% is .51 percent.	SIFMA Municipal swap Index rate is .06 percent.

NOTE H - SWAP TRANSACTIONS - continued

Swap Payments and Associated Debt

Using rates as of June 30, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year ending	Variable-rate Bonds		Interest rate	
June 30,	Principal	Interest	Swaps, net	Total
2014	$ 5,000	$ 6,883,131	$ 2,955,580	$ 9,843,711
2015	5,000	6,883,095	2,955,334	9,843,429
2016	155,000	6,882,519	2,947,695	9,985,214
2017	175,000	6,881,331	2,939,070	9,995,401
2018	525,000	6,878,811	2,913,197	10,317,008
2019 - 2023	30,715,000	32,929,786	13,853,895	77,498,681
2024 - 2028	66,455,000	29,056,028	2,837,136	98,348,164
2029 - 2033	87,745,000	16,136,795	(1,295,344)	102,586,451
2034	20,280,000	498,600	(92,038)	20,686,562
	$ 206,060,000	$ 113,030,096	$ 30,014,525	$ 349,104,621

NOTE I - CAPITAL LEASES

Lease Purchase Obligations

On February 20, 2013, the District entered into an agreement with Dell for the leasing of computers. The lease duration is for three years with annual payments of $183,586.

On December 12, 2012, the District entered into an agreement with F.N.B. Commercial Leasing for the leasing of technology equipment. The lease duration is set for three years with annual payments of $181,803.

On October 31, 2011, the District entered into an agreement with Dell for the leasing of laptop computers. The lease duration is for four years with annual payments of $134,990.

On October 18, 2010, the District entered into an agreement with Apple for the leasing of additional computers. The lease duration is set for four years with annual payments of $131,855.

Total lease payments, including interest, made during the year ended June 30, 2013, were $637,968.

NOTE I - CAPITAL LEASES - continued

Future minimum lease payments of capital leases as of June 30, 2013, are as follows:

	Principal	Interest	Total
2014	$ 602,040	$29,862	$ 631,902
2015	486,539	13,508	500,047
Total	$1,088,579	$43,370	$1,131,949

Furniture and equipment and related amortization under capital leases are as follows:

	Governmental Activities
Furniture and equipment	$2,091,424
Less: accumulated amortization	1,002,180
Net value	$1,089,244

Amortization of leased equipment is included with depreciation expense.

Changes in Capital Leases

Changes in capital leases during the year ended June 30, 2013, were as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Technology equipment	$631,216	$1,069,017	$ (611,654)	$1,088,579

NOTE J - DEFINED BENEFIT PENSION PLAN

Plan Description

Name of Plan:	The Public School Employees' Retirement System (the System).
Type of Plan:	Governmental cost sharing multiple-employer defined benefit plan.
Benefits:	Retirement and disability, legislative mandated ad hoc cost-of-living adjustments, health care insurance premium assistance to qualifying annuitants.
Authority:	The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) (24 Pa. C. S. 8101-8535).

NOTE J - DEFINED BENEFIT PENSION PLAN - continued

Plan Description - continued

Annual Financial Report: The System issues a comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Barbara D. Flurie, Office of Financial Management, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125. This report is also available in the publications section of the PSERS website at www.psers.state.pa.us.

Funding Policy Authority: The contribution policy is established in the Public School Employees' Retirement Code and requires contributions by active members, employers, and the Commonwealth.

Contribution Rates: Member Contributions: Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent (Membership Class TC) or at 6.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class TC) or at 7.50 percent (Membership Class TD) of the member's qualifying compensation. Members who joined the System after June 30, 2001, contribute at 7.50 percent (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.

Employer Contributions: Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2013, the rate of employer's contribution was 12.36 percent of covered payroll. The 12.36 percent rate is composed of a pension contribution rate of 11.50 percent and a .86 percent rate for health insurance premium assistance.

Contributions Required and Made

The School District's total payroll for the current year was $45,106,942 while total covered payroll for retirement purposes was $42,274,259.

Total contributions made during the year ended June 30, 2013, amounted to $8,656,450 of which $5,352,967 was made by the School District and $3,303,483 was made by employees. Included in the District's contribution is a PSERS credit taken in the amount of $31,542. These contributions represent 12.66 percent (District) and 7.81 percent (employees) of covered payroll.

NOTE J - DEFINED BENEFIT PENSION PLAN - continued

Contributions Required and Made - continued

The required contributions in dollars and the percentage of that amount contributed for the current year and each of the preceding two years is as follows:

Fiscal Year Ending	Total Contribution	Percent of Covered Payroll
June 30, 2013	$ 5,352,967	12.66%
June 30, 2012	4,375,834	8.65
June 30, 2011	3,009,682	5.64

NOTE K - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

Name of Plan: Harrisburg School District Post-Employment Benefits Plan.

Type of Plan: Single-employer defined OPEB plan.

Benefits: Medical, prescription drug, dental, and vision premium assistance to qualifying annuitants.

Financial Report: The District obtains a comprehensive bi-annual financial report that includes the actuarial valuation and required supplementary information for the plan. A copy of the report may be obtained by writing to Laura V. Hess, Consulting Actuary, Conrad Siegel Actuaries, 501 Corporate Circle, P.O. Box 5900, Harrisburg, PA 17110-0900.

Funding Policy

Funding Policy Authority: The funding policy is established by the Harrisburg Area School District School Board. Funding requirements may be amended by passing a motion. GASB Statement 45 does not mandate the prefunding of postemployment benefits liability. The District currently funds these benefits on a pay-as-you-go basis. No assets have been segregated and restricted to provide postemployment benefits.

Contribution Rates: Member Contributions: For the fiscal year ended June 30, 2013, retired employees paid $353,062.

Employer Contributions: Employer contributions are made on a pay-as-you-go basis. In 2013, the amount of benefits paid was $2,662,776.

NOTE K - OTHER POST-EMPLOYMENT BENEFITS - continued

Funding Policy - continued

Net OPEB Obligation And Annual OPEB Cost: The District's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount contributed to and the changes in the District's net OPEB liability.

Annual Required Contribution (ARC)	$2,511,705
Interest on net OPEB obligation	(128,467)
Adjustment to ARC	265,824
Annual OPEB cost	2,649,062
Contributions	(2,662,776)
Decrease in net OPEB liability	(13,714)
Net OPEB liability - beginning of year (restated)	1,880,300
Net OPEB liability - end of year	$1,866,586

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB liability is as follows:

Year Ended	OPEB Cost	Contribution (ARC)	OPEB Cost Contributed	% of ARC Contributed	OPEB Liability
06/30/2010	$ 1,955,360	$ 1,944,568	$ 3,617,315	186.03%	$ (662,656)*
06/30/2011	2,733,136	2,676,058	2,178,430	81.04%	(1,265,933)*
06/30/2012	2,726,142	2,676,058	2,653,508	99.16%	(1,880,300)*
06/30/2013	2,649,062	2,511,705	2,662,776	106.01%	(1,866,586)

*Amount restated based on prior period adjustment, see Note U.

NOTE K - OTHER POST-EMPLOYMENT BENEFITS - continued

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/08	$ -	$ 16,030,356	$ 16,030,356	0.00%	$55,949,258	28.65%
7/1/10	$ -	$ 22,202,676	$ 22,202,676	0.00%	$51,880,194	42.80%
7/1/12	$ -	$ 18,486,095	$ 18,486,095	0.00%	$42,274,529	43.73%

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term perspective and consistent with that perspective, actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The entry age normal cost method actuarial valuation was used based upon census information provided as of May 2013. The actuarial assumptions included utilized a 4.50% interest rate and salary increases for spreading contributions over future pay. Salary increases are composed of a 3% cost of living adjustment, 1% real wage growth, and for teachers and administrators, a merit increase which varies by age from 0.25% to 3%. The valuation assumes a 7.5% healthcare cost trend for fiscal year 2012, reduced by decrements of .5% per year to 5.5% in 2016. Rates gradually decrease from 5.3% in 2017 to 4.2% in 2089 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

NOTE K - OTHER POST-EMPLOYMENT BENEFITS - continued

The District provides post-employment health care benefits for certain retirees as required by the union contracts with teachers and administrative personnel, under the District's Early Retirement Incentive Program (ERIP). The benefits vary depending on whether the retiree was a teacher, an administrative employee or support staff. For teachers and administrators, the District pays 100 percent of the allowable benefits for employees who retire with 15 years or more of total service with the District and who meet the criteria for superannuation from either PSERS or from dual or joint combined service with PSERS and State Employees Retirement System (SERS). The District pays the costs of the benefits in effect at the date of retirement until the recipient reaches the age of 65. The District's contributions will be increased at a maximum of 7 percent per year. Costs in excess of 7 percent each year are reimbursed by the retiree. Expenditures of the District are presented net of this reimbursement.

Support staff receive District paid health insurance for the employee only provided that the employee is not covered under his/her spouse's plan or any other health care insurance and the retiree has reached superannuation defined to be 35 years of credited service or a combination of 30 years of credited service and 60 years of age.

As of June 30, 2013, there were 178 retirees who were receiving the premium-coverage benefit. For the year ended June 30, 2013, the District recognized expenditures of approximately $2,662,776 for health care benefits for retirees.

NOTE L - COMPENSATED ABSENCES

A summary of the District's total compensated absence liabilities for the year ended June 30, 2013 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Vacation, sick, and personal days	$ 2,856,456	$ -	$ 606,926	$ 2,249,530

NOTE M - INTERFUND BALANCES

Individual fund interfund receivable and payable balances at June 30, 2013, are as follows:

	Due from Other Funds	Due to Other Funds
General	$ 1,323,439	$ -
Enterprise District food service	-	1,285,534
Non-major governmental funds	-	14,425
Fiduciary funds	-	23,480
	$ 1,323,439	$1,323,439

NOTE N - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2013, consisted of the following:

Amounts due from:	
Commonwealth of PA	$ 1,155,468
Federal government as passed through the PA Department of Education	5,332,009
Tuition - other LEA's	207,427
Federal government as passed through the PA Department of Agriculture	82,988
City treasurer	11,520
Total	$ 6,789,412

NOTE O - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; job-related injuries to employees; and natural disasters. The District has purchased various insurance policies to protect the assets of the District from these risks of loss. The amounts of settlements have not exceeded insurance coverage during the year ended June 30, 2013.

NOTE P - COMMITMENTS AND CONTINGENCIES

Litigation

The School District is involved in several claims and lawsuits incidental to its operation in which the likelihood of an unfavorable outcome is not yet determinable. The eventual outcome, should not have a material impact on the District's financial position.

Pennsylvania Department of Education - Rental Subsidy

Pennsylvania Department of Education (PDE) has notified the School District that a portion of prior year's state reimbursements for rental subsidies will have to be returned due the School District's closing of certain buildings. Pursuant to discussions with PDE the estimated amount is $ 365,000. The District recorded the estimated amount as an obligation as of June 30, 2013.

Grants

The School District is party to various grants with Federal and State agencies which are subject to program and compliance audits by the grantors or under the Single Audit Act Amendments of 1996. Findings and questioned costs arising out of such audits are subject to the ultimate disposition by the grantor agency.

During the year, the District returned funds in the amount of $176,701 to the Department of Labor, based on a determination in prior years which disallowed the above amount of Youth Build expenditures previously claimed by the District.

Commitments

The District had construction contracts of approximately $1,250,000 that were completed subsequent to June 30, 2013.

NOTE Q - RELATED PARTY TRANSACTIONS

The Capital Area Intermediate Unit provides special education services and other workshops to the District. During the year ended June 30, 2013, the District's expenditures relating to those services and workshops were $675,610.

NOTE R - DEFICITS IN FUND BALANCE OF INDIVIDUAL FUND

At June 30, 2013, the following fund had a deficit fund balance:

Food Service Fund	$1,336,082
Capital Projects Fund - Series 2010	$15,295

NOTE S - HEALTH INSURANCE COVERAGE

For its health insurance, the School District uses a self-insured plan with a maximum aggregate eligible claims expense per participant of $150,000 and a maximum aggregate benefit per policy term of $2,000,000. Amounts in excess of $150,000 are covered through a separate stop-loss policy.

The School District accrues expenses Incurred but Not Reported (IBNR) through June 30, 2013 through its accounts payable. At June 30, 2013, the amount accrued in accounts payable for IBNR is $496,618.

NOTE T - CHANGE IN ESTIMATE

In prior years, the School District's management has used all employees that have been employed by the School District for at least five years in order to calculate the estimated liability for compensated absences. Based on review and consideration of employment trends at the School District over the past several years, management has made the decision to use all employees that have been employed by the School District for at least ten years in order to calculate the estimated liability for compensated absences, beginning with the current fiscal year.

This change in estimate resulted in a decrease in the School District's liability for compensated absences by $292,300.

NOTE U - PRIOR PERIOD ADJUSTMENT

The School District's methodology, measurement and reporting of its obligation for Other Post-Employment Benefits (OPEB) were comprised of two components: (1) amount for current retired employees receiving benefits and (2) an estimated obligation for future employees' benefits on the government-wide statements. The most recent actuarial valuation as of July 1, 2012, pursuant to Governmental Accounting Standards Board Statement No. 45 measures the annual required contribution (ARC) and the OPEB obligation that includes both current and retired employees. Accordingly, the net adjustment to the beginning of year net position is a decrease of $896,284.

The components of the net change were as follows:

Decrease in the post-employment benefits asset	$ (4,735,119)
Decrease in Early Retirement Incentive liability	3,838,835
Net change to beginning net position	$ (896,284)

This adjustment had no effect on the other post-employment benefits liability reported for the proprietary fund.

NOTE U - PRIOR PERIOD ADJUSTMENT - continued

The effect of this change on the overall net position at June 30, 2012 is as follows:

Total governmental activities net position	$ (41,938,559)
Prior period adjustment	(896,284)
Total governmental activities net position - restated	$ (42,834,843)

NOTE V - SUBSEQUENT EVENTS

Subsequent to year-end, the District was notified by the Department of Labor that they would allow the District to draw down $156,489 of funding that was returned during the year, for funds that were initially determined to be unallowable. The District has recorded a receivable for this amount as of June 30, 2013.

Subsequent to year-end, the District was made aware that they would be required to return unused bond proceeds in the amount of $393,639. This amount has been included in the District's accounts payable at June 30, 2013.

In October 2013, the School District issued the Series of 2013 School Revenue Bonds in the amount of $23,500,000 used to refinance the existing Series B of 2009 bond issue.

Management has evaluated subsequent events through December 20, 2013, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES				
Local revenues	$49,556,802	$50,009,683	$52,712,730	$ 2,703,047
State program revenues	60,119,663	62,816,647	63,650,390	833,743
Federal program revenues	20,437,694	20,437,694	15,697,660	(4,740,034)
Total revenues	130,114,159	133,264,024	132,060,780	(1,203,244)
EXPENDITURES				
Regular programs	51,042,116	49,541,132	45,002,494	4,538,638
Special programs	19,902,480	21,576,881	20,299,184	1,277,697
Vocational programs	1,980,000	2,725,000	2,723,577	1,423
Other instructional programs	5,590,590	5,584,742	3,972,080	1,612,662
Community/Jr college programs	750,000	750,000	734,439	15,561
Pupil personnel services	4,501,452	4,511,544	4,131,152	380,392
Instructional staff services	5,776,352	5,387,222	2,608,487	2,778,735
Administrative services	6,745,110	6,982,218	6,379,033	603,185
Pupil health	1,175,672	1,177,122	1,030,016	147,106
Business services	1,438,857	1,438,856	1,098,798	340,058
Operation and maintenance of plant services	11,830,917	11,830,917	8,863,742	2,967,175
Student transportation services	2,620,966	2,669,649	2,519,936	149,713
Central and other support services	3,619,401	3,714,901	3,171,226	543,675
Other support services	2,045,000	2,045,000	1,751,271	293,729
Student activities	21,735	595,171	469,614	125,557
Community services	376,626	519,036	318,643	200,393
Debt service	300,000	300,000	13,174	286,826
Total expenditures	119,717,274	121,349,391	105,086,866	16,262,525
Excess of revenues over expenditures	10,396,885	11,914,633	26,973,914	15,059,281

HARRISBURG CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
BUDGET AND ACTUAL - GENERAL FUND - continued
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
OTHER FINANCING SOURCES (USES)				
Refund prior year receipts	-	-	(807,619)	(807,619)
Transfers out	(15,911,569)	(16,070,650)	(15,383,960)	686,690
Budgetary reserve	(300,000)	(301,622)	-	301,622
Total other financing sources (uses)	(16,211,569)	(16,372,272)	(16,191,579)	180,693
Net change in fund balances	(5,814,684)	(4,457,639)	10,782,335	15,239,974
FUND BALANCE - BEGINNING	-	-	11,871,297	11,871,297
FUND BALANCE - ENDING	$ (5,814,684)	$ (4,457,639)	$ 22,653,632	$ 27,111,271

HARRISBURG CITY SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	$ -	$16,030,356	$16,030,356	0%	$55,949,258	28.65%
7/1/2010	-	22,202,676	22,202,676	0%	51,880,194	42.80%
7/1/2012	-	18,486,095	18,486,095	0%	42,274,529	43.73%

SUPPLEMENTARY INFORMATION

HARRISBURG CITY SCHOOL DISTRICT
COMBINING BALANCE SHEETS -
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS

	Capital Projects			Special Revenue		
	Series 2008 Note	Series 2010 Bond	Total	Capital Reserve Fund	Total	Total
Cash and cash equivalents	$ 284,401	$ -	$284,401	$95,995	$95,995	$380,396
	$ 284,401	$ -	$284,401	$95,995	$95,995	$380,396

LIABILITIES AND FUND BALANCES (DEFICITS)

	Series 2008 Note	Series 2010 Bond	Total	Capital Reserve Fund	Total	Total
Liabilities:						
Accounts payable	$ -	$ 870	$ 870	$ -	$ -	$ 870
Due to other funds	-	14,425	14,425	-	-	14,425
Total liabilities	-	15,295	15,295	-	-	15,295
Fund balances (deficits):						
Assigned	284,401	-	284,401	95,995	95,995	380,396
Unassigned	-	(15,295)	(15,295)	-	-	(15,295)
Total fund balances (deficits)	284,401	(15,295)	269,106	95,995	95,995	365,101
	$ 284,401	$ -	$284,401	$95,995	$95,995	$380,396

HARRISBURG CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) -
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Capital Projects			Special Revenue		
	Series 2008 Note	Series 2010 Bond	Total	Capital Reserve Fund	Total	Total
REVENUES						
Local sources	$ 710	$ -	$ 710	$ 27	$ 27	$ 737
Total revenues	710	-	710	27	27	737
EXPENDITURES						
Facility acquisition and improvement	-	2,404,492	2,404,492	-	-	2,404,492
Total expenditures	-	2,404,492	2,404,492	-	-	2,404,492
Excess (deficiency) of revenues over expenditures	710	(2,404,492)	(2,403,782)	27	27	(2,403,755)
OTHER FINANCING SOURCES						
Transfers in	-	2,908,962	2,908,962	-	-	2,908,962
Total other financing sources	-	2,908,962	2,908,962	-	-	2,908,962
NET CHANGE IN FUND BALANCE (DEFICIT)	710	504,470	505,180	27	27	505,207
FUND BALANCE (DEFICIT) - BEGINNING	283,691	(519,765)	(236,074)	95,968	95,968	(140,106)
FUND BALANCE (DEFICIT) - ENDING	$ 284,401	$ (15,295)	$ 269,106	$ 95,995	$ 95,995	$ 365,101

HARRISBURG CITY SCHOOL DISTRICT
DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Local sources:				
Taxes				
Current real estate taxes	$ 33,781,802	$ 33,781,802	$ 34,437,171	$ 655,369
Delinquent real estate taxes	5,500,000	5,500,000	4,801,128	(698,872)
Current school occupation	800,000	800,000	673,794	(126,206)
Delinquent school occupation	-	-	1,043,294	1,043,294
Earned income taxes	3,000,000	3,000,000	3,642,966	642,966
Real estate transfer	325,000	325,000	279,653	(45,347)
Emergency and municipal services tax	235,000	235,000	258,278	23,278
Payments in lieu of tax	900,000	900,000	1,070,056	170,056
Public utility realty tax	50,000	50,000	54,739	4,739
Amusement	250,000	250,000	193,398	(56,602)
Business and mercantile	1,600,000	1,600,000	1,708,648	108,648
Total taxes	46,441,802	46,441,802	48,163,125	1,721,323
Other:				
Tuition and other payments from patrons	320,000	320,000	99,366	(220,634)
Earnings from temporary deposits	635,000	635,000	757,648	122,648
Revenues from district activities	-	50,500	-	(50,500)
Rent from school and other facilities	35,000	35,000	123,402	88,402
Revenue received from other Pennsylvania public schools	-	-	336,810	336,810
Revenue received from other intermediate sources	1,900,000	1,900,000	1,842,466	(57,534)
Contributions from private sources	225,000	627,381	795,878	168,497
Miscellaneous	-	-	594,035	594,035
Total other	3,115,000	3,567,881	4,549,605	981,724
Total local sources	49,556,802	50,009,683	52,712,730	2,703,047

HARRISBURG CITY SCHOOL DISTRICT
DETAILED STATEMENT OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - GENERAL FUND - continued
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance With Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
State sources:				
Basic instructional subsidy	42,065,523	43,797,685	43,779,689	(17,996)
Tuition reimbursement	100,000	100,000	63,306	(36,694)
Vocational education	-	-	3,772	3,772
Driver education - student	70	70	-	(70)
Special education of exceptional students	5,128,254	5,128,254	5,128,246	(8)
Act 30 - PRRI	2,000,000	2,000,000	1,712,347	(287,653)
Transportation	1,242,972	1,242,972	1,194,573	(48,399)
Medical and dental services	175,000	175,000	155,704	(19,296)
Retirement reimbursement	2,805,400	2,805,400	3,112,117	306,717
Social security	2,246,169	2,246,169	1,883,976	(362,193)
Sinking fund subsidy	1,500,000	1,500,000	2,847,800	1,347,800
Pennsylvania accountability block grant	-	964,822	964,822	-
State property tax reduction allocation	2,773,436	2,773,436	2,773,436	-
Other state revenues	82,839	82,839	30,602	(52,237)
Total state sources	60,119,663	62,816,647	63,650,390	833,743
Federal sources:				
Payments for federally impacted areas	200,000	200,000	-	(200,000)
Education Consolidation and Improvement Act - Title I	8,569,662	8,569,662	6,342,982	(2,226,680)
Access	300,000	300,000	154,164	(145,836)
Education for Economic Security Act - Title II	1,786,002	1,786,002	1,303,404	(482,598)
Language instruction for LEP and immigrant students - Title III	438,310	438,310	210,491	(227,819)
ARRA Title I School Improvements	6,946,401	6,946,401	5,438,845	(1,507,556)
ARRA QSCB subsidy	444,070	444,070	444,070	-
Other federal grants-in-aid	1,753,249	1,753,249	1,803,704	50,455
Total federal sources	20,437,694	20,437,694	15,697,660	(4,740,034)
Total local, state and federal sources	130,114,159	133,264,024	132,060,780	(1,203,244)
Total revenues	$ 130,114,159	$ 133,264,024	$ 132,060,780	$ (1,203,244)

HARRISBURG CITY SCHOOL DISTRICT
FIDUCIARY FUNDS - COMBINING BALANCE SHEET
JUNE 30, 2013

ASSETS

	Private Purpose Trust Funds			Agency Funds			
	Non-Expendable Trust Fund	Expendable Trust Fund	Total	Student Activity Fund	Agency Fund	SBI Agency Fund	Total
Cash and cash equivalents	$25,210	$93,339	$ 118,549	$ 78,063	$ 105,090	$6,071	$ 189,224
Investments	-	-	-	28,811	-	-	28,811
Other receivables	-	-	-	2,501	270	-	2,771
	$25,210	$93,339	$ 118,549	$ 109,375	$ 105,360	$6,071	$ 220,806

LIABILITIES AND FUND BALANCES

	Non-Expendable Trust Fund	Expendable Trust Fund	Total	Student Activity Fund	Agency Fund	SBI Agency Fund	Total
Liabilities:							
Accounts payable	$ -	$ -	$ -	$ 12,664	$ 13,098	$ -	$ 25,762
Due to other funds	-	7,793	7,793	1,302	14,385	-	15,687
Funds held for others	-	-	-	95,409	77,877	6,071	179,357
Total liabilities	-	7,793	7,793	109,375	105,360	6,071	220,806
Fund balances:							
Reserved	25,210	85,546	110,756	-	-	-	-
	$25,210	$93,339	$ 118,549	$ 109,375	$ 105,360	$6,071	$ 220,806

HARRISBURG CITY SCHOOL DISTRICT
FIDUCIARY FUNDS - NONEXPENDABLE TRUST FUND
DETAILED SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2013

	Revenues	Expenses	Excess (Deficiency) of Revenues Over Expenses	Fund Balance Beginning of Year	Fund Balance End of Year
Class of 1907 - Central H. S.	$ 1	$ -	$ 1	$ 301	$ 302
Class of 1917 - Central H. S.	2	-	2	1,004	1,006
Class of 1918 - Central H. S.	2	-	2	903	905
Class of 1925 - Technical H. S.	1	-	1	1,005	1,006
Class of 1930 - William Penn H. S.	-	-	-	201	201
Class of 1931 - William Penn H. S.	-	-	-	302	302
Class of 1943 - William Penn H. S.	1	-	1	200	201
Class of 1958 - John Harris H. S.	1	-	1	200	201
E. E. Miller Award	-	-	-	100	100
Robert A. Lamberton	2	-	2	1,315	1,317
W. S. Steel Memorial (Class of 1915 and 1916 - Central H. S.)	-	-	-	402	402
Frannie Zarkin Katzan Award - William Penn H. S.	-	-	-	251	251
Marti-McCord Musical Achievement Award	2	-	2	1,506	1,508
William Penn High School Business Club Award	5	-	5	453	458
Annie Schlayer Award	1	-	1	528	529
Elizabeth Smith Award	1	-	1	496	497
Karen Lukens Safety Award	7	-	7	6,856	6,863
J. J. Brehm Award	1	-	1	452	453
Frank Goodyear Memorial	5	-	5	3,288	3,293
Jim Keener Memorial	2	-	2	1,058	1,060
Mary Warfield Award	1	-	1	301	302
C. Wolfgang Memorial	1	-	1	372	373
General Scholarship Fund	1	-	1	641	642
Barbara Baton Scholarship Fund	5	-	5	3,033	3,038
	$ 42	$ -	$ 42	$ 25,168	$ 25,210

HARRISBURG CITY SCHOOL DISTRICT
FIDUCIARY FUNDS - EXPENDABLE TRUST FUND
DETAILED SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2013

	Revenues	Expenditures	Excess (Deficiency) of Revenues Over Expenditures	Fund Balance Beginning of Year	Fund Balance End of Year
Evangeline Kimber Award	$ -	$ -	$ -	$ 1	$ 1
Clenistine Dunson SBI Scholarship	194	5,812	(5,618)	85,417	79,799
D. Martin Memorial Scholarship Fund	28	-	28	4	32
Jack Devin Scholarship Fund	-	-	-	25	25
Woodrow Aikens Scholarship	10	-	10	4,308	4,318
John Black Scholarship	1	-	1	214	215
English Department Scholarship	1	-	1	113	114
Manny Weaver	-	-	-	2	2
Sunguard Senior Scholarship	-	-	-	204	204
David H. Goldsmith Scholarship	2,005	8,000	(5,995)	6,314	319
Scott Family Scholarship	3	1,000	(997)	1,509	512
James Booser Scholarship	1,501	1,500	1	4	5
	$ 3,743	$ 16,312	$ (12,569)	$ 98,115	$ 85,546

HARRISBURG CITY SCHOOL DISTRICT
FIDUCIARY FUNDS - AGENCY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUNDS HELD FOR OTHERS
YEAR ENDED JUNE 30, 2013

	Account Balance Beginning of Year	Receipts	Disbursements	Account Balance End of Year
Student Activity Fund				
Elementary activity	$ 29,755	$ 17,161	$ 9,493	$ 37,423
Secondary activity	54,301	30,835	27,150	57,986
Total student activity fund	$ 84,056	$ 47,996	$ 36,643	$ 95,409
Agency Fund				
High and Middle Schools:				
Alumni Account - McIntosh	$ 89	$ -	$ -	$ 89
Life Skills Support	692	1	-	693
Ben Franklin Coke Commission	5,224	785	-	6,009
Downey Coke Commission	4,019	1,326	2,735	2,610
Rowland Coke Commission	6,128	680	3,065	3,743
Scott Coke Commission	6,570	606	-	7,176
Cheerleading Booster Club	2,496	7	-	2,503
Cougar Club	794	1,104	1,043	855
Girls Varsity Basketball	25	953	978	-
High School Band Boosters	1,669	500	3,072	(903)
CTA Culinary Arts	1	-	1	-
Boys Basketball Club	98	5,138	2,800	2,436
Explore After School	25	375	195	205
Melrose Commission Account	3,040	327	-	3,367
Marshall Commission Account	9,459	356	439	9,376
Track and Field Booster Club	1,545	3	1,500	48
Rowland Student Council	493	454	283	664
Shimmel Coke Commission	161	-	161	-
John Harris Coke Commission	16,066	5,004	14,097	6,973
Special Education Autism Account	1,594	1,787	1,479	1,902
Harrisburg High Music Account	173	-	-	173
Hbg School Special Olympics	208	200	-	408
Annex Coke Commission	369	436	165	640
Foose Coke Commission	5,045	316	3,232	2,129
Camp Curtain Commission	5,236	1,069	935	5,370
Marshall Staff Account	661	1	-	662
Rowland Girls Basketball Account	406	2	-	408
Rowland Cheerleading Account	670	2	-	672
Instrument Rental	5,452	389	2,227	3,614
Cougar Wrestling Club	391	152	370	173
Elementary Band Boosters	867	108	-	975
Sci-Tech Youth & Government	504	1	-	505
Sci-Tech Robotics Club	1,830	4	-	1,834
Sci-Tech Mock Trial Club	1	-	-	1
Kimber Basketball Tournament	2,195	931	2,030	1,096
Harrisburg Players	450	1	434	17
Smallwood Summer League	1,842	13,466	12,797	2,511
Special Education Facilitators	-	217	-	217
Hbg High Faculty Fund	-	8,726	-	8,726
Total agency fund	$ 86,488	$ 45,427	$ 54,038	$ 77,877
Agency Fund				
S.B.I. Fund	$ 5,012	$ 1,059	$ -	$ 6,071

SINGLE AUDIT INFORMATION

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 School Directors
Harrisburg City School District

We have audited 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, the financial statements of Harrisburg City School District, which comprise the statement of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2013, and the related notes to the financial statements and have issued our report thereon dated December 20, 2013.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness (FS 2013-001).

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (FS 2013-002 and FS 2013-003).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrisburg City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items SA 2013-001 through SA 2013-007.

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*

- continued

Harrisburg City School District's Response to Findings

Harrisburg City School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Harrisburg City School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

Stambaugh Ness, PC

York, Pennsylvania
December 20, 2013

Stambaugh Ness, PC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of School Directors
Harrisburg City School District

Report on Compliance for Each Major Federal Program

We have audited Harrisburg City School District's compliance with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Harrisburg City School District's major federal programs for the year ended June 30, 2013. Harrisburg City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Harrisburg City School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Those standards and OMB Circular A-133 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 Harrisburg City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Harrisburg City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 - continued

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items SA 2013-001 through SA 2013-007. Our opinion on each major federal program is not modified with respect to these matters.

Harrisburg City School District's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Harrisburg City School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of Harrisburg City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Harrisburg City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Circular A-133, 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 Harrisburg City School District's internal control over compliance.

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 - continued

Report on Internal Control over Compliance - continued

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stambaugh Ness, PC

York, Pennsylvania
December 20, 2013

SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

GRANTOR PROGRAM TITLE	Source Code	Federal CFDA Number	Pass-Through Grantor's Number
U.S. Department of Education			
Impact Aid	D	84.041	N/A
Total Passed Through the U.S. Department of Education			
Passed Through the Pennsylvania Department of Education:			
Title I Grants to Local Educational Agencies (FYE 11-12)	I	84.010	013-120184
Title I Grants to Local Educational Agencies (FYE 12-13)	I	84.010	013-130184
Title I Grants to Local Education Agencies Program Improvement Set Aside (11-12)	I	84.010	042-110184
Title I Grants to Local Education Agencies Program Improvement Set Aside (12-13)	I	84.010	042-120184
Twenty-First Century Community Learning Centers (11-12)	I	84.287	FC4100058687
Twenty-First Century Community Learning Centers (11-12)	I	84.287	FC4100052162
Twenty-First Century Community Learning Centers (12-13)	I	84.287	FC4100058687
Twenty-First Century Community Learning Centers (12-13)	I	84.287	FC4100052162
Title III Language Inst LEP/Immigrant Students (10-11)	I	84.365	010-110184
Title III Language Inst LEP/Immigrant Students (11-12)	I	84.365	010-120184
Title III Language Inst LEP/Immigrant Students (12-13)	I	84.365	010-130184
Improving Teacher Quality State Grants (FYE 11-12)	I	84.367	020 120184
Improving Teacher Quality State Grants (FYE 12-13)	I	84.367	020 130184
ARRA - Title I Grants to LEA's - School Improvement (11-12)	I	84.388	139-110184
ARRA - Title I Grants to LEA's - School Improvement (12-13)	I	84.388	139-122184
ARRA - Education Jobs Fund	I	84.410	140-120184
Total Passed Through the Pennsylvania Department of Education			
Passed Through Capital Area Intermediate Unit 15:			
Special Education - Grants to States (11-12)	I	84.027	N/A
Special Education - Grants to States (12-13)	I	84.027	N/A
Special Education - Grants to States (11-12) - Preschool	I	84.173	N/A
Special Education - Grants to States (11-12) - Preschool	I	84.173	N/A
Special Education - Grants to States (12-13) - Preschool	I	84.173	N/A
Total Passed Through Capital Area Intermediate Unit 15			
Passed Through Pennsylvania State System of Higher Education:			
Gaining Early Awareness and Readiness for Undergraduate Programs (11-12)	I	84.334s	2009-GEARUP-02-R1-A3
Gaining Early Awareness and Readiness for Undergraduate Programs (12-13)	I	84.334s	2009-GEARUP-02-R1-A4
Total Passed Through Pennsylvania State System of Higher Education			

Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2012	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2013
FYE 2013	99,135	99,135	-	42,772	42,772	(56,363)
	99,135	99,135	-	42,772	42,772	(56,363)
	99,135	99,135	-	42,772	42,772	(56,363)
11 AUG 08 - 13 SEP 30	5,283,492	1,810,001	1,282,575	527,426	527,426	-
12 AUG 01 - 14 SEP 30	6,676,620	4,356,660	-	5,408,068	5,408,068	1,051,408
11 JUL 6 - 12 SEP 30	611,800	81,573	81,573	-	-	-
12 JUN 2 - 13 SEP 30	407,488	407,488	-	407,488	407,488	-
11 DEC 01 - 12 SEPT 30	500,000	500,000	273,305	226,695	226,695	-
11 JUL 01 - 12 JUN 30	480,000	84,195	84,195	-	-	-
12 JUL 01 - 13 SEPT 30	500,000	117,401	-	441,462	441,462	324,061
12 JUL 01 - 13 JUN 30	480,000	237,143	-	480,000	480,000	242,857
10 SEPT 01 - 12 SEP 30	198,370	-	(5,881)	5,881	5,881	-
11 AUG 08 - 13 SEP 30	244,966	152,354	(40,653)	189,299	189,299	(3,708)
12 AUG 01 - 13 SEP 30	199,344	56,955	-	15,311	15,311	(41,644)
11 AUG 08 - 13 SEP 30	958,002	614,498	(29,896)	712,602	712,602	68,208
12 AUG 01 - 13 SEP 30	968,139	277,629	-	590,802	590,802	313,173
11 SEP 23 - 12 SEP 30	4,922,713	757,340	(581,276)	3,610,667	3,610,667	2,272,051
12 JUL 19 - 13 SEP 30	3,877,318	2,067,903	-	1,828,177	1,828,177	(239,726)
12 JUL 9 - 12 SEP 30	44,717	44,717	44,717	-	-	-
	26,352,969	11,565,857	1,108,659	14,443,878	14,443,878	3,986,680
11 JUL 1 - 12 JUN 30	1,867,475	629,916	629,916	-	-	-
12 JUL 1 - 13 JUN 30	1,815,598	1,190,182	-	1,815,598	1,815,598	625,416
11 JUL 1 - 12 JUN 30	13,670	10,317	10,317	-	-	-
11 JUL 1 - 12 JUN 30	12,555	4,025	4,025	-	-	-
12 JUL 1 - 13 JUN 30	8,562	8,562	-	8,562	8,562	-
	3,717,860	1,843,002	644,258	1,824,160	1,824,160	625,416
11 SEPT 01 - 12 AUG 31	374,451	121,816	90,734	31,082	31,082	-
12 SEPT 01 - 13 AUG 31	404,395	205,208	-	329,691	329,691	124,483
	778,846	327,024	90,734	360,773	360,773	124,483

GRANTOR PROGRAM TITLE	Source Code	Federal CFDA Number	Pass-Through Grantor's Number
Passed Through Tuscarora Intermediate Unit 11:			
PA Leads Initiative (12-13)	I	84.377	N/A
Passed Through Tuscarora Intermediate Unit 11			
Passed Through Pennsylvania Emergency Management Agency:			
Public Assistance (PA) Grant Program - Tropical Storm Lee	I	97.036	Tropical Storm Lee
Total Passed Through Central Susquehanna Intermediate Unit			
Passed Through Family Health Council of Central Pennsylvania:			
Health Educator Grant 11-12	I	93.977	N/A
Total Passed Through Family Health Council of Central Pennsylvania			
TOTAL U.S. DEPARTMENT OF EDUCATION			
U.S. Department of Health and Human Services			
Passed through the Pennsylvania Department of Education:			
Temporary Assistance for Needy Families 11-12	I	93.558	FC4100051634
Temporary Assistance for Needy Families 11-12	I	93.558	FC4100051634
Temporary Assistance for Needy Families 12-13	I	93.558	FC4100060958
Temporary Assistance for Needy Families 12-13	I	93.558	FC4100060958
Total Passed through the Department of Education			
Passed through the Pennsylvania Department of Welfare			
Medical Assistance Reimbursement for Administration 11-12	I	93.778	N/A
Medical Assistance Reimbursement for Administration 12-13	I	93.778	N/A
Total Passed through the Pennsylvania Department of Welfare			
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
U.S. Department of Defense			
Passed through the United States Navy:			
Junior Reserve Officers Training Corps (FYE 11-12)	I	12.000	N/A
Junior Reserve Officers Training Corps (FYE 12-13)	I	12.000	N/A
TOTAL OF U.S. DEPARTMENT OF DEFENSE			

Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2012	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2013
21 NOV 12 - 13 JUN 30	10,000	-	-	10,000	10,000	10,000
	10,000	-	-	10,000	10,000	10,000
N/A	26,733	26,733	26,733	-	-	-
	26,733	26,733	26,733	-	-	-
11 NOV 1 - 12 JUN 30	47,507	19,887	11,581	8,306	8,306	-
	47,507	19,887	11,581	8,306	8,306	-
	31,033,050	13,881,638	1,881,965	16,689,889	16,689,889	4,690,216
11 JUL 18 - 12 JUN 30	18,331	11,850	11,850	-	-	-
11 JUL 18 - 12 JUN 30	148,085	92,426	92,426	-	-	-
12 JUL 1 - 13 JUN 30	163,085	112,350	-	163,085	163,085	50,735
12 JUL 1 - 13 JUN 30	18,331	13,924	-	18,331	18,331	4,407
	347,832	230,550	104,276	181,416	181,416	55,142
11 JUL 01 - 12 JUN 30	147,296	28,863	28,863	-	-	-
12 JUL 01 - 13 JUN 30	140,482	72,219	-	140,482	140,482	68,263
	287,778	101,082	28,863	140,482	140,482	68,263
	635,610	331,632	133,139	321,898	321,898	123,405
11 JUL 01 - 12 JUN 30	53,787	17,289	17,289	-	-	-
12 JUL 01 - 13 JUN 30	52,766	39,240	-	52,766	52,766	13,526
	106,553	56,529	17,289	52,766	52,766	13,526

GRANTOR PROGRAM TITLE	Source Code	Federal CFDA Number	Pass-Through Grantor's Number
U.S. Department of Agriculture			
Passed through the Pennsylvania Department of Education:			
School Breakfast Program (FYE 11-12)	I	10.553	367
School Breakfast Program (FYE 12-13)	I	10.553	367
National School Lunch Program (FYE 11-12)	I	10.555	362
National School Lunch Program (FYE 12-13)	I	10.555	362
National School Lunch Program (FYE 11-12)	I	10.555	359
National School Lunch Program (FYE 12-13)	I	10.555	359
Summer Food Service Program for Children (FYE 11-12)	I	10.559	264
Summer Food Service Program for Children (FYE 12-13)	I	10.559	264
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (11-12)	I	10.561	FC4100051634
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (12-13)	I	10.561	FC4100060958
Fresh Fruit and Vegetable Program (11-12)	I	10.582	362
Fresh Fruit and Vegetable Program (12-13)	I	10.582	362
National School Lunch Program (FYE 11-12)	I	N/A	510
National School Lunch Program (FYE 12-13)	I	N/A	510
National School Lunch Program (FYE 11-12)	I	N/A	511
National School Lunch Program (FYE 12-13)	I	N/A	511
National School Lunch Program (FYE 11-12)	I	N/A	512
National School Lunch Program (FYE 11-12)	I	N/A	513
Passed Through the Pennsylvania Department of Agriculture:			
Food Donation (FYE 11-12)	I	10.555	115-22-275-2
Food Donation (FYE 12-13)	I	10.555	115-22-275-2
TOTAL U.S. DEPARTMENT OF AGRICULTURE			
TOTAL ASSISTANCE			

SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2012	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at June 30, 2013
11 JUL 01 - 12 JUN 30	1,248,292 F	182,476	182,476	-	-	-
12 JUL 01 - 13 JUN 30	1,351,160 F	1,351,160	-	1,351,160	1,351,160	-
11 JUL 01 -12 JUN 30	2,806,687 F	397,568	397,568	-	-	-
12 JUL 01 -13 JUN 30	2,826,643 F	2,810,999	-	2,826,643	2,826,643	15,644
11 JUL 01 - 12 JUN 30	76,973 F	9,524	9,524	-	-	-
12 JUL 01 - 13 JUN 30	12,252 F	12,252	-	12,252	12,252	-
12 JUN 11 - 12 JULY 26	204,219 F	64,145	64,145	-	-	-
13 JUN 10 - 13 AUG 2	145,334 F	86,857	-	145,334	145,334	58,477
11 JUL 18 - 12 JUN 30	17,820	12,267	12,267	-	-	-
12 JUL 1 - 13 JUN 30	17,820	11,096	-	17,820	17,820	6,724
11 JUL 01 - 12 JUN 30	70,389 F	10,783	10,783	-	-	-
12 JUL 01 - 13 JUN 30	68,099 F	62,267	-	68,099	68,099	5,832
11 JUL 01 - 12 JUN 30	143,684 S	20,053	20,053	-	-	-
12 JUL 01 - 13 JUN 30	140,974 S	140,974	-	140,974	140,974	-
11 JUL 01 - 12 JUN 30	70,712 S	10,253	10,253	-	-	-
12 JUL 01 - 13 JUN 30	74,618 S	74,618	-	74,618	74,618	-
11 JUL 01 - 12 JUN 30	23,509 S	3,406	3,406	-	-	-
11 JUL 01 - 12 JUN 30	6,171 S	910	910	-	-	-
	9,305,356	5,261,608	711,385	4,636,900	4,636,900	86,677
11 JUL 01 - 12 JUN 30	313,473	-	(4,083)	4,083	4,083	-
12 JUL 01 - 13 JUN 30	297,493	297,493	-	281,454	281,454	(16,039)
	610,966	297,493	(4,083)	285,537	285,537	(16,039)
	9,916,322	5,559,101	707,302	4,922,437	4,922,437	70,638
	41,691,535	19,828,900	2,739,695	21,986,990	21,986,990	4,897,785

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Harrisburg School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Donated Commodities

Federal donated commodities were valued using the commodity price list (based on actual and average USDA costs of commodities purchased) provided by the Bureau of Government Donated Foods.

Component Units

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. Generally Accepted Accounting Principles, which requires a component unit to be included if the District's elected officials are financially accountable for the component unit. The District is financially accountable if it appoints a voting majority of the component unit's governing body and (1) it is able to impose its will on the component unit, or (2) there is a potential for the District to provide specific financial benefits to, or impose specific financial burdens on the component unit. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the District has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The District has evaluated its relationship with Capital Area Intermediate Unit #15 to determine if the financial information of the unit should be included in the financial statements. Based on this evaluation, the Unit has not been included as a component unit of the District's reporting entity because of the limited oversight responsibility and limited accountability for fiscal matters.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the Organization had food commodities totaling $16,039 in inventory.

NOTE C - TEST OF 50% RULE

Total Expenditures	$ 21,986,990
Less: State's Share of National School Lunch Program Expenditures	215,592
Total Federal Expenditures	**$ 21,771,398**
Programs Selected for Testing:	
Title I Grants to Local Education Agencies (CFDA #84.010)	$ 6,342,982
Improving Teacher Quality State Grants (CFDA #84.367)	1,303,404
Special Education - Grants to States (CFDA #84.027, #84.173)	1,824,160
Child Nutrition Cluster (CFDA #10.553, #10.555, #10.559)	4,620,926
ARRA - School Improvement, Recovery Act (CFDA #84.388)	5,438,844
Gaining Early Awareness and Readiness for Undergraduate Program GEAR-UP (CFDA #84.334s)	360,773
Total Amount Tested	**$ 19,891,089**
Percent Tested ($19,891,089/$21,771,398)	**91.36%**

NOTE D - SOURCE CODES

D = Direct Funding
I = Indirect Funding
F = Federal Share
S = State Share

HARRISBURG CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

A. SUMMARY OF AUDITORS' RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Harrisburg City School District.

2. Three significant deficiencies in internal control were disclosed by the audit of the financial statements, one of which is considered a material weakness.

3. No instances of noncompliance material to the financial statements of Harrisburg City School District were disclosed during the audit.

4. Seven significant deficiencies in internal control over major federal award programs were disclosed during the audit.

5. The auditors' report on compliance for the major federal awards programs for Harrisburg City School District expresses an unmodified opinion.

6. There were audit findings relative to the major federal award programs for Harrisburg City School District that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this Schedule.

7. The programs tested as major programs include:

Title I Grants to Local Educational Agencies	CFDA#s 84.010
Improving Teacher Quality State Grants	CFDA# 84.367
Special Education - Grants to States	CFDA#s 84.027, 84.173
Gaining Early Awareness and Readiness for Undergraduate Program GEAR-UP	CFDA# 84.334s
ARRA - School Improvement Grant, Recovery Act	CFDA# 84.388
Child Nutrition Cluster	CFDA#s 10.553, 10.555, 10.559

8. The threshold for distinguishing Types A and B programs was $653,142.

9. Harrisburg City School District was not determined to be a low-risk auditee based upon prior years' audit results.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

FS 2013-001

Material Weakness

Condition:

For the year ending June 30, 2013, the District's final budget forecasted a decrease in the General Fund Balance of approximately $4.5 million. The actual results for the year were an increase of $10.8 million. The significant variance was the General Fund expenditures. Actual expenditures were lower by $16.4 million or 12% of the final budgeted expenditures for the General Fund.

Variances of this magnitude are indicative that the methodology and process used by the District for its annual budget preparation and review are materially deficient.

Criteria:

Authoritative guidance describes a material weakness as a deficiency in the design of controls over a financial process that may result in a more than remote likelihood that a material misstatement will not be prevented or detected.

Effect:

The District's annual budget is a critical tool used to make educational and operational decisions. Deficiencies in the design and execution of the annual budget process may result with inappropriate financial decisions.

Cause:

Based upon magnitude of the variance in the current year's General Fund actual expenditures versus the budgeted expenditures, the District does not have in place adequate processes and methodology to accumulate the required financial data to prepare a proper annual budget.

Auditor's Recommendation:

The District must develop and document a budget preparation process, establish reporting due dates and design enhanced review and approval processes.

Auditee's Response:

The District is revising the budget preparation process to address the deficiencies noted. It is refining the process to accelerate due dates and design enhanced review and approval processes. The process will allow for a preliminary draft budget to comply with the Act 1 timeframe as well as ensure an ongoing review and approval process through final budget adoption. Budget review procedures will provide ongoing review and adjustment of budget to actual projections throughout the fiscal year.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT - continued

FS 2013-002

Significant Deficiency

Condition:

The District lacks the necessary technical accounting and financial reporting expertise to adequately address some of the complex accounting issues the District faces. Areas specifically noted during the audit were in the areas of other post-employment benefits and interest rate swap agreements.

The District's personnel are very capable of processing the monthly transactions, but the required understanding of the methodology and mechanics of these transactions is not present.

Criteria:

Authoritative guidance describes a significant deficiency as a condition that may adversely affect the District's ability to initiate, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement within the District's financial statements is for an amount that is more than inconsequential will not be prevented or detected.

Effect:

Lack of understanding of the proper accounting and reporting could lead to material misstatements within the District's financial statements.

Cause:

In the past, the District did not have the requisite expertise to account for, nor provide the required disclosures for these complex accounting matters.

Auditor's Recommendation:

We recommend the District provide the necessary education and guidance to individuals involved with these complex accounting matters for the District.

Auditee's Response:

The District will work with the appointed consultants for other post-employment benefits and swap valuations to ensure a better understanding of the methodology and mechanics of the transactions.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT - continued

FS 2013-003

Significant Deficiency

Condition:

Spreadsheets prepared by the District to support account balances or to serve as account reconciliations were not accurate when presented as audit documentation. Upon review of the District prepared analyses / reconciliations, errors were identified in assumptions, calculations and formulas. Account and analyses noted dealt with the measurement and calculation of compensation absences and depreciation.

Criteria:

Authoritative guidance describes a significant deficiency as a condition that may adversely affect the District's ability to initiate, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement within the District's financial statements is for an amount that is more than inconsequential will not be prevented or detected.

Effect:

Erroneous calculations could lead to material misstatements within the District's financial statements.

Cause:

The District lacks a system for spreadsheet management. The current review and approval process is not sufficient.

Auditor's Recommendation:

To mitigate this deficiency, the following procedures should be evaluated and considered for implementation:

- Develop a list of key account analyses and reconciliations
- Define frequency of preparation and review
- Assign roles and responsibilities to individual with the requisite skill set
- Assign knowledgeable individuals to review analyses and reconciliations, document the review and approval process
- Establish preventative controls to prohibit revisions to prescribed formulas embedded in the spreadsheets

Auditee's Response:

The District will establish procedures that include the recommendations and will assign the roles to the appropriate staff with an enhanced level of review by another staff member. Given the manual nature of the transactions and the need to update data annually, the District will incorporate formula review procedures when revisions to formulas are required.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding SA 2013-001

Federal agency: U.S. Department of Education
Pass-through entity: Pennsylvania Department of Education

ARRA - Title I Grants to LEA's - School Improvement - CFDA 84.388
(FYE 2012-2013) Contract No. 139-122184

Noncompliance and Significant Deficiency in Internal Control over the Allowable Costs/Cost Principle Compliance Requirement

Condition:

The District did not properly document time and effort. We found one employee whose salary was charged to the grant but their time card had no description of the job they completed. Therefore, we were unable to ensure the employee's salary was an allowable cost under the grant.

Criteria:

According to the OMB Circular A-133:

1. An employee who works solely on a single cost objective (i.e., a single Federal program whose funds have not been consolidated or Federal programs whose funds have been consolidated but not with State and local funds) must furnish a semi-annual certification that he/she has been engaged solely in activities that support the single cost objective. The certifications must be signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(3).

2. An employee who works on multiple activities or cost objectives (e.g., in part on a Federal program whose funds have not been consolidated in a consolidated schoolwide pool and in part on Federal programs supported with funds consolidated in a schoolwide pool or on activities that are not part of the same cost objective) must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(4), (5), and (6). The employee must document the portion of time and effort dedicated to:

   a. The Federal program or cost objective; and
   b. Each other program or cost objective supported by consolidated Federal funds or other revenue sources

   Only employees with 100% of their salary charged to a grant are required to sign time and effort certificates at the District. Those employees with less than 100% of their salary charged to a grant use their time sheets to document the activities they are working on for time and effort purposes.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-001 - continued

Cause:

The District failed to observe its established internal control procedures to ensure the accuracy and completeness of allowable costs/cost principle requirements for one employee.

Questioned Costs:

$214

Auditors' Recommendation:

We recommend the District closely adhere to the internal control procedures it has established for time and effort procedures.

Auditee Response and Corrective Action Plan:

The District will observe its established time and effort internal control procedures and will review these requirements with time card approvers and the payroll department.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-002

Federal agency: U.S. Department of Education
Pass-through entity: Pennsylvania Department of Education

Improving Teacher Quality State Grants - CFDA 84.367
(FYE 2010-2011) Contract No. 020-110184

Title I Grants to Local Educational Agencies - CFDA 84.010
(FYE 2010-2011) Contract No. 013-110184

ARRA - Title I Grants to LEA's - School Improvement - CFDA 84.388
(FYE 2011-2012) Contract No. 139-110184

Noncompliance and Significant deficiency in Internal Control over Reporting

Condition:

The District did not submit the required final report to the pass-through entity in a timely manner.

Criteria:

According to the OMB Circular A-133 Part Four, Department of Education Cross-Cutting Section under the Reporting compliance requirement for financial reporting, "LEAs and other subrecipients are generally required to report financial information to the pass-through entity. These reports should be tested during audits of LEAs."

According to the language on the required final report, "Final Expenditure Reports are due within 30 days of close of grant or as soon as funds are liquidated, whichever comes first".

Cause:

The District failed to submit their required final report in a timely manner.

Effect:

The District is not in compliance with reporting compliance requirements and could be penalized.

Questioned Costs:

Unknown

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-002 - continued

Auditors' Recommendation:

We recommend the District better monitor the submission of required final reports for their federal grants.

Auditee Response and Corrective Action Plan:

The District continues to monitor grants and reporting compliance requirements to ensure that reports are filed in a timely manner. The District has developed additional internal communication procedures to ensure that the appropriate budget revisions are submitted in a timely manner to ensure timely completion of required reports to maintain compliance requirements. The District has also cross trained staff on the completion of the required reports.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-003

Federal agency: U.S. Department of Agriculture
Pass-through entity: Pennsylvania Department of Education

Child Nutrition Cluster
School Breakfast Program (SBP) - CFDA 10.553
National School Lunch Program (NSLP) - CFDA 10.555
Food Donation - CFDA 10.555
Summer Food Service Program for Children (SFSPC) - CFDA 10.559
(FYE 2012-2013)

Noncompliance and Significant Deficiency in Internal Control over the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management and Reporting Compliance Requirements

Condition:

We selected four months of the year to agree the total meals served on the participation report provided by the District to the total number of meals claimed on the reimbursement request and noted two months that did not agree.

Of the 4 months tested above, we selected 16 days to recalculate the number of meals from the register sales activity reports to the number of meals claimed on the reimbursement request and noted five days were incorrectly calculated.

Criteria:

According to the OMB Circular A-133 Part Four, Compliance Supplement for the Nutrition Cluster, "When allowability is determined based upon individual transactions, select a sample of transactions and perform procedures to verify that the transaction was for an allowable activity." Reporting Compliance requirements under the same supplement also state, "All claims must be supported by accurate meal counts by category and type taken at the point of service or developed through an approved alternative procedure".

Cause:

The District failed to correctly record the number of meals for reimbursement from the daily sales reports to the Meals Participation Report, which they use to complete the monthly reimbursement request.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-003 - continued

Effect:

Of the days and months tested, it was noted that the District had various errors in the number of meals claimed, which included:

- The District claimed 30 meals less than what was actually served in the four days tested in August.
- The District claimed 130 meals more than actually served in the instances tested in February.
- The District claimed 207 meals less than actually served in the instances tested in October.

The total net effect of these findings is 112 less meals claimed than served for those days/months tested.

Questioned Costs:

$138

Auditors' Recommendation:

We recommend the District closely monitor and double check the amounts being transferred from one report to another when preparing their monthly reimbursement claim reports.

Auditee Response and Corrective Action Plan:

The District will monitor and review the accuracy of the data transfer between the reports prior to the submission of the monthly claim reimbursement reports. It will review the importance of this matter with staff involved in the claims submission process.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-004

Federal agency: U.S. Department of Agriculture
Pass-through entity: Pennsylvania Department of Education

Child Nutrition Cluster
School Breakfast Program (SBP) - CFDA 10.553
National School Lunch Program (NSLP) - CFDA 10.555
Food Donation - CFDA 10.555
Summer Food Service Program for Children (SFSPC) - CFDA 10.559
(FYE 2012-2013)

Noncompliance and Significant Deficiency in Internal Control over the Eligibility Compliance Requirements

Condition:

We selected four months of the year to agree the total meals served on the participation report provided by the District to the total number of meals claimed on the reimbursement request and noted one month where all lunch and breakfast meals were charged as free.

Criteria:

According to the OMB Circular A-133 Part Six, Internal Control for Eligibility, activities are the policies and procedures to ensure that the managers and directors roles are carried out. As such, the control activities as they relate to the eligibility compliance requirement and the District's procedures are:

1. Procedures to ensure the accuracy and completeness of data used to determine eligibility requirements.

There are also specific eligibility requirements that are released by the Department of Agriculture each year to be used for determination of eligibility for free and reduced lunches. We used these guidelines for our testing of compliance.

Cause:

When a cafeteria manager is absent, they are unable to use the register to collect money; therefore, they will not charge any meals and all students will receive free meals. The District failed to observe its established internal control procedures to ensure the accuracy and completeness of data used for reimbursement.

Questioned Costs:

Unknown; however the amount claimed for reimbursement during that period was $15,858.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-004 - continued

Auditors' Recommendation:

We recommend the District closely adhere to the internal control procedures it has established for eligibility procedures.

Auditee Response and Corrective Action Plan:

The District will observe its internal control procedures to ensure the accuracy and completeness of data used for reimbursement. The District will also communicate the approved procedures and provide training on the register to additional staff.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-005

Federal agency: U.S. Department of Agriculture
Pass-through entity: Pennsylvania Department of Education

Child Nutrition Cluster
School Breakfast Program (SBP) - CFDA 10.553
National School Lunch Program (NSLP) - CFDA 10.555
Food Donation - CFDA 10.555
Summer Food Service Program for Children (SFSPC) - CFDA 10.559
(FYE 2012-2013)

Noncompliance and Significant Deficiency in Internal Control over the Procurement and Suspension and Debarment Compliance Requirement

Condition:

The District was unable to provide 4 of the 8 bids requested for testing. We were unable to complete testing procedures.

Criteria:

According to the OMB Circular A-133 Part Six, Internal Control for Eligibility, activities are the policies and procedures to ensure that the managers and directors roles are carried out. As such, the control activities as they relate to the procurement and suspension and debarment compliance requirement and the District's procedures are:

1. Procedures to ensure the accuracy and completeness of data used to determine award of bid.

Cause:

The District failed to observe its established internal control procedures to ensure the accuracy and completeness of bid documentation.

Questioned Costs:

Unknown

Auditors' Recommendation:

We recommend the District closely adhere to the internal control procedures it has established for procurement procedures.

Auditee Response and Corrective Action Plan:

The District will observe its internal control procedures to ensure the accuracy and completeness of data used for obtaining and awarding bids. The District will also communicate the approved procedures to all staff responsible for bid procedures.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-006

Federal agency: U.S. Department of Agriculture
Pass-through entity: Pennsylvania Department of Education

Child Nutrition Cluster
School Breakfast Program (SBP) - CFDA 10.553
National School Lunch Program (NSLP) - CFDA 10.555
Food Donation - CFDA 10.555
Summer Food Service Program for Children (SFSPC) - CFDA 10.559
(FYE 2012-2013)

Noncompliance and Significant Deficiency in Internal Control over the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management and Reporting Compliance Requirements

Condition:

The District did not properly obtain the correct meal counts for reimbursement.

Criteria:

According to the OMB Circular A-133 Part Four, Compliance Supplement for the Nutrition Cluster, "When allowability is determined based upon individual transactions, select a sample of transactions and perform procedures to verify that the transaction was for an allowable activity." Reporting Compliance requirements under the same supplement also state, "All claims must be supported by accurate meal counts by category and type taken at the point of service or developed through an approved alternative procedure".

Cause:

The District failed to obtain accurate reports from the cash registers in order to correctly complete the monthly reimbursement request.

Effect:

The District claimed the amount shown as approved meals for free lunches, rather than the amount of students that actually received free lunch for that day.

Questioned Costs:

Unknown; however the amount claimed for reimbursement for free lunches on that day was $1,904.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-006 - continued

Auditors' Recommendation:

We recommend the District closely monitor and double check the amounts being transferred from one report to another when preparing their monthly reimbursement claim reports.

Auditee Response and Corrective Action Plan:

The District will monitor and review the accuracy of the data transfer between the reports prior to the submission of the monthly claim reimbursement reports. It will review the importance of this matter with staff involved in the claims submission process.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS - continued

Finding SA 2013-007

Federal agency: U.S. Department of Education
Pass-through entity: Pennsylvania State System of Higher Education

Gaining Early Awareness and Readiness for Undergraduate Programs - CFDA 4.334s
(FYE 2012-2013) Contract No. 2009-GEARUP-02-R1-A4

Noncompliance and Significant Deficiency in Internal Control over the Allowable Costs/Cost Principle Compliance Requirement

Condition:

The district improperly charged sales tax to the grant.

Criteria:

According to the OMB Circular A-87 compliance requirements, "taxes that a government unit is legally required to pay are allowable." A school district is not legally required to pay sales tax; therefore, sales tax is an unallowable charge under the grant.

Cause:

During testing we noted two instances where sales tax was charged to the grant, which was determined to be unallowable costs.

Questioned Costs:

$26

Auditors' Recommendation:

We recommend the District closely monitor the expenditures, and activities for which expenditures are being charged to the grant, are in line with the approved grant budget and guidelines.

Auditee Response and Corrective Action Plan:

The District will monitor expenditures and related activities being charged to grant to ensure that expenditures are within the grant guidelines and approved grant budget. The District will also review this matter with its accounts payable department to ensure that taxes are not charged to grants.

D. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Finding SA 2012-01

Federal agency: U.S. Department of Education
Pass-through entity: Pennsylvania Department of Education

ARRA - School Improvement Grants - Recovery Act - CFDA 84.388
(FYE 2011-2012) Contract No. 139-110184

Noncompliance and Significant Deficiency in Internal Control over the Cash Management Process

Condition:

The District earned in excess of $100 interest on School Improvement Grant funds that were not remitted.

Criteria:

According to the OMB A-133 Part 4 School Improvement Grant compliance supplement, interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to $100 per year may be kept for administrative expenses. Recipients of advanced federal program funds must minimize the time elapsing between the transfer of funds from the State and disbursement in accordance with A-102 Grants Management Common Rule. Federal program receipts and disbursements should be monitored in accordance with these provisions and interest earnings calculated on a quarterly basis.

Cause:

The cash management compliance requirement in regards to interest earnings was not properly followed by the District.

Effect:

The District failed to submit, on a quarterly basis, the excess interest earned on advances of federal funds.

Questioned Costs:

$259

D. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - continued

Finding SA 2012-01 - continued

Auditors' Recommendation:

We recommend the District develop procedures to track and submit interest earned on advances quarterly to comply with OMB Circular A-133 requirements.

Auditee Response and Corrective Action Plan:

The District has developed procedures to track and submit interest earned on cash advances quarterly. It will revise it procedures to ensure new grant revenues received within the fiscal year are included and will compare interest calculations with funding received through various agencies to eliminate any oversight. The District has remitted the interest to the United States Government for the amount of $259.14 on November 16, 2012.

Auditee's Update:

The District is continuing improve its grant management procedures to ensure that interest is calculated and remitted in a timely manner.

Current Status:

There were no incidences identified in the current year.

D. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - continued

Finding SA 2012-02

Federal agency: U.S. Department of Education
Pass-through entity: Pennsylvania Department of Education

Title I Grants to Local Educational Agencies - CFDA 84.010
(FYE 2011-2012) Contract No. 013-120184

Noncompliance and Significant Deficiency in Internal Control over Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Condition:

The District improperly charged an unallowed expenditure to the grant.

Criteria:

The OMB Circular A-133 Part Four Compliance Supplement for the Title I Grant Cluster outlines the appropriate activities and expenditures that are allowed to be charged to the grant.

Cause:

During testing we noted one expenditure charged to the grant for costumes, which was determined to be unallowed.

Effect:

The District charged unallowed expenses to the Federal grant.

Questioned Costs:

$223

Auditors' Recommendation:

We recommend the District closely monitor the expenditures, and activities for which expenditures are being charged to the grant, are in line with the approved grant budget and guidelines.

D. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - continued

Finding SA 2012-02 - continued

Auditee Response and Corrective Action Plan:

The District will remove the questioned costs of $223 from the Title I grant expenditures in the 2012-2013 fiscal year. The District will monitor expenditures and related activities being charged to grant to ensure that expenditures are within the grant guidelines and approved grant budget.

Auditee's Update:

The District continues to monitor expenditures and related activities being charged to the grant to ensure that expenditures are within the grant guidelines and approved grant budget. It has also improved internal controls to ensure that grant administrators are reviewing all recommended expenditures.

Current Status:

This grant was tested in the current year and no similar finding was noted; however unallowed expenditures were noted as being charged to another grant during our current year testing. Please see finding SA 2013-007.

D. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - continued

Finding SA 2012-03

Federal agency: U.S. Department of Agriculture
Pass-through entity: Pennsylvania Department of Education

Child Nutrition Cluster
School Breakfast Program (SBP) - CFDA 10.553
National School Lunch Program (NSLP) - CFDA 10.555
Special Summer Milk Program for Children (SMP) - CFDA 10.556
Summer Food Service Program for Children (SFSPC) - CFDA 10.559
(FYE 2011-2012)

Noncompliance and Significant Deficiency in Internal Control over the Activities Allowed or Unallowed and Reporting Compliance Requirements

Condition:

SN selected four months of the year to agree the total meals served on the participation report provided by the District to the total number of meals claimed on the reimbursement request and noted two months that did not agree.

Of the 4 months tested above, SN selected 16 days to recalculate the number of meals claimed on the reimbursement request and noted six days were incorrectly calculated.

Criteria:

According to the OMB Circular A-133 Part Four, Compliance Supplement for the Nutrition Cluster, "When allowability is determined based upon individual transactions, select a sample of transactions and perform procedures to verify that the transaction was for an allowable activity." Reporting Compliance requirements under the same supplement also state, "All claims must be supported by accurate meal counts by category and type taken at the point of service or developed through an approved alternative procedure".

Cause:

The District failed to correctly record the number of meals for reimbursement from the daily sales reports to the Meals Participation Report, which they use to complete the monthly reimbursement request.

Effect:

The District claimed 18 meals less than what was actually served in the four days tested in May. The District claimed 26 meals more than actually served in the four days tested in October, which resulted in the determination that there were 337 more than the amount actually served for the entire month of October. The total net effect of these findings is 319 additional meals claimed than served.

D. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - continued

Finding SA 2012-03 - continued

Questioned Costs:

$601

Auditors' Recommendation:

We recommend the District closely monitor and double check the amounts being transferred from one report to another when preparing their monthly reimbursement claim reports.

Auditee Response and Corrective Action Plan:

The District will monitor and double check the data being transferred from the daily sales reports to the Meal Participation Report to ensure the accuracy of the monthly reimbursement claim report.

Auditee's Update:

The importance of this internal control has been reviewed with all staff involved in the process. The District's review team continues to communicate internal control procedures to ensure the accuracy of the monthly reimbursement claim reports.

Current Status:

This was noted as a similar finding in the current year please see finding SA 2013-003.

D. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - continued

Finding SA 2012-04

Federal agency: U.S. Department of Agriculture
Pass-through entity: Pennsylvania Department of Education

Child Nutrition Cluster
School Breakfast Program (SBP) - CFDA 10.553
National School Lunch Program (NSLP) - CFDA 10.555
Special Summer Milk Program for Children (SMP) - CFDA 10.556
Summer Food Service Program for Children (SFSPC) - CFDA 10.559
(FYE 2011-2012)

Noncompliance and Significant deficiency in Internal Control over the Eligibility Compliance Requirements

Condition:

We selected a total of 60 student applications for free and reduced price lunches to review for eligibility determination requirements. Applications were reviewed for completeness, accuracy, and authorization. Three exceptions were noted as follows:

1. One of the 60 applications tested for eligibility was noncompliant because incorrect determinations were made based on information provided on the application.

2. Two of the 60 applications tested for eligibility were either not properly completed per the instructions on the application or not properly reviewed by the determining official.

Criteria:

According to the OMB Circular A-133 Part Six, Internal Control for Eligibility, activities are the policies and procedures to ensure that the managers and directors roles are carried out. As such, the control activities as they relate to the eligibility compliance requirement and the District's procedures are:

1. Procedures to ensure the accuracy and completeness of data used to determine eligibility requirements.

There are also specific eligibility requirements that are released by the Department of Agriculture each year to be used for determination of eligibility for free and reduced lunches. We used these guidelines for our testing of compliance.

D. SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS - continued

Finding SA 2012-04 - continued

Cause:

The District failed to observe its established internal control procedures to ensure the accuracy and completeness of eligibility determinations for two applications and did not correctly determine eligibility for one application.

Questioned Costs:

Unknown

Auditors' Recommendation:

We recommend the District closely adhere to the internal control procedures it has established for eligibility determination procedures.

Auditee Response and Corrective Action Plan:

The District will observe its established internal control procedures to ensure the accuracy and completeness of eligibility determinations.

Auditee's Update:

The importance of this internal control has been reviewed with all staff involved in the process. The District's review team continues to communicate internal control procedures to ensure the accuracy of the monthly reimbursement claim reports.

Current Status:

There were no incidences identified in the current year.

APPENDIX C

Demographic and Economic Information
Relating to the School District of the City of Harrisburg

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Introduction

The City of Harrisburg has been the capital of the Commonwealth of Pennsylvania since 1812, as well as the County seat of Dauphin County (the "County"), since the County's creation in 1785. It is the center of the Harrisburg Metropolitan Statistical Area (the "MSA"), which is composed of the four counties of Dauphin, Cumberland, Lebanon and Perry in central Pennsylvania. The Harrisburg area has a diverse economic base. During the third quarter of 2012, 61% of the labor force of the MSA was employed in the service sector; 13% in the wholesale and retail trades sector; 8% in manufacturing industries; 9% in finance and insurance; 9% in transportation and warehousing. Major employers located in or near the City include the Commonwealth of Pennsylvania, United States Government, Giant Food Stores, Penn State Hershey Medical Center, Hershey Entertainment & Resorts, The Hershey Company, Wal-Mart Stores, Inc., and JFC Staffing Associates.

Commercial Activity

The MSA has approximately 60% of its land value categorized as residential and 30% as commercial. Most of the development is located in the Harrisburg area, which is located in the central portion of the MSA and is traversed by Interstates 81 and 83, which connect to the Pennsylvania Turnpike, Interstate 76. Developments in the MSA include the Hilton Hotel and Towers, a 16-story, 341-room first class hotel/convention center; Crowne Plaza Hotel, a 10 story, 261 room hotel with 11 suites; M&T Bank's 13-story corporate headquarters and parking facility; the Pennsylvania National Insurance Company's $42 million 14-story office tower on Market Square; the Whitaker Center for Science and the Arts, a $52.7 million entertainment facility and the first facility in the country to house a science center, a performing arts theater and an IMAX theater in one complex located at the corner of Third and Market Streets; Hollywood Casino at Penn National Race Course, a thoroughbred horse racing track and casino located 17 miles east of Harrisburg; the National Civil War Museum, located in Reservoir Park, the only museum in the United States that portrays the entire story of the American Civil War; High Pointe Commons, a retail complex located along Interstate 283/83; recently completed renovations to the WITF facility which include the addition of approximately 72,000 square feet as studio/office radio/tv facility; TecPort Business Center, a retail, hotel, commercial and office campus situated on approximately 102 acres that has attracted approximately 3,500 new jobs to the County and upon completion of the final phase, is expected to create an additional 1,500 new jobs; the recently completed Market Square Plaza Tower, a retail office parking tower in downtown Harrisburg and the educational facilities tower of The Harrisburg University of Science and Technology at the corner of Fourth and Market Streets in downtown Harrisburg.

Also within the MSA are the headquarters for Hershey Foods Corporation and Hershey Entertainment & Resorts Company ("HE&R") in Hershey, Pennsylvania. HE&R owns and operates Hersheypark, which is a 60-ride amusement park, the Hotel Hershey, the Hershey Lodge and Convention Center, Hersheypark Arena and Stadium, the Hershey Museum of American Life and the Hershey Gardens with their award winning rose garden. Chocolate World, the official Visitors Center of the Hershey Company, is adjacent to Hersheypark. Also located in Hershey is the Giant Center, a 10,500 seat sports and entertainment facility adjacent to Hersheypark.

Population

Table C-1 which follows shows recent population trends for the School District, Dauphin County, the MSA and the Commonwealth. Table C-2 shows 2010 age composition and average number of persons per household in the School District, Dauphin County and for the Commonwealth.

TABLE C-1
RECENT POPULATION TRENDS

Area	2000	2010	Compound Average Annual Percentage Change 2000-2010
School District	48,950	49,550	0.12%
Dauphin County	251,798	268,100	0.63
Harrisburg MSA	629,401	464,471	-2.99
Pennsylvania	12,281,054	12,702,379	0.34

Source: U.S. Bureau of the Census, and the Pennsylvania State Data Center.

TABLE C-2
AGE COMPOSITION

	0-17 Years	18-64 Years	65+ Years	Persons Per Household
City of Harrisburg	26.8%	64.1%	9.1%	2.36
Dauphin County	23.2%	63.1%	13.7	2.37
Pennsylvania	22.0%	62.6%	15.4	2.45

Source: U.S. Bureau of the Census, Pennsylvania State Data Center-2010 General Housing and Population: Pennsylvania.

TABLE C-3

DISTRIBUTION OF EMPLOYMENT
(Harrisburg Metropolitan Statistical Area)

HARRISBURG-CARLISLE METROPOLITAN STATISTICAL AREA
(Cumberland, Dauphin, and Perry counties)

July 2013
NONFARM JOBS (Not Seasonally Adjusted)

	Industry Employment				Net Change From:	
ESTABLISHMENT DATA	Mar 2014	Feb 2014	Jan 2014	Mar 2013	Feb 2014	Mar 2013
TOTAL NONFARM	327,600	325,900	325,200	324,600	1,700	3,000
TOTAL PRIVATE	267,200	265,500	270,600	263,700	1,700	3,500
GOODS-PRODUCING	30,300	29,700	30,500	29,700	600	600
Mining, Logging and Construction	10,600	10,000	10,100	10,200	600	400
Manufacturing	19,700	19,700	19,700	19,500	0	200
Durable Goods	10,400	10,400	10,400	10,400	0	0
Non-Durable Goods	9,300	9,300	9,300	9,100	0	200
Food mfg.	5,400	5,400	5,400	5,100	0	300
SERVICE-PROVIDING	297,300	296,200	295,400	294,900	1,100	2,400
PRIVATE SERVICE-PROVIDING	236,900	235,800	235,600	234,000	1,100	2,900
Trade, Transportation, and Utilities	64,300	64,100	64,700	63,800	200	500
Wholesale Trade	11,700	11,600	11,600	11,600	100	100
Retail Trade	30,900	30,900	31,500	30,900	0	0
General merchandise stores	4,900	4,900	5,100	4,900	0	0
Transportation and Utilities	21,700	21,600	21,600	21,300	100	400
Transportation and Warehousing	20,800	20,700	20,700	20,400	100	400
Truck transportation	8,200	8,200	8,100	8,000	0	200
Warehousing and storage	7,000	7,000	7,000	6,900	0	100
Information	4,900	4,900	4,900	4,800	0	100
Financial Activities	22,600	22,600	22,600	22,200	0	400
Finance and insurance	19,700	19,800	19,700	19,500	-100	200
Professional and Business Services	46,600	46,200	46,000	43,500	400	3,100
Professional, scientific and technical services	16,100	16,100	15,900	15,600	0	500
Management of companies and enterprises	8,800	8,700	8,700	8,500	100	300
Administrative and waste management services	21,700	21,400	21,400	19,400	300	2,300
Education and Health Services	52,300	52,100	51,700	51,500	200	800
Educational services	8,500	8,400	7,500	8,300	100	200
Health care and social assistance	43,800	43,700	44,200	43,200	100	600
Hospitals	15,300	15,200	15,400	15,200	100	100
Leisure and Hospitality	29,200	29,000	28,900	31,100	200	-1,900
Accommodation and food services	23,200	22,600	22,700	23,100	600	100
Food services and drinking places	18,800	18,400	18,400	18,600	400	200
Other Services	17,000	16,900	16,800	17,100	100	-100
Government	60,400	60,400	59,800	60,900	0	-500
Federal Government	7,000	7,100	7,100	7,300	-100	-300
State Government	32,800	32,800	32,200	32,900	0	-100
Local Government	20,600	20,500	20,500	20,700	100	-100
Local government educational services	13,700	13,600	13,500	13,800	100	-100
Other Local Government	6,900	6,900	7,000	6,900	0	0

Source: Pennsylvania Department of Labor & Industry, PAWorkStats.

Table C-4 shows recent trends in labor force, employment and unemployment for Dauphin County and the Commonwealth

TABLE C-4

RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

	2009	2010	2011	2012	2013
Dauphin County					
Civilian Labor Force (000)	135.5	138.1	137.6	139.0	139.1
Employment (000)	124.8	127.2	127.3	128.3	129.5
Unemployment (000)	10.7	10.9	10.4	10.7	9.6
Unemployment Rate	7.9%	7.9%	7.5%	7.7%	6.9%
Pennsylvania					
Civilian Labor Force (000)	6,366.0	6,400.0	6,425.0	6,466.0	6,460.0
Employment (000)	5,821.0	5,883.0	5,931.0	5,954.0	5,982.0
Unemployment (000)	545.0	517.0	494.0	513.0	478.0
Unemployment Rate	8.6%	8.1%	7.7%	7.9%	7.4%

Source: Center for Workforce Information & Analysis, Pennsylvania Department of Labor & Industry.

The School District is located within the MSA and most School District residents work within the MSA, but outside School District boundaries.

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

Name	Product or Service	Approximate Employment
Commonwealth of Pennsylvania*	Government	21,885
U.S. Government	Government	18,000
Penn State Hershey Medical Center	Healthcare	8,849
Hershey Entertainment & Resorts	Recreation	7,500
The Hershey Company	Manufacturer of Confections	6,500
Tyco Electronics	Electronic Components	4,700
Pinnacle Health System	Healthcare	3,997
Penn State University	Higher Education	2,700
Harrisburg Area Community College	Higher Education	2,173
Capital Blue Cross	Health Insurance	1,765

Source: Capital Region Economic Development Corporation
*Pennsylvania State Government includes all state employment except the Pennsylvania State University, SEPTA and the Pennsylvania State System of Higher Education.

Income

The data on Table C-5 shows recent trends in per capita income for the School District, Dauphin County and Pennsylvania over the 2000-2010 period.

TABLE C-5
RECENT TRENDS IN PER CAPITA INCOME*

	2000	2010	Percentage Change 2000-2010
School District	$15,787	$19,061	2.12%
Dauphin County	22,134	28,658	2.62
Pennsylvania	20,880	27,915	2.95

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

Source: 2010 Census, American Fact Finder.

Medical Facilities

The residents of the area are served by five major medical institutions: Penn State Milton S. Hershey Medical Center and Pinnacle Health Systems which consists of four facilities within the system: Community General Osteopathic Hospital, Harrisburg Hospital, Fredricksen Outpatient Center, and Seidle Hospital.

Educational Institutions

The City and surrounding area have a number of institutions of higher learning including the Pennsylvania State University Milton S. Hershey Medical Center in Hershey, the Harrisburg Area Community College, The Harrisburg University of Science and Technology, Penn State Harrisburg Campus in Middletown, Dickinson College, Dickinson School of Law of the Pennsylvania State University, Messiah College and the University Center at Harrisburg which consists of extension programs offered by a consortium of five institutions of higher learning including Pennsylvania State University and the University of Pennsylvania. Temple University has a branch campus in Harrisburg and Widener University School of Law has a campus in Susquehanna Township, Dauphin County.

The largest of these schools in terms of enrollment is the Harrisburg Area Community College ("HACC") which was the first comprehensive Community College to be established in the Commonwealth and serves the MSA. Since HACC's inception in 1964, HACC has grown from a single campus of less than 500 students to a multi-campus institution which enrolls in excess of 20,000 credit students each semester. In the fall of 2013, enrollment at HACC was 6,506 full-time students and 14,274 part-time students. HACC has campuses in Harrisburg, Gettysburg, Lancaster, York and Lebanon.

The Penn State Harrisburg Campus offers baccalaureate and graduate degree programs. Enrollment at the Harrisburg Campus, located in Middletown, is approximately 2,570 undergraduate students and 1,366 graduate students. Dickinson College, located in Carlisle, is the second oldest institution of higher learning in the Commonwealth. Approximate enrollment at this co-educational liberal arts college is 2,353 full-time students. The Dickinson School of Law, also located in Carlisle, is the second oldest law school in the Commonwealth having been founded in 1834. The Dickinson School of Law merged with The Pennsylvania State University in mid-2000. The law school presently operates two separate campuses, with one located in Carlisle and the other in State College. Present enrollment for the three year juris doctorate program is about 547 full time students. Messiah College is a nationally ranked private liberal arts Christian college with a current student body of approximately 2,800 undergraduate students, located in Grantham, Pennsylvania, which is just 12 miles from Harrisburg. Widener Law School's Harrisburg campus opened in 1989 and enrollment for the juris doctorate, both day and evening divisions is about 500 students.

The Harrisburg University of Science and Technology (“HUST”), formerly known as Harrisburg Polytechnic Institute, opened in September, 2005. HUST is an independent educational institution offering academic and research programs in mathematics, science, and technology designed to meet the needs of the region’s youth, workforce, and businesses, and to expand, attract, and create economic opportunities in the Capital Region. HUST offers undergraduate, graduate and certificate programs in applied science and technology fields. HUST held its first formal commencement exercises on May 11, 2007. The new Academic Center, located in downtown Harrisburg, was dedicated on February 25, 2009, and includes 371,000 square feet of state-of-the art classroom space, scientific teaching labs, meeting areas, seminar rooms, parking, and a 125-seat auditorium.

Residents of the County also have access to a variety of trade and technical schools such as The Academy of Medical Arts and Business, Electronic Institutes, National Education Center Thompson Institute, Central Pennsylvania Business School and the MTA Technical School.

Utilities

Verizon, PPL Utilities, Amergen Energy, United Gas Improvement Corporation and Unity Water Company are the major non-governmental utilities, which provide service in the City.

Transportation

Harrisburg is serviced by four interstate highways: Interstate 81 is the major eastern U.S. interstate running from New York to Alabama; Interstate 78 splits from 1-81 northeast of Harrisburg and links the City to Allentown, Bethlehem, northern New Jersey, and New York City; Interstate 83 links Harrisburg to York and Baltimore to the south. The Capitol Beltway links Interstates 81 and 83 through State Route 522. Additionally, the Pennsylvania Turnpike (Interstate 76) serves as the principal connector to Philadelphia, Pittsburgh and New Jersey. Two Susquehanna River routes U.S. 11/15 and U.S. 22/322, also serve Harrisburg, U.S. 11/15 links Harrisburg with Gettysburg, Frederick, Maryland and later, via 1-270, Washington, D.C. to the south; the same highway runs north through the center of the State ultimately to Rochester, New York, U.S. 22/322 links Harrisburg to State College and points west.

Harrisburg International Airport, located in Middletown, has a 10,000-foot runway and can handle the nations’ largest commercial and military aircraft. The U.S. Commerce Department has simplified export procedures for the Harrisburg Port-of-Entry, so that cargo may be flown directly from Harrisburg to foreign countries as well as any domestic point. The Airport is served by US Airways, United Airlines, Northwest Airlines, and Continental in addition to several commuter airlines. The Susquehanna Area Regional Airport Authority (“SARAA”), which assumed ownership of HIA on January 1, 1998, completed an extensive improvement plan at HIA in 2004. HIA has a new terminal building, multi-modal transportation center and security system in accordance with new federal airport safety regulations. General aviation service is also available at the Capital City Airport, which is owned by SARAA, and three other airports in the Harrisburg Metropolitan Area.

Harrisburg is situated geographically central to major urban hubs of the Mid-Atlantic Seaboard, including Philadelphia, Atlantic City, New York, Baltimore, Washington, D.C. and Pittsburgh. These cities are within hours of Harrisburg whether traveling by car, bus or train.

APPENDIX D

Recovery Plan of the
Harrisburg School District dated April 26, 2013, and as Amended on April 21, 2014

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Recovery Plan

Harrisburg School District
Dauphin County, Pennsylvania

Prepared by the

Chief Recovery Officer
Gene G. Veno

April 26, 2013

With the assistance of

Public Financial Management
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Executive Summary

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Executive Summary

The Harrisburg School District can do better, and it will! Although the District faces academic and financial challenges, this document provides a roadmap to improved academic achievement for the District's students while achieving financial stability.

On December 12, 2012 the Harrisburg School District was declared to be in a state of moderate fiscal distress under the terms of the Commonwealth's Act 141 of 2012. This designation led to the appointment of a Chief Recovery Officer (CRO), Gene G. Veno, on the same day. CRO Veno was charged with developing a Recovery Plan for the District that stabilized its finances while providing for academic improvement. This document is that Plan.

The District's academic results have been unimpressive, with children's performance lagging Dauphin County and statewide averages for reading, writing and math proficiency, for graduation rates, and for college testing performance. State testing results for Harrisburg are shown below:

PSSA Math Results for Harrisburg City School District, All Students, 2011-12[1]

Jurisdiction	Number Scored Math	Advanced Math		Proficient Math		Basic Math		Below Basic Math	
Harrisburg SD	2,822	339	12.0%	714	25.3%	683	24.2%	1,084	38.4%
Dauphin County	14,344	6,968	48.6%	4,104	28.6%	1,812	12.6%	1,455	10.1%
Statewide	815,712	398,049	48.8%	231,450	28.4%	104,123	12.8%	82,112	10.1%

PSSA Reading Results for Harrisburg City School District, All Students, 2011-12

Jurisdiction	Number Scored Reading	Advanced Reading		Proficient Reading		Basic Reading		Below Basic Reading	
Harrisburg SD	2,812	253	9.0%	728	25.9%	641	22.8%	1,189	42.3%
Dauphin County	14,308	5,218	36.5%	5,221	36.5%	2,099	14.7%	1,771	12.4%
Statewide	813,195	306,096	37.6%	289,390	35.6%	113,378	13.9%	104,321	12.8%

In addition, the District and most of its schools failed to make adequate yearly progress (AYP) under federal No Child Left Behind (NCLB) requirements, and have not done so for several years in a row.

The District has also faced significant financial challenges in recent years. While the District has taken dramatic steps to live within its means, closing schools, cutting expenses and furloughing employees, the changes have not been rapid and far-reaching enough to offset a decline in the number of students. In the past three fiscal years the District has reported a net operating deficit, though 2012-13 results are expected to be quite close to balance.

Harrisburg School District Net Operating Results, FY2009-10 – FY2012-13, $000

($000)	2009-10	2010-11	2011-12	2012-13 (projected)
Revenues	136,491	134,794	118,495	136,557
Expenditures	147,432	137,468	124,184	136,861
Net Operating Balance	($10,941)	(2,675)	(5,689)	(304)

The District has had a modest fund balance that has provided time to manage its financial issues. However, the recent annual deficits have eroded this buffer, and the District projects a fund balance of just under $10.0 million at the end of FY2012-13. It is important to preserve as much as possible of this remaining fund balance, since the District will need working capital to maintain operations and

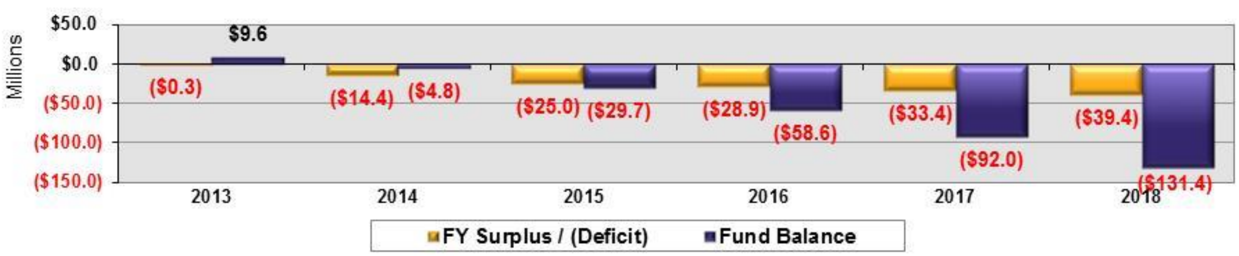
[1] Results for Dauphin County and statewide are net of Harrisburg City School District results.

successfully manage coming challenges and changes. The Recovery Plan creates a reserve fund balance of $5.0 million for this purpose.

This plan calls for comprehensive action to turn the Harrisburg School District around now. This is important for two reasons: first, because there is no time to waste in bringing the children of the District a higher quality education, but also because the District is on a path towards financial collapse in just a few years if nothing is done.

Based on trends in live births and overall City residence, a modest population decline is projected in future years across all categories of K-12 age students in Harrisburg. A unique characteristic of the Harrisburg School District is the significant number of students enrolling in cyber charter schools in the last several years. Cyber charter enrollments are 70 percent of the total charter school enrollment of approximately 672 in the District this year. Unless the District improves its academic achievement and offers competitive programs that halt – and reverse – the continuing trend of declining enrollment in District-operated educational programs, it cannot continue to exist as a viable educational entity. The key to making this change is providing outstanding opportunities in District-operated educational programs that will attract parents and students. The Recovery Plan includes initiatives to increase attendance at the District-sponsored Cougar Academy cyber school, improve academic performance at other District schools with specific deadlines for achieving educator effectiveness, install rigorous program analysis to support staff accountability, and deliver a standards-based curriculum.

In order to create a financial recovery to match the educational turnaround, the CRO reviewed a multi-year budget model showing the District's current financial situation and what will happen between now and 2017-18 if no corrective action is taken. The results are grim - after breaking even in 2013, the District has a shortfall of $14.4 million in 2013-14, with a worsening deficit each subsequent year. By FY2017-18, the District would have a cumulative shortfall of $131.4 million. Clearly this situation is untenable - if the District does nothing, it will be out of business, unable to make payroll, in short order, and is not likely to be able to operate through the next year or two as cash flow pressure accumulates.



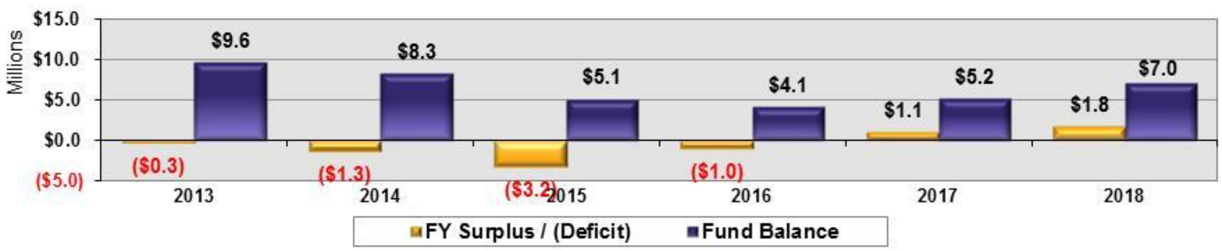
There is only one path to addressing the financial crisis - rapidly right-sizing district operations to fit the current financial resources, including changes in workforce costs; tying instructional staffing to enrollment while maintaining current student-teacher ratios; improving academic offerings to bring students currently in non-District charters to the District's cyber school or its traditional schools; and increasing local revenue effort to fund the changes.

The financial crisis is not solely the result of recent increased attendance at charter schools or the resumption of historical debt service payments after an artificially low rate for the last five years. Even without these issues, the District would still face deficits. Likewise, the long-term problems with the District's finances cannot be balanced without contributions from all parts of its operation - changes in how it does business, how it compensates its workforce, how well it educates students, and how much it charges taxpayers to do so.

Even if workforce costs are reduced, other efficiency measures are implemented, and academics improve to reverse the trend of declining enrollment, the District's finances will remain in deficit at current local tax rates. The same is true of workforce adjustments. If local revenues are raised, all of the Plan's non-workforce initiatives are implemented, and academics improve to reverse the trend of declining enrollment, the District's finances will remain in deficit without changes in workforce costs.

During the development of this Recovery Plan, most stakeholder groups have suggested that they have made substantial sacrifices and can do no more for the District. These comments are well-founded, as students, parents, instructional and non-instructional employees, administrators, taxpayers and others have made real sacrifices in recent years. Unfortunately, the District's situation will get much worse - and it will soon have to cease operations - unless all parties agree to a comprehensive, multi-year Recovery Plan which involves some additional difficult measures for all in order to turn the District around and serve the children of Harrisburg.

When the District successfully adjusts its spending to match current and potential revenues and improves academic offerings to successfully recruit students to District cyber and traditional schools, it will reverse negative financial trends and become financially viable. As shown below, implementation of the recommendations in this report, including matching non-instructional costs with available resources and increasing rather than losing student population will create positive annual fund balance results in each year with a growing net balance by the end of the Plan period.



Fiscal Year Ending:	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Revenues	136,556,518	136,474,896	133,437,251	136,073,811	139,473,271	142,203,137
Expenditures	136,860,979	137,812,771	136,599,357	137,049,913	138,358,041	140,392,288
Surplus / Deficit	($304,461)	($1,337,875)	($3,162,107)	($976,102)	$1,115,231	$1,810,849
Fund Balance	$9,599,264	$8,261,389	$5,099,282	$4,123,180	$5,238,411	$7,049,260

Key aspects of this Recovery Plan that lead to the financial results shown above include:

Academic

- Adoption of a detailed roadmap to restore academic performance, including specific deadlines for developing and implementing steps to achieve educator effectiveness, conduct rigorous program analysis, support staff accountability, and implement a standards-based curriculum;
- Expansion of the in-District cyber school alternative and market research to match District cyber offerings with what parents and students want;
- Realigning District schools to create a kindergarten/pre-kindergarten center, three elementary schools, and three middle schools;
- Recruiting a Chief Executive Officer to manage non-instructional District services, freeing the Superintendent to focus 100 percent of her efforts on leading the District to academic excellence.

Financial

- Creation of multi-year financial stability based on comprehensive operating and capital budgets that can be updated as conditions change;
- Maintaining a positive fund balance to achieve long-term stability, avoid short-term cash flow problems, and offset short-term deficits before positive annual results return beginning in 2016-17;

- Dedication of proceeds from building and land asset sales to future capital needs;
- Developing a comprehensive policy on debt and debt management;
- Application for a $6.44 million no-interest Transitional Loan from the Commonwealth to fund short-term costs for Cougar Academy marketing and the Chief Executive Officer, to fund transportation costs related to reorganizing school buildings and upgrading early childhood programs, and for transitional costs.

Facilities

- Improved energy efficiency and better building management to provide quality facilities at a lower cost;
- Right-sizing maintenance, custodial and food service headcount to match standard work levels across buildings.

Workforce

- Wage reductions of 5 percent in 2013-14 and an additional 5 percent in 2014-15, followed by a wage freeze in 2015-16; creation of a pool of funds for each bargaining unit to access in new contracts negotiated with the District beginning in 2016-17;
- Workforce changes need to be made with minimal impact on current class sizes and student teacher ratios;
- Benefit cost reduction of 5 percent in 2013-14, with future annual increases for District-paid portion limited to 5 percent;
- Changes in teacher expectations commensurate with the academic goals.

Revenue

- Generate $6.6 million in non-tax revenue for the District by improving revenue collections;
- Improve grant-writing and monitoring to secure additional federal, state, local and private funds;
- Preserving local tax effort by increasing locally-generated property tax revenue through one-time partial Act 1 exception amount in 2013-14, annual Act 1 index millage increases and improved collections through 2016-17;
- Elimination of annual Act 1 index millage increases in 2017-18 as District finances recover.

Measurement & Success

- Requirement that the District achieve annual academic performance goals, with 2013-14, 2014-15, and 2015-16 targets of approximately 5.0 percent annual improvement in reading and mathematics at each grade level and similar improvement on Keystone Exams for 11th graders;
- Requirements for increased graduation and attendance rates;
- Additional monitoring of and public reporting on progress in PSSA scores, SAT performance, and teacher proficiency;
- Fail-safe plan to protect District students by transferring District educational programs to external management if the required performance goals are not achieved in results reported for the 2015-16 school year.

If promptly and properly implemented, these changes will provide an improved education for students and bring the District's budget into balance. However, the Recovery Plan requires the immediate implementation of changes in the District, and includes many initiatives that are difficult to implement and may be unpopular with some segments of the community. While it is clear that this change is required if children are to have opportunity and the District is to survive, children cannot be left at risk if adults fail to implement the plan and help them make real progress in educational achievement. Therefore, if the required District restructuring is not implemented and academic progress not achieved as described in the measurement of success section, the District's remaining operations shall be transferred to an educational management organization or other non-District operator in the 2016-17 school year.

Introduction

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Introduction

The Harrisburg School District can do better, and it will! Although the District faces academic and financial challenges, this document provides a roadmap to improved academic achievement for the District's students while achieving financial stability.

On December 12, 2012 the Harrisburg School District was declared to be in a state of "moderate fiscal distress" under the terms of the Commonwealth's Act 141 of 2012. This designation led to the appointment of a Chief Recovery Officer (CRO), Gene G. Veno, on the same day. CRO Veno was charged with developing a Recovery Plan for the District that stabilized its finances while providing for academic improvement. This document is that Plan.

In recent years the District has had difficulty managing its finances, with relatively static revenues out of balance with growing expenditures. At the same time, the District's academic results have been unimpressive, with children's performance lagging Dauphin County and statewide averages for reading, writing and math proficiency, for graduation rates, and for college testing performance.

While there are many reasons why the Harrisburg School District has not been successful, this plan cannot focus on the past. Rather, it is a plan for a future that the District – students, parents, teachers and administrators – must seize now to move forward. The future can bring high-performing schools to which parents will want to send their children and a District that serves as an example of urban education for other districts around the country. Alternatively, the future can bring the end of the Harrisburg School District as it has existed. With a recent trend of students and their parents electing to transfer to charter schools or make other educational choices each year, unless the District's schools become a desirable option now, in just a few years the District's budget will become unmanageable. The choice is very basic: the District must change the way it does business or no longer serve as a direct education provider.

To remain a viable school district, parents, educators and community leaders must work as partners to set the District's children on the path to a brighter future. This will require sweeping changes to how the District has done business - educationally and financially - to succeed in the current environment of academic competition and financial constraints. To make these changes, the CRO has prepared this Recovery Plan to chart a course of transformation for the Harrisburg School District. The plan is based on a few basic principles:

- Every child in the District can be successful. But in the current environment the resources to provide our children with the opportunity to succeed will require the adults who support and operate the District to think creatively, trying some previously unpopular or brand new alternatives and changing how business is done in the classroom, in the principal's office, at the Administration Building and at the School Board level.

- Every child must be equipped with the skills not only to meet state performance standards, but to graduate and go to college or trade school.

- The plan starts with a financial baseline, to see how much money is available to the District compared to its needs. Operations will have to be scaled to match available resources, but the District can seek to compete for students who have recently left the District; apply for additional federal and state grants it has failed to secure in the past; reconfigure to become more efficient; and call on the community to help enhance educational options before, during and after school, and in the summer.

- Success is only possible if parents, educators and community leaders work as partners. In each case, decisions must be made to benefit the children of the Harrisburg School District; this is likely to require adults to make some choices that are not universally popular.

- Every member of the District community – School Board members, administrators, teachers, staff, students and parents – must be accountable for the success of the District. Every member of the community must understand the goals of the District and their part in achieving the goals, and strive every day to meet the goals.

Implementing this Recovery Plan will require tough decisions and a different way of doing things. Because of the short timeline allowed to draft the Plan, the plan cannot provide all of the answers or a step-by-step guide to how to implement every needed change. However, it is a solid starting point that provides a template for success.

Overview of the Harrisburg School District

The Harrisburg School District serves solely the students of the City of Harrisburg. The City is located along the Susquehanna River in central Pennsylvania and is the capitol of the Commonwealth of Pennsylvania. The District is governed by a nine-member elected school board, one of whom is selected to lead the Board as President. The Superintendent and other senior administrative officials are appointed by the Board. For much of the last decade the District was an Empowerment District with a governing board appointed by the Mayor of the City of Harrisburg.

In the 2012-13 school year the District employs approximately 940 staff members, almost 900 of them full-time, with slightly more than one-half serving in direct instructional roles. Physically, the District covers 11.4 square miles and has a total population of just over 47,000 people. Student enrollment for the 2012-13 school year is 6,340. The student population is over 67 percent African-American, 24 percent Hispanic and 4 percent Caucasian, with the remainder made up of Asian-American and other ethnic groups.

The District provides education in 10 school buildings and has title to 5 closed school buildings. In addition, the District owns several administrative facilities but the main administrative offices are currently located in a leased facility.

Over 115 District students attend the Dauphin County Vocational Technical School. Approximately 672 District students also attend 14 different charter schools, including physical schools ("brick and mortar") and cyber charters. Currently over 70 percent of the total charter enrollment is in cyber charters. In addition, Harrisburg school-age students attend non-public schools in and around the Harrisburg area.

The District operates on a fiscal year that runs from July 1 to June 30. The budgeted expenditures for the 2012-13 fiscal year were $135.9 million.

Statutory Basis for the Recovery Plan

On December 12, 2012, under the provisions of recently-enacted state legislation (Act 141 of 2012), the Commonwealth of Pennsylvania's Secretary of Education Ronald Tomalis declared the Harrisburg City School District to be in a state of moderate fiscal distress and appointed Gene G. Veno to serve as Chief Recovery Officer (CRO) to improve academic performance and bring financial stability to the district.

The CRO is charged with taking input from the School Board and the community to develop a Recovery Plan to lead the district into financial solvency and position it for academic success. The Act requires the appointment of an Advisory Board to the Chief Recovery Officer, to meet monthly. Prior to the release of this Plan, the Advisory Board met on January 16, February 7, March 7, and April 11, 2013 (members of the Advisory Board are listed in Appendix 1 of this document).

Act 141 provides 90 days to complete the plan, but allows for an extension with the approval of the Commonwealth's Secretary of Education. An extension to April 26, 2013 was approved by Secretary Tomalis. This document is the plan required by Section 663-A of Act 141.

Performance Basis for the Recovery Plan

While this plan does not focus on the past, it is important to understand the baseline level of educational and financial performance that has led to the declaration of financial recovery status.

Educational performance

There are many ways to measure educational performance. Evaluating the District against a varied group of indicators, however, shows that the Harrisburg City School District falls short of providing its students with a great education.

One widely-publicized set of indicators of District performance are the results of Pennsylvania System of School Assessment (PSSA) tests. Each year, students are administered tests to measure attainment of state academic standards while also determining the degree to which school programs enable students to attain proficiency of the standards. In the spring of 2012, 63.7 percent of District students scored below proficient in math and 65.1 percent were below proficient in reading.[2] In comparison, 22.7 percent of all other students in Dauphin County and 22.9 percent of all other students statewide scored below proficient in math while 27.1 percent of all other students in Dauphin County and 26.7 percent of all other students statewide scored below proficient in reading. Proportionally, nearly four times as many Harrisburg students are below basic in math than in the rest of the county or state. More than three times as many Harrisburg students are below basic in reading than in the rest of the county or state.

The District's performance even lags when its students are compared only to other economically disadvantaged students. On the 2011-12 PSSAs, 64.3 percent of economically disadvantaged District students scored below proficient on math, compared with 38.4 percent of economically disadvantaged students in Dauphin County and 37.1 percent statewide. On the reading PSSAs, about two-thirds of economically disadvantaged District students - 66.7 percent - scored below proficient, compared with 44.6 percent of economically disadvantaged students in Dauphin County and 43.8 percent of economically disadvantaged students statewide.

PSSA Math Results for Harrisburg City School District, All Students, 2011-12[3]

Jurisdiction	Number Scored Math	Advanced Math		Proficient Math		Basic Math		Below Basic Math	
Harrisburg SD	2,822	339	12.0%	714	25.3%	683	24.2%	1,084	38.4%
Dauphin County	14,344	6,968	48.6%	4,104	28.6%	1,812	12.6%	1,455	10.1%
Statewide	815,712	398,049	48.8%	231,450	28.4%	104,123	12.8%	82,112	10.1%

PSSA Math Results for Harrisburg City School District, Economically Disadvantaged Students, 2011-12[2]

Jurisdiction	Number Scored Math	Advanced Math		Proficient Math		Basic Math		Below Basic Math	
Harrisburg SD	2,468	274	11.1%	607	24.6%	615	24.9%	972	39.4%
Dauphin County	4,503	1,316	29.2%	1,457	32.4%	892	19.8%	839	18.6%
Statewide	316,196	97,517	30.8%	101,266	32.0%	60,489	19.1%	56,927	18.0%

PSSA Reading Results for Harrisburg City School District, All Students, 2011-12[4]

[2] Every Pennsylvania student in grades in grades 3-8 and grade 11 is given the tests in reading and math. Every student in grades 5, 8 and 11 is assessed in writing, and every student in grades 4, 8 and 11 is assessed in science.
[3] Results for Dauphin County and statewide are net of Harrisburg City School District results.

Jurisdiction	Number Scored Reading	Advanced Reading		Proficient Reading		Basic Reading		Below Basic Reading	
Harrisburg SD	2,812	253	9.0%	728	25.9%	641	22.8%	1,189	42.3%
Dauphin County	14,308	5,218	36.5%	5,221	36.5%	2,099	14.7%	1,771	12.4%
Statewide	813,195	306,096	37.6%	289,390	35.6%	113,378	13.9%	104,321	12.8%

PSSA Reading Results for Harrisburg City School District, Economically Disadvantaged Students, 2011-12[3]

Jurisdiction	Number Scored Reading	Advanced Reading		Proficient Reading		Basic Reading		Below Basic Reading	
Harrisburg SD	2,454	191	7.8%	626	25.5%	567	23.1%	1,070	43.6%
Dauphin County	4,482	856	19.1%	1,622	36.2%	948	21.1%	1,055	23.5%
Statewide	314,795	63,936	20.3%	113,132	35.9%	63,145	20.1%	74,507	23.7%

Results of the statewide tests are one criterion used to determine whether schools are achieving adequate yearly progress (AYP) under federal No Child Left Behind (NCLB) requirements. As shown below, the Harrisburg School District's results indicate that its children are being left behind: most schools failed to make AYP in 2012, and the District's overall AYP status remains Corrective Action II.

District		2012 AYP	AYP Status
Harrisburg SD		No	Corrective Action 2 (tenth year)
Schools	**Schools (NCLB)**		**Status**
Ben Franklin	BENJAMIN FRANKLIN SCHOOL	No	Corrective Action 2 (second year)
Ben Franklin	MATH SCIENCE ACADEMY @ BENJAMIN FRANKLIN	Yes	Made AYP
Camp Curtin	CAMP CURTIN SCH	No	Corrective Action 2 (seventh year)
Downey	DOWNEY SCH	No	School Improvement 2
Foose	FOOSE SCH	No	Corrective Action 2 (eighth year)
John Harris	HARRISBURG HS	No	Corrective Action 2 (ninth year)
Marshall	MARSHALL SCH	No	Corrective Action 2 (third year)
Melrose	MELROSE SCH	No	Warning
Rowland	ROWLAND SCHOOL	No	Corrective Action 2 (third year)
Scott	SCOTT SCHOOL	No	School Improvement 2
SciTech	HARRISBURG HS - SCITECH CMP	No	Warning

The Harrisburg City School District's most talented students will take a college admission test, typically the SAT®, and apply to college. In 2012 only 183 District students took the college admission test, achieving average results of 404 on the verbal portion of the test, 404 on the math test, and 390 on the written portion. These results were 14 percent, 16 percent and 14 percent lower respectively than statewide averages for each section.

In late 2012 and early 2013, the District's 11th grade students completed the new statewide Keystone Exams in three subjects: Algebra I, Biology, and Literature. Again, District performance lagged statewide averages, as shown below:

[4] Results for Dauphin County and statewide are net of Harrisburg City School District results.

2012/13 Grade 11 Keystone Exams
% of Students Scoring Proficient or Advanced

	Algebra I	Biology	Literature
Harrisburg SD	28.9%	11.2%	43.6%
Statewide	54.0%	41.5%	66.8%

Finally, the success of students is determined in part by the expertise and ability of their teachers. According to 2010-11 Pennsylvania Department of Education Teacher Evaluation survey, 80.3 percent of teachers evaluated for that school year were rated as Level 6 Satisfactory, the highest level attainable on the survey. The remaining teachers, a total of 116 teachers, or 19.7 percent, were given no rating at all. All of these figures are outside countywide averages. The following table illustrates this:

Pennsylvania Department of Education Teacher Evaluations, Dauphin County, 2010-11 School Year

School District	Total	Not Rated		Level 1		Level 2		Level 3		Level 4		Level 5		Level 6	
	Employed	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Harrisburg City School District	588	116	19.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	472	80.3%
Dauphin County Totals	2,941	121	4.1%	13	0.4%	12	0.4%	0	0.0%	0	0.0%	238	8.1%	2,557	86.9%
w/o Harrisburg City School District	2,353	5	0.2%	13	0.6%	12	0.5%	0	0.0%	0	0.0%	238	10.1%	2,085	88.6%

Another key indicator of performance is the Pennsylvania Value-Added Assessment System (PVAAS) which measures year-on-year growth in performance. Here, too, the District lags.

Harrisburg City School District: PVAAS Average Growth Index & AYP, 2011-12

PSSA Test	Growth Measure	Standard Error	Average Growth Index	% Proficient	% Advanced	% Total	2012 AYP Targets
PSSA Math 4-8	-0.7	0.3	-2.6	25.2%	11.2%	36.4%	89.0%
PSSA Math 9-11	21.0	9.4	2.2	21.9%	9.3%	31.1%	89.0%
PSSA Reading 4-8	-0.2	0.3	-0.7	26.4%	8.5%	34.8%	91.0%
PSSA Reading 9-11	21.7	9.8	2.2	28.5%	12.2%	40.7%	91.0%
PSSA Writing 4,8,11	-17.6	15.0	-1.2	48.4%	5.6%	54.0%	N/A
PSSA Science 4,8,11	1.7	3.5	0.5	12.5%	3.7%	16.2%	N/A

This plan is predicated on the assumption that together, the students, teachers, administrators and parents in the District and will increase academic performance, demonstrated by improvement in these indicators and in other areas, such as graduation rate.

Financial performance

The District has faced significant financial challenges in recent years.

The effect of the national economic downturn and policy changes on federal and state revenue sources, along with a local revenue base reliant on *ad valorem* taxes in a City with nearly half of its assessed value exempt from taxation, has been a stagnant revenue base. Total revenues in the current 2012-13 fiscal year are expected to decline slightly from 2009-10. It is projected that District revenues will drift lower in the next few years as certain federal grants expire, offsetting modest baseline increases in state and local sources.

The District has taken dramatic steps to live within its means. Over the past several years, the District reports closing five schools, furloughing over 500 employees and making $23.0 million in operating budget reductions. Unfortunately, the changes initially have not been rapid and far-reaching enough to offset a decline in the number of students. In the past three fiscal years the District has reported a net operating deficit, though 2012-13 results are expected to be quite close to balance.

Harrisburg School District Net Operating Results, FY2009-10 – FY2012-13, $000

($000)	2009-10	2010-11	2011-12	2012-13 (projected)
Revenues	$136,491	$134,794	$118,495	$136,557
Expenditures	$147,432	$137,468	$124,184	$136,861
Net Operating Balance	($10,941)	($2,675)	($5,689)	($304)

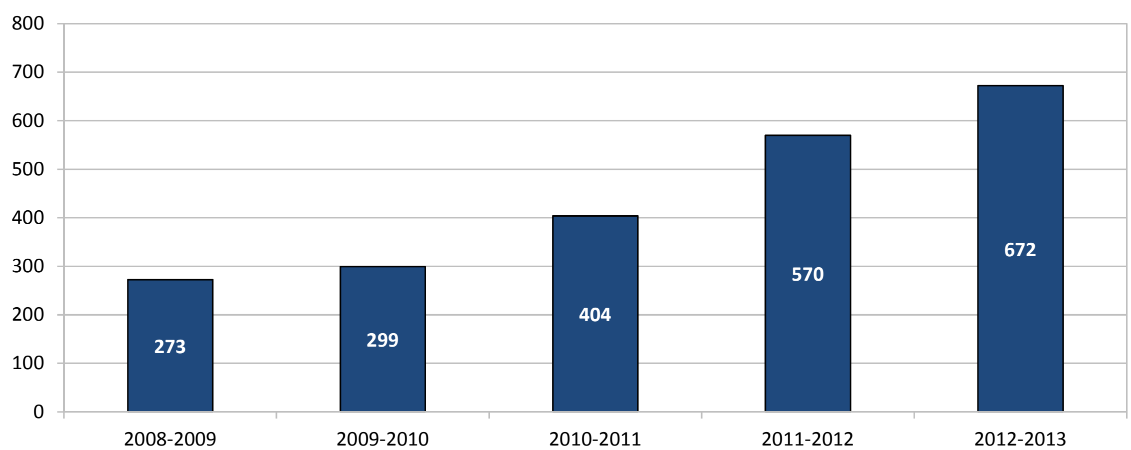
The District has had a modest fund balance created by an unfunded debt borrowing; the fund balance has provided time to manage its financial issues. However, the recent annual deficits have eroded this buffer, and the District projects a fund balance of just under $10.0 million at the end of FY2012-13. As will be described later in this report, it is important to preserve as much as possible of this remaining fund balance, since the District will need working capital to maintain operations and successfully manage coming challenges and changes.

Student population

A key aspect of the District's financial challenges are related to a decline in student population and the related need to reduce the number of facilities and make sure that remaining buildings are optimally utilized. Based on trends in live births and overall City population, a modest enrollment decline of 2.0 percent per year is projected in future years across all categories of K-12 age students in Harrisburg.

A unique characteristic of the Harrisburg School District is the significant number of students enrolling in cyber charter schools in the last several years. Cyber charter enrollments are 70 percent of the total charter school enrollment of approximately 672 in the District this year. As shown below, this trend has driven substantial overall charter school enrollment growth.

Harrisburg School District Charter School Enrollment, FY2008-09 – FY2012-13



Later in this chapter the financial impact of the loss of students to charter schools is described in more detail, as is the positive impact of bringing students back to District as traditional students or enrollees in the District's cyber school, the Cougar Academy. At this point, however, it is important to note that unless the District halts – and reverses – the continuing trend of declining enrollment in District-operated educational programs, it cannot continue to exist as a viable educational entity. The key to making this change is providing outstanding educational opportunities in the District-operated educational programs that will attract parents and students.

Recent Progress

As noted in the financial section above, the District has taken a variety of steps to address the challenges it faces, furloughing both academic and administrative staff, closing five school buildings, and reducing overall spending. In the course of developing the 2013-14 budget, the school board has demonstrated an understanding of the severity of the financial issues facing the District and has offered additional cost reductions. Finally, in recognition of the demand for cyber-education alternatives, the District has collaborated with the Capital Area Intermediate Unit to establish its own cyber school.

In spite of recent progress, in today's competitive K-12 academic environment, the District must continually anticipate the needs of students and parents and meet those needs or be prepared to adjust the District operation to deal with declining enrollments in District-operated programs.

Current Challenges

In addition to this progress, it is important to clearly describe the financial and academic challenges confronting the District. As noted above, declining enrollment has required building consolidation and affected staffing levels, deployment, and formula-based revenue.

The District's annual contribution to employee retirement funds through the Public School Employees' Retirement System (PSERS), while anticipated to be somewhat offset by State grant funds, will grow by over $6.5 million over the next several years as obligations increase to make up for past underfunding statewide.

The District's debt service on prior capital borrowing is slated to increase from $14.9 million in the current year to $20.5 million in two years, reflecting a return to historical debt service expenditure levels after five years of reduced annual debt payments based on a debt restructuring that was done in FY2009-10.

If historic trends in health care costs continue, 0.8 to 2.0 million dollars in additional premium costs will be incurred each year even if overall District employment declines with lower student enrollment. While there is some reason for optimism on property valuations as the economy recovers nationally and locally, even a fairly strong rebound in assessed value will not translate into substantial additional revenues for the District.

Due to downsizing as student population has declined, successive rounds of furloughs have left a more experienced teaching corps, but one that is also more expensive since seniority typically brings increased salary.

Fixing the Harrisburg School District

As noted above, this plan calls for comprehensive action to turn the Harrisburg School District around now. This is important for two reasons: first, because there is no time to waste in bringing the children of the District a higher quality education, but also because the District is on a path towards financial collapse in just a few years if nothing is done.

Developing the Plan

To develop the recovery plan, the CRO has combined consultation with the elected School Board and the community with analysis provided by a technical assistance team of finance and education experts. To meet the requirements of Act 141 and gain broad input, the CRO convened an Advisory Committee of academic professionals and community leaders, meeting regularly during the plan development process. In addition, to obtain community input and to explain the process to residents, the CRO has held a series of public meetings. A community forum is also scheduled for the date of plan release to present the plan to the community. In addition, the CRO has met regularly with the School Board to discuss the emerging plan, and has had numerous individual meetings with community leaders, and individual citizens and other stakeholders from employees to local businesses.

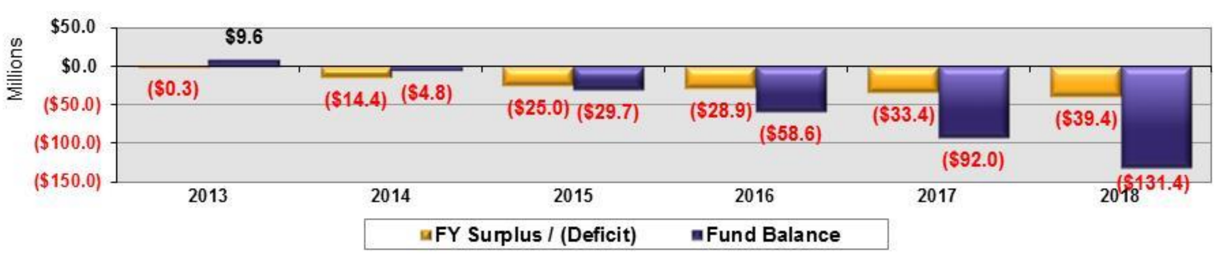
The CRO has established a website (www.hsdrecoveryplan.org) to provide the public with details of the Act 141 process, announce public meetings, and provide other information. This Recovery Plan was posted to the CRO's website at the time of release.

Model and Baseline Scenario

In order to understand where the District is now, the technical assistance team to the CRO built a multi-year budget model, showing the District's current financial situation and what will happen between now and 2017-18 if no corrective action is taken. This baseline view starts with the District's current projected results for 2012-13 and assumes current trends and policies are continued, and that known future events occur:

- Revenues decline for two years, primarily due to lower federal grants, and then grow modestly;
- Expenditures grow at recent historical rates (health care and energy are major drivers) with others growing by formula (charter school reimbursements) or by contract/legal agreement (debt service);
- An additional 417 children transfer from District schools to charter schools next year, and the trend continues with 13.6 percent charter enrollment growth in subsequent years, one-half of the recent rate of growth;

The sum of all of these assumptions produces a grim picture - after breaking even in 2013, the District has a shortfall of $14.4 million in 2013-14, with a worsening deficit each subsequent year. By FY2017-18, the District would have a cumulative shortfall of $131.4 million. Clearly this situation is untenable - if the District does nothing, it will be out of business, unable to make payroll, in short order, and is not likely to be able to operate through the next year or two as cash flow pressure accumulates.



Fiscal Year Ending:	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Revenues	$136,556,518	$130,654,420	$129,548,990	$131,600,649	$133,293,858	$134,735,838
Expenditures	$136,860,979	$145,006,057	$154,521,929	$160,474,282	$166,694,209	$174,179,365
Surplus / Deficit	($304,461)	($14,351,637)	($24,972,939)	($28,873,633)	($33,400,351)	($39,443,527)
Fund Balance	$9,599,264	($4,752,373)	($29,725,312)	($58,598,945)	($91,999,295)	($131,442,823)

There is only one path to addressing the financial crisis - rapidly right-sizing district operations to fit the current financial resources, including changes in workforce costs; tying instructional staffing to enrollment while maintaining current student-teacher ratios; improving academic offerings to bring students currently in non-District charters to the District's cyber school or its traditional schools; and increasing local revenue effort to fund the changes.

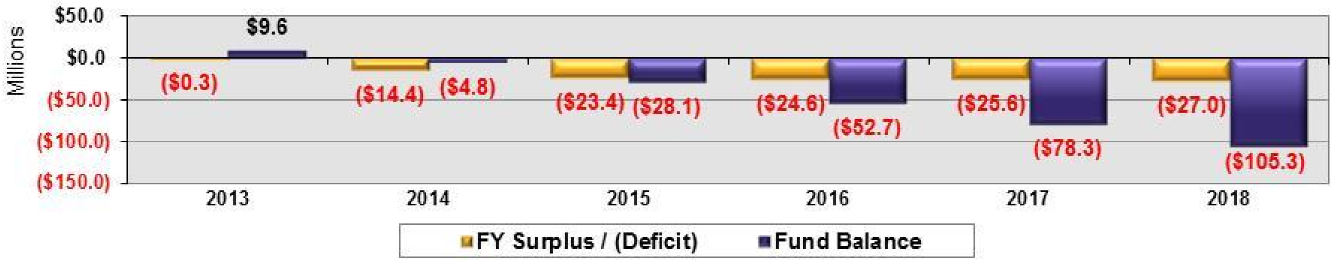
Both educational and financial elements must be present. The District's finances are at a tipping point, requiring that expenditure changes be made right away to avoid accelerating recent financial problems and creating a downward budget spiral, with local revenue contributions as well. The quality of academic offerings and the District cyber school alternative must become attractive enough to retain existing students and bring other students back to the District.

Understanding District Funding

It is worth explaining these elements in some detail to help readers of this report understand the dynamics of the District's financial situation.

First, the financial crisis is not solely the result of recent increased attendance at charter schools or the resumption of historical debt service payments after an artificially low rate for the last five years. If the District improves to become attractive enough to parents to stop the departure of students from the District after the current 2012-13 school year and not lose additional students to educational alternatives in future years, it still would not be sufficient to cure the District's financial ills. As shown below, merely making this change in the baseline would still leave the district with annual deficits increasing to more than $20 million, and a cumulative deficit of $105.3 million in FY2017-18.

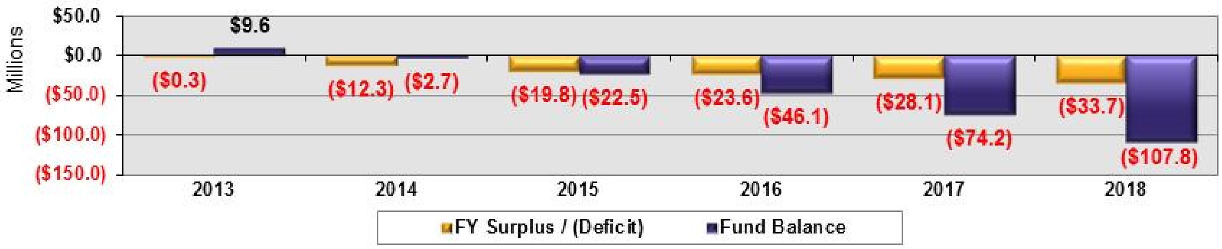
Baseline Projection Freezing Transfers to Charter Schools After 2012-13



Fiscal Year Ending:	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Revenues	$136,556,518	$130,654,420	$129,926,786	$132,407,863	$134,619,043	$136,620,461
Expenditures	$136,860,979	$145,006,057	$153,283,244	$157,017,371	$160,229,047	$163,635,435
Surplus / Deficit	($304,461)	($14,351,637)	($23,356,457)	($24,609,508)	($25,610,004)	($27,014,974)
Fund Balance	$9,599,264	($4,752,373)	($28,108,830)	($52,718,338)	($78,328,343)	($105,343,316)

Likewise, if the District could continue to pay the $14.9 million in annual debt service it will spend in 2012-13 rather than the roughly $20.5 million it will pay in 2014-15 and future years, it would still face large annual and cumulative deficits.

Baseline Projection Freezing Debt service at 2012-13 Level

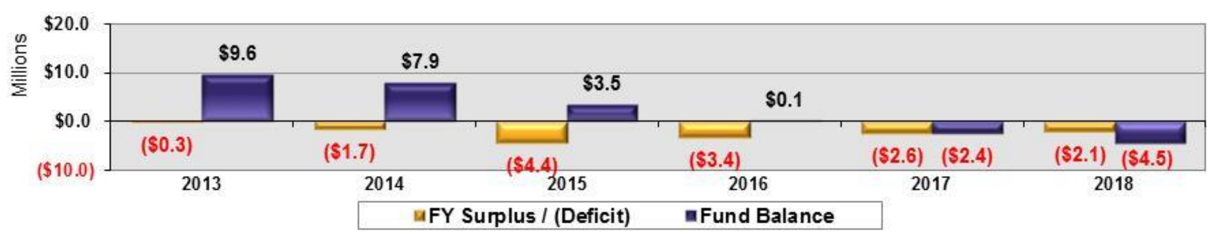


Fiscal Year Ending:	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Revenues	$136,556,518	$130,654,420	$129,548,990	$131,600,649	$133,293,858	$134,735,838
Expenditures	$136,860,979	$142,978,946	$149,349,165	$155,157,171	$161,364,418	$168,432,375
Surplus / Deficit	($304,461)	($12,324,526)	($19,800,176)	($23,556,522)	($28,070,560)	($33,696,537)
Fund Balance	$9,599,264	($2,725,262)	($22,525,438)	($46,081,959)	($74,152,519)	($107,849,056)

While improving academics to successfully bring students back to the District's cyber school and traditional schools is critically important, more change is needed. The District must continue to become more efficient, lowering its operating costs. Numerous initiatives in this Plan address how the District can reduce costs and increase revenues to succeed financially.

However, the long-term problems with the District's finances cannot be balanced without contributions from all parts of its operation - changes in how it does business, how it compensates its workforce, how well it educates students, and how much it charges taxpayers to do so. Even if workforce costs are reduced, all other efficiency measures are implemented, and academics improve to reverse the trend of declining enrollment, the District's finances will remain in deficit at current local tax rates. As shown below, without any change in local revenues, a persistent structural deficit remains.

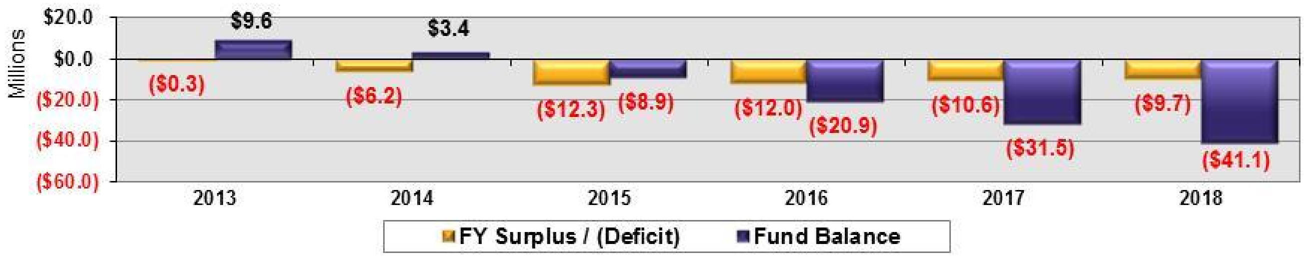
Revised Projection: All Revenue & Expenditure Initiatives Except Real Estate Tax Changes



Fiscal Year Ending:	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Revenues	$136,556,518	$136,101,070	$132,186,974	$133,694,772	$135,806,222	$138,341,342
Expenditures	$136,860,979	$137,812,771	$136,599,357	$137,049,913	$138,358,041	$140,392,288
Surplus / Deficit	($304,461)	($1,711,701)	($4,412,384)	($3,355,140)	($2,551,819)	($2,050,946)
Fund Balance	$9,599,264	$7,887,563	$3,475,179	$120,039	($2,431,780)	($4,482,726)

The same is true of workforce adjustments. If local revenues are raised, all of the Plan's non-workforce initiatives are implemented, and academics improve to reverse the trend of declining enrollment, the District's finances will remain in deficit without changes in workforce costs.

Revised Projection: All Revenue & Expenditure Initiatives Except Workforce Cost Changes

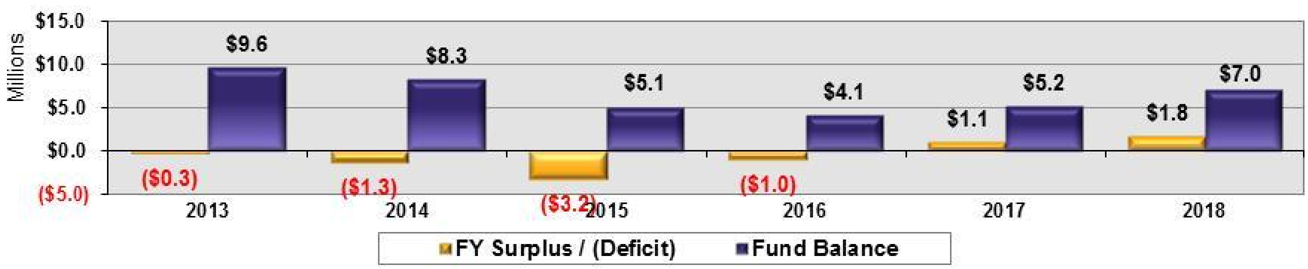


Fiscal Year Ending:	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Revenues	$136,556,518	$136,834,083	$134,323,753	$137,134,866	$140,474,870	$142,898,984
Expenditures	$136,860,979	$143,030,638	$146,632,376	$149,090,650	$151,086,090	$152,564,607
Surplus / Deficit	($304,461)	($6,196,555)	($12,308,623)	($11,955,783)	($10,611,221)	($9,665,623)
Fund Balance	$9,599,264	$3,402,709	($8,905,914)	($20,861,697)	($31,472,918)	($41,138,541)

During the development of this Recovery Plan, most stakeholder groups have suggested that they have made substantial sacrifices and can do no more for the District. These comments are well-founded, as students, parents, instructional and non-instructional employees, administrators, taxpayers and others have made real sacrifices in recent years. Unfortunately, the District's situation will get much worse - and it will soon have to cease operations - unless all parties agree to a comprehensive, multi-year Recovery Plan which involves some additional difficult measures for all in order to turn the District around and serve the children of Harrisburg.

The Recovery Plan for the Harrisburg School District

When the District successfully adjusts its spending to match current and potential revenues and improves academic offerings to successfully recruit students to District cyber and traditional schools, it will reverse negative financial trends and become financially viable. As shown below, implementation of the recommendations in this report - including matching non-instructional costs with available resources and increasing rather than losing student population – will create positive annual results with a growing net balance and a rainy day fund balance reserve by the end of the Plan period.



Fiscal Year Ending:	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Revenues	$136,556,518	$136,474,896	$133,437,251	$136,073,811	$139,473,271	$142,203,137
Expenditures	$136,860,979	$137,812,771	$136,599,357	$137,049,913	$138,358,041	$140,392,288
Surplus / Deficit	($304,461)	($1,337,875)	($3,162,107)	($976,102)	$1,115,231	$1,810,849
Fund Balance	$9,599,264	$8,261,389	$5,099,282	$4,123,180	$5,238,411	$7,049,260

The remainder of this document reviews each area of the District in detail, identifies key challenges and opportunities, and puts forth a series of initiatives to reform and improve school district academics and operations while controlling costs. Key aspects of this Recovery Plan that lead to the financial results shown above include:

Academic

- Adoption of a detailed roadmap to restore academic performance, including specific deadlines for developing and implementing steps to achieve educator effectiveness, rigorous program analysis, and strict adherence to a standards-based curriculum;
- Expansion of the in-District cyber school alternative and market research to match District cyber offerings with what parents and students want;
- Excellent academics resulting in the slowing of enrollment decline after 2013-14 with 6.0 percent charter enrollment growth in 2014-15, 3.0 percent in 2015-16, and no charter growth thereafter. In addition, enrollment at Cougar Academy is expected to grow 50 students next year, 100 students in 2014-15,and 50 students each subsequent year as the District grows and expands its cyber options including a variety of hybrid education options;
- Pursuant to a plan developed by the District and reviewed by the Recovery Plan technical assistance team and the CRO, realigning District schools to create a kindergarten/pre-kindergarten center(s), a grades 1-5 or 1-4 structure in three elementary schools, and a grades 6-8 or 5-8 structure in the three middle schools;
- Recruiting a Chief Executive Officer to manage non-instructional District services, freeing the Superintendent to focus 100 percent of her efforts on leading the District to academic excellence.

Financial

- Creation of multi-year financial stability based on comprehensive operating and capital budgets that can be updated as conditions change;
- Maintaining a positive fund balance to achieve long-term stability, avoid short-term cash flow problems, and offset short-term deficits before positive annual results return beginning in 2016-17;
- Dedication of proceeds from building and land asset sales to future capital needs;
- Developing a comprehensive policy on debt and debt management;
- Application for a $6.44 million no-interest Transitional Loan from the Commonwealth to fund short-term costs for Cougar Academy marketing and the Chief Executive Officer, for transportation costs related to reorganizing school buildings and upgrading early childhood programs, and for transitional costs.

Facilities

- Improved energy efficiency and better building management to provide quality facilities at a lower cost;
- Right-sizing maintenance and custodial headcount to match standard work levels across buildings;
- Sale of unused facilities to generate funds for capital investment elsewhere in the District.

Revenue

- Generate $6.6 million in non-tax revenue for the District by improving revenue collections, seeking additional aid from non-profits, continuing existing efforts to secure payments-in-lieu-of-taxes for properties placed in Keystone Opportunity Zones or receiving other tax abatement designations, increasing reimbursement for Medicaid Access, school lunch and other programs.
- Improve grant-writing and monitoring to secure additional federal, state, local and private funds for the District;

- Preserving local tax effort by increasing locally-generated property tax revenue through one-time partial Act 1 exception amount in 2013-14, annual Act 1 index millage increases and improved collections through 2016-17;
- Elimination of annual Act 1 index millage increases in 2017-18 as District finances recover.

Workforce

- Wage reductions of 5 percent in 2013-14 and an additional 5 percent in 2014-15, followed by a wage freeze in 2015-16; creation of a pool of funds for each bargaining unit to access in new contracts negotiated with the District beginning in 2016-17;
- Workforce changes need to be made with minimal impact on current class sizes and student teacher ratios;
- Benefit cost reduction of 5 percent in 2013-14, with future annual increases for District-paid portion limited to 5 percent;
- Changes in teacher expectations commensurate with the academic goals.

Measurement & Success

- Requirement that the District achieve annual academic performance goals, with 2013-14, 2014-15, and 2015-16 targets of approximately 5.0 percent annual improvement in reading and mathematics at each grade level and similar improvement on Keystone Exams for 11th graders;
- Requirements for increased graduation and attendance rates;
- Additional monitoring of and public reporting on progress in PSSA scores, SAT performance, and teacher proficiency;
- Fail-safe plan to protect District students by transferring District educational programs to external management if the required performance goals are not achieved in results reported for the 2015-16 school year.

If promptly and properly implemented, these changes will provide an improved education for students and bring the District's budget into balance. However, the Recovery Plan requires the immediate implementation of changes in the District, and includes many initiatives that will be difficult to implement and may be unpopular with some segments of the community. While it is clear that this change is required if children are to have opportunity and the District is to survive, children cannot be left at risk if adults fail to implement the plan and help them make real progress in educational achievement. Therefore, if the required District restructuring is not implemented and academic progress not achieved as described in the measurement of success section, the District's remaining operations shall be transferred to an educational management organization or other non-District operator in the 2016-17 school year.

This plan is intended to be transformative. The District's children can no longer be permitted to achieve at current levels - they deserve a great education and the opportunity to succeed. This plan offers the District's leaders, administrators, teachers, and parents a framework to work together in partnership to succeed for their children now. They are urged to accept this challenge and move forward to improve and preserve the District's schools for the children.

Other Provisions

Exit Criteria

Pursuant to section 641-A (9) of Act 141, the CRO must establish specific criteria that the District must satisfy before the Secretary may terminate financial recovery status. The District shall meet at least the following criteria in order to be released from financial recovery:

- The District is achieving adequate yearly progress under the provisions of the federal No Child Left Behind law, or complying with similar requirements of successor statutes;
- The District has achieved financial stability by maintaining a positive fund balance of at least five percent of annual revenues for three successive years, and concluded two successive years with positive annual financial results, both as reported in the District's audited annual financial statements;
- The District does not request or require an advance of its basic education subsidy;
- All employee salaries are paid when due;
- The District is not in default on any bonds, notes or lease rentals and is not subject to withholding by the Secretary under section 633 of the Public School Code;
- The District does not satisfy the criteria for determination of recovery status established in regulations promulgated under section 621-A (a) (2) of Act 141.
- Under Section 625-A(c)of Act 141, the City of Harrisburg must emerge from Act 47 municipal recovery oversight before the school district may be released from Act 141 financial recovery status.

Powers and Duties Under Section 642-A

Throughout this plan, the District and the CRO are directed to take actions authorized by section 642-A of Act 141, granting certain powers and duties to achieve the goals of the plan. The specific actions authorized in this plan pursuant to section 642-A shall include but are not limited to:

- Cancel or renegotiate contracts that are in conflict with or an impediment to timely implementation of the provisions of this plan (subsection 3);
- Increase tax levies (subsection 4);
- Appointment of a special collector of delinquent taxes, subject to approval by the CRO (subsection 5);
- Dispense with the services of nonprofessional employees (subsection 6);
- Employ professional and senior management employees who do not hold State certification (subsection 9);
- Enter into agreements with for-profit or non-profits organizations to provide services (subsection 10);
- Close or reconstitute a school, including the reassignment, suspension or dismissal of professional employees (subsection 11);
- Reallocate resources, amend school procedures, develop achievement plans and implement testing or other evaluation procedures for educational purposes (subsection 13);
- Supervise and direct principals, teachers and administrators (subsection 14);
- Negotiate new collective bargaining agreements to effect needed economies (subsection 15);
- Delegate powers of the CRO (subsection 16);
- Employ entities to review financial and educational programs (subsection 17).

Should the District fail to meet the performance requirements included in the plan[5] by the close of the 2015-16 school year, this plan also authorizes the imposition of alternative educational delivery systems as described in subsections 2 (relating to converting school buildings to charter schools); 7 (relating to entering agreements with persons or for-profit or nonprofit organizations to operate one or more schools); 8 (relating to suspending or revoking a charter); 12 (relating to appointing managers, administrators or for-profit or nonprofit organizations to oversee the operations of a school or schools); and 18 (relating to negotiating a contract with a charter school) of section 642-A of Act 141.

This section is meant to be liberally construed, not limit, the initiatives and directives found throughout this plan.

[5] See initiative ED04 in the Education chapter of this Recovery Plan for detailed performance requirements.

Education

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Education

Overview

The Harrisburg School District (HSD), like all school districts in the Commonwealth of Pennsylvania, is responsible for providing educational services to its students in accordance with state and federal laws and regulations. Its mission statement indicates that the HSD is committed to providing a rigorous and relevant education to all students in a learning environment that fosters high expectations and is data-driven with standards aligned instruction provided by committed, highly qualified teachers. The District's mission statement also commits to a culturally responsive, safe, and positive school environment to enhance, empower and promote the value of lifelong learning for its students. The HSD sees its families and the Harrisburg community as active partners in the educational process.

Accountability for the educational program ultimately lies with the Superintendent of Schools. The overall day-to-day oversight for the educational program lies with the Assistant Superintendent for Leadership and School Accountability. In addition, there is a School Improvement Administrator who supervises core academic program coordinators and a Transformation Reform Specialist who is responsible for leading and supervising the Transformation Team. Both positions provide guidance and support to the Principals and school staff. Also in the area of curriculum and instruction there is a Director of Special Education and an English Second Language (ESL) Supervisor.

The following Pennsylvania regulations that the District should continue to focus on are:

- Chapter 4 in regard to the expectations that the instructional programs are designed to meet, so that all students can:
  - 1) demonstrate mastery of state academic standards; and
  - 2) meet specific graduation requirements to receive a high school diploma;
- Chapter 14 - requirements for special education;
- Chapter 16 - requirements for gifted education;
- Chapter 10 - focus on a safe school environment;
- Chapter 11 - focus on student attendance;
- Chapter 15, which addresses services to disabled students who do not require specifically-designed instruction under the Individuals with Disabilities Education Act (IDEA).

The established District goals and priorities are as follows:

- Use data to guide improved student achievement, school engagement, and social emotional wellness;
- Align district teaching and learning and operational systems;
- Revise the District support system to schools:
  - embrace Pennsylvania's Standards Aligned System (SAS) and Response To Instruction and Intervention (RtII) framework;
  - align to Pennsylvania Common Core Standards;
- Implement a District-wide system of accountability to ensure student learning and effective practices;
- Engage families and community;
- Build positive school climates through Resiliency training and Positive Behavioral and Interventions and Supports (PBIS).

Assessment

The Harrisburg School District faces profound educational challenges that are typical of many urban school systems in Pennsylvania as well as in the nation. The challenges manifest themselves in low performance on standardized tests, low graduation rates and limited success in progressing to college or vocational training. This unacceptable academic performance continues in spite of significant expenditures per student and significant organizational focus on school improvement.

The additional financial problems that face Harrisburg are addressed elsewhere in this report. The District will need to make tough decisions on resource allocation. The District's financial challenges mandate that the District optimally utilize every resource to achieve measurable improvement in student performance.

This report is not focused on the past but the future. However, in order to understand what it means to achieve measurable improvement in student performance it is vital to establish the baseline of academic performance of Harrisburg students. A key indicator of is the Pennsylvania Value-Added Assessment System (PVAAS) which measures year-on-year growth in performance.

Harrisburg School District
PVAAS Average Growth Index & Adequate Yearly Progress, 2011-12

PSSA Test	Growth Measure	Standard Error	Average Growth Index	% Proficient	% Advanced	% Total	2012 AYP Targets
PSSA Math 4-8	-0.7	0.3	-2.6	25.2%	11.2%	36.4%	89.0%
PSSA Math 9-11	21	9.4	2.2	21.9%	9.3%	31.1%	89.0%
PSSA Reading 9-11	-0.2	0.3	-0.7	26.4%	8.5%	34.8%	91.0%
PSSA Reading 4-8	21.7	9.8	2.2	28.5%	12.2%	40.7%	91.0%
PSSA Writing 5, 8, 11	-17.6	15	-1.2	48.4%	5.6%	54.0%	N/A
PSSA Science 4, 8, 11	1.7	3.5	0.5	12.5%	3.7%	16.2%	N/A

The performance of the students at HSD must improve and it can improve. The entire school community owes the students a concerted effort and their total support in improving performance. All parents, teachers, non-teaching staff members and community members in Harrisburg must consider themselves personally accountable for the improvement Harrisburg's public schools. Accomplishing this goal is a matter of community security and vital to the long term viability of the City of Harrisburg.

The good news is that the Board, administrators, teachers and parents have made progress in establishing the infrastructure to support improvement in student performance; the bad news is that this effort has not to date produced evidence on PSSA tests of student performance improvement and without significant refinement, the current infrastructure is not likely to be successful in the future.

Assessment of Current School Improvement Effort and Key Findings

The study team carried out an extensive review process in order to assess the District's current academic approach and the School Improvement Grant (SIG) plan. The review process consisted of:

- Interviews with all building Principals;
- Interviews and discussions with central office administrators overseeing school improvement;
- Site visits at district buildings to witness some educational processes and classroom instructional approaches.

The focus of the review process was to understand the organizational structure of the academic program in the District, to examine the District’s educational practices, to determine the method for student assessment and monitoring, to view actual classroom instruction, and to discuss with the practitioners the strengths and weaknesses of the current academic approach.

As a result of the review effort, the study team made the following key findings and recommendations, which form the basis for initiatives for corrective action that shall be undertaken as part of the Recovery Plan:

1. The Harrisburg School District has put in place an educational infrastructure that, if fully and effectively utilized, can lead to student improvement.
2. The current approach is deficient in several major areas:
    a. Administrators are not spending enough time in classrooms assessing, monitoring and modeling effective instruction.
    b. Administrators in the District do not consistently use a common set of lenses to review and assess classroom instruction. Furthermore, the administrators are not adequately trained as a team on assessing and improving classroom instruction using the new Pennsylvania teacher evaluation tool.
    c. There are many separate working groups in the District focused on instruction and improving student performance; however, the working groups do not function as an effective team in accomplishing common goals related to instruction.
    d. In order to significantly improve student performance, administrators and teachers need more professional development related to elements of effective instruction and teaching.

Classroom Observation Rationale

Extensive research indicates that classroom effects are more powerful influences than school effects as they relate to improving student performance. Moreover, more can be acquired from improvements in the classroom than improvements in the overall school. Therefore, administrators need to find ways to increase their presence in the classroom observing instruction as well as student engagement. As District administrators revealed their daily schedules to the study team, the overwhelming majority of administrators reflected a less than satisfactory presence in the classroom. Presence in the classroom is merely the first step in improving instruction and student engagement. Administrators also must have a clear and unified vision for effective instruction and student engagement so that observation feedback to teachers will be consistent. There was no evidence of this common understanding among District administrators.

It is essential that all teachers apply effective teaching and learning at all times each day in all classrooms to promote student achievement. Although it has an adequate infrastructure the District does not have a well-coordinated effort to improve instruction with high expectations of Principals and staff.

It is imperative that all District Principals become true instructional leaders by strategically utilizing the positions within their infrastructure so they are not spending large blocks of time on lower level administrative issues. In addition, Principals must spend more focused time on ensuring that standards based instruction is built into each classroom. A key component is the development of a building level leadership team that is capable of shouldering the work load in order to free the Principal to become more of an instructional leader. Building level leadership teams that meet at least one time per week to structure the focus around instruction can be instrumental in enabling the Principal to be involved in classroom instruction. District Principals appear to be bogged down with discipline issues that remove them from instruction. The building leadership teams can be better utilized to minimize the Principal’s involvement in tasks that can be managed by others. Interventions to maximize instructional involvement can be used (e.g., establishing time out rooms that are monitored throughout the day by the building leadership team until the Principal is available to give attention to those students).

Other key components of infrastructure improvement that should be refined and made consistent are classroom walkthroughs and formal observation frequency and quality. Walkthroughs should be conducted regularly to determine whether or not the principles of learning and teaching are being applied. There should be a stop-gap quick study of the Ten Principles of Learning and Teaching from the National Institute for School Leadership (NISL) course 1, unit 4, so they can be identified during classroom observations.

Expanded Cyber School Services

It is clear that the failure of the Harrisburg School District to meet the academic needs of students has caused parents to seek alternatives to the traditional school setting. Charter school enrollment in Harrisburg has grown substantially over the last five years, with average annual increases of 27 percent over the last three years. The loss of District-educated students has been one of the driving forces of the fiscal issues facing the District, and it is vital that the District become competitive in meeting the needs of students so that it can retain enrollment and avoid the economic consequences of loss of students to other educational options.

The increasingly competitive nature of the K-12 education system in Pennsylvania is having an impact on many school districts. In particular, as charter school options expand, parents are critically evaluating their educational options and availing themselves of many alternatives including both brick-and-mortar and cyber charter schools. Many public schools have embraced this competitive environment and have developed a heightened awareness of the importance of understanding the needs and concerns of parents and students and developing programs to meet those needs within the public school setting.

In terms of the evolution of the K-12 education structure, Harrisburg is somewhat unique in that presently the bulk of the students attending charter schools are doing so through cyber charters rather than brick-and-mortar charter schools. In 2013 approximately 672 Harrisburg school age children are enrolled in charters, and about 70 percent of them attend cyber charter schools.

In terms of meeting the needs of the parents and students, the predominance of cyber enrollment presents a competitive opportunity for the Harrisburg School District in that the variable of the physical location and condition of the school is less of a factor. The issue and challenge for the District is to understand the goals and objectives of the students enrolled in cyber schools, and to present a District-operated alternative that meets or exceeds the performance of the non-District cyber schools. The development of the District cyber schools will require a deep understanding of the needs and desires of students and parents and the development of creative solutions to meet those needs. These options should include hybrid education arrangements that combine in-class instruction and support along with cyber education. A key to successfully operating a competitive cyber school will be to differentiate the District's cyber option from other cyber options that are available, capitalizing on the strengths of the Harrisburg School District.

To their credit, Harrisburg school officials have recognized the value and importance of providing high quality cyber education for their students. Through a cooperative program called CAOLA (Capital Area Online Learning Association), in the 2012-13 school year the District began to offer cyber education to Harrisburg School District students through the Cougar Academy. The Cougar Academy currently provides cyber education for grades 9 – 12. The Harrisburg School District pays $3,000 for each student enrolled in the Cougar Academy; students are provided with a computer, a printer and internet access to the CAOLA programs. Upon graduation, the students receive a diploma from Harrisburg School District. In addition, students enrolled in the Cougar Academy have access to extracurricular activities at the District.

In contrast, from a fiscal standpoint, Harrisburg pays approximately $10,000 for each regular education student enrolled in a cyber charter school and about $23,000 for each special education student. Clearly, if Harrisburg can attract its students to the in-District charter there is a significant positive fiscal impact for the District.

INITIATIVES

Improving School Performance

The critical components of effective standards-based instruction that should become the focus in the District are effective classroom instruction; curriculum development; the reorganization of student enrollment and building utilization; new evaluation instruments for teachers and administrators; professional development; and team building. These critical component pieces must function efficiently in order for the system to thrive and become sustainable, but most importantly for the students in the District to become successful.

The poor performance in the District is characterized by a number of factors which include:

- Ineffective school improvement plans;
- Ineffective implementation of evaluation instruments for all professional and non-professional staff;
- Low expectations from teachers, administrators, and students;
- The absence of differentiated professional development that includes the School Board and central office administrators;
- Questionable ability of the central office administrators to transform the existing working groups into high performing teams;
- Questionable willingness on the part of building administrators and teachers to rigorously implement the best and most effective practices;
- Ineffective implementation of the RTII model for intervention;
- Inability of building leaders to consistently provide feedback on effective instruction to teachers.

The infrastructure is in place regarding staff and administrative positions that can affect change and make a positive difference. The required plan outlined below is predicated on using the existing District infrastructure to fully implement a standards based and aligned system that employs the principles of teaching and learning with a monitoring system and unwavering accountability.

The seven goals for improving instruction and student achievement at the District are:

Goal 1

By May 20, 2013, a rigorous schedule and monitoring system of classroom walkthroughs and formal observations shall be implemented on a consistent basis in all of the buildings using Principals and/or their designees to insure that the principles of learning and teaching are being applied. There should be a stop gap quick study of the Ten Principles of Learning and Teaching from NISL (regarding what they look like) so they can be identified during classroom observations. The central administrative staff should conduct this study session.

The observation schedule shall require Principals to conduct a minimum of fifteen walkthroughs or five formal observations per week to begin immediately at the start of the 2013-14 school year.[6] This averages three walkthrough observations or one formal observation per day. Three walkthrough observations are equivalent of one formal observation. Therefore, a Principal can perform any combination of observations as long as they can be combined to equal the minimum quota (i.e. a Principal could perform two formal observations and nine walkthrough observations in a week to meet the minimum quota as well as any other combination that meets the quota).

[6] Although this provision will not be binding until the Recovery Plan is approved, there is no reason that the Superintendent could not require the walkthroughs and observations for the remainder of the 2012-13 school year.

Goal 2

By its May 2013 meeting, the School Board shall approve a plan and timeline to reorganize the grade level compositions in the buildings. The plan and timeline will specify the development of Early Childhood Centers (PreK-K), Middle School, and College and Career Academies for the 2014-15 school year. One to two existing open buildings will be designated as the Early Childhood Center and each of the Middle Schools will have “themes” (i.e. Math/Science Academy). These configurations will enable a smaller grade level structure within each building to deliver effective instruction from early childhood throughout high school. In order to assess the quality of learning in the Pre-K program, the District shall require Capital Area Head Start (the provider of Pre-K services to the District) to align curriculum to the SAS portal Pre-K standards. Furthermore, the District shall use the Kindergarten Entry Inventory or a similar tool to make such assessments.

Goal 3

By May 31, 2013, the central administration shall adopt a communication plan to publicize the implementation of the new Pennsylvania Department of Education teacher effectiveness system and administrative evaluation tool that provides specific feedback to both groups (teachers and principals) that will enable teachers to grow in the instructional areas and for Principals to become more effective instructional leaders.

Goal 4

By June 15, 2013 the appropriate central office staff shall review the Pre-K to 12 curricula to determine if they are aligned with the Pennsylvania core standards. An action plan for that alignment shall be presented by the Superintendent and approved by the Board at its June meeting.

Goal 5

By July 1, 2013, the central office and principals shall establish a structure for professional learning communities in each school and office throughout the District. This team building will be based in collaborative dialogues that are focused on improving teaching and learning.

Goal 6

By July 1, 2013 the central office staff under the direction of the Superintendent shall develop an extensive, detailed strategy for professional development that is focused on building capacity to improve instruction for all teachers, non-professional staff and administrators at all levels. The three areas for professional development that are crucial to improving teaching and learning are: 1) Pennsylvania Inspired Leadership (PIL) training for the Principals; 2) Standards-Aligned System (SAS) training for Principals and teachers; and 3) training for classroom assistants. Training in these areas can be facilitated and/or supported and/or conducted by the Pennsylvania Department of Education (PDE) and the Capital Area Intermediate Unit (CAIU).

Goal 7

By August 1, 2013 building principals shall establish organized parent groups/associations within each building that engage families and the community. The parent groups will meet monthly. Principals of each building will convene a school community council with publicized regularly scheduled meetings. The Superintendent will establish a Superintendent’s Advisory Committee (SAC). This committee will be comprised of the presidents of the parent groups and will meet monthly with the Superintendent to discuss/review the parent involvement initiative district wide.

If the District fails to achieve the minimum improvement shown above for the 2015-16 school year, does not meet the specific PSSA, Keystone exam, graduation and attendance improvement targets established in initiative ED04 later in this chapter, or does not implement the educational reforms described earlier, the CRO and the Secretary of Education shall take the necessary steps to transfer District-educated students to schools under external management for the 2016-17 school year. Authorization is provided by section 642-A of Act 141, specifically subsections (2), (7), (11), (12), (13), (16) and (18). These provisions of Act 141 authorize the management and operation of schools by non-profit or for-profit providers, converting buildings to charter schools, and other powers necessary to bring the schools under external management.

ED01.	**Establish Principals in All Buildings as Instructional Leaders**	
	Target outcome:	Instructional and performance improvement
	Five year financial impact:	N/A
	Responsible party:	Superintendent and academic leadership team

Monitoring System

The Superintendent and upper level central office staff should share the direct oversight of instruction. The Principals will be allocated among central office administrators, in accordance with the minimal quotas, for the purpose of weekly monitoring to assure that the walkthroughs and formal classroom observations are completed.

It is essential that the following monitoring system be implemented with consistent consequences for all teachers, principals, central office administrators and the Superintendent. The monitoring system will require the following steps and timelines:

1) The Principals will give feedback to teachers using the available electronic software within three days of observing each teacher. The same day, the Principals will submit that feedback to their designated central administrator using the electronic software

2) By each Tuesday, the central administrators will give electronic weekly feedback to the principals for whom they have been given oversight, and also to the Assistant Superintendent. The Assistant Superintendent will provide feedback to all pertinent central administrators and simultaneously copy all feedback to the Superintendent.

Failure to comply with any of these deadlines or the submission of unsatisfactory work will have escalating consequences as follows: first offense – written reprimand; second offense – three-day suspension without pay; third offense – recommendation for dismissal to the Board or other governing entity. These expectations and consequences apply to all administrators. Teachers must comply with their Principal's feedback or receive the same consequences.

Central administrators will be required to extract observation data (reports) from Eduphoria weekly for each Principal that they are assigned to monitor. Central administrators will submit a concise progress report three days after each deadline, which is twice per month by the fifteenth (15^{th}) and the last day of the month to the Superintendent. The Assistant Superintendent will provide feedback to the central administrators supervising principals as well as a report to the Superintendent. The Superintendent will provide written feedback to the Assistant Superintendent. Failure to do so will result in the same three step escalating discipline procedure as outlined previously. The CRO must receive monthly reports from the Superintendent summarizing the data no more than five days past the last day of each month.

ED02.	Reorganize the School Buildings	
	Target outcome:	More focused instructional delivery
	Five year financial impact:	N/A
	Responsible party:	Superintendent and central office staff

The District shall reorganize the current buildings to improve educational outcomes, with the following considerations:

- Create one to two pre-kindergarten and kindergarten centers for all students at those levels within the district using existing facilities;
- Establish a grade level scheme of 1st through 5th grade or 1st through 4th grade in the three elementary schools;
- Establish a grade level scheme of 6th through 8th grade or 5th through 8th grade in the three existing middle schools;
- At the high school level both the John Harris campus and SciTech campus would remain the same.

Approval of the reorganization plan would be completed at the May, 2013 School Board meeting. Prior to approval however, the district shall obtain and independent evaluation of academic soundness of the restructuring plan that will endorse and recommend the plan to the school board. Costs for building realignment or restructuring, if any, would be drawn from existing capital funds or capital generated through other initiatives of this Plan. In order to assess the quality of learning in the Pre-K program, the District shall require Capital Area Head Start (the provider of Pre-K services to the District) to align curriculum to the SAS portal Pre-K standards. Furthermore, the District shall use the Kindergarten Entry Inventory or a similar tool to make such assessments.

ED03.	Adopt New Educator Effectiveness System	
	Target outcome:	Improved teacher and principal performance
	Five year financial impact:	N/A
	Responsible party:	Superintendent, central office support and Principals

Administrators within the district need to use a common set of lenses as they observe classroom instruction and student engagement to ensure that feedback to teachers will be consistent and useful for improving student performance. To achieve this consistency, administrators must engage in professional development that specifically focusses on classroom instruction as well as the principles of teaching, learning and curriculum. Administrators must know what good mathematics instruction looks like (as well as literacy, science, social studies, etc.). Without this type of professional development, it is unlikely that student performance improvement will occur throughout all schools.

In the District a culture of low expectations and a lack of accountability are present. There is no clear and consistent and professional approach to evaluating teacher performance, therefore, professional development designed to improve performance is either absent or not strategically targeted. The cost of providing basic tools and resources to improve teacher performance is minimal, because the

Pennsylvania Department of Education (PDE) provides free, substantial standards-aligned professional development through the Standards-Aligned Systems portal. The driving cost of professional development is personnel time. While adequate time for professional growth and development should be built into the school calendar, teachers have a personal obligation to ensure they are capable of meeting the basic requirements of their profession.

During the 2012-13 school year only School Improvement Grant schools, Phase III Pilot schools, and Race to the Top districts are required to participate in the Pennsylvania educator effectiveness initiative. Principals need to begin preparing now to become certified evaluators by utilizing the on-line resources available through PDE. There are also viable resources for teachers so they can understand the quality of instruction required to receive a rating of proficient. Implementing this new system with fidelity is a critical component of improving student performance. Accountability for quality instruction will result in teachers who are more engaged in teaching and students who are more engaged in learning.

By July 1, 2013 the district shall develop a comprehensive plan to fully implement the Pennsylvania educator effectiveness system beginning in the 2013-14 school year to establish accountability for teacher practices associated with student achievement. The components of the Danielson Model should be kept at the forefront. Those components include: preparation/planning, classroom environment, instruction and professional responsibilities.

ED04.	**Implement a Standards Based Curriculum**	
	Target outcome:	Improved student performance
	Five year financial impact:	N/A
	Responsible party:	Superintendent and Director of Curriculum

The Pennsylvania Common Core Standards are intended to provide a consistent, clear understanding of what students are expected to learn, so teachers and parents know what they need to do to help them. The standards are designed to be robust and relevant to the real world, reflecting the knowledge and skills that our young people need for success in college and careers. The performance of the District's students as measured by the PSSA indicates that consistent exposure and engagement with a sequential program of studies designed to build essential knowledge and skills is severely lacking. Every student needs access to high quality instruction with a focus on achieving Pennsylvania's standards. The PDE provides substantial resources to achieve this goal through the Standards- Aligned System (SAS) portal, found at http://www.pdesas.org.

Professional development is provided by the local intermediate units through PDE to learn how to use the resources. The SAS portal includes voluntary model curriculum, classroom diagnostic tools, professional learning communities and video-taped lessons that can be used as practical guides or for training purposes. All administrators and teachers shall be familiarized with the SAS portal. Utilization of the portal and its resources by teachers and instructional leaders shall be mandated and non-negotiable. The Director of Curriculum and Instruction shall contact and rely on Capital Area Intermediate Unit (CAIU) to help develop a plan for technical assistance, using the PDE Comprehensive Planning Tool as the basis for beginning the work. Using this tool will allow the District to comply with Chapter 4 planning requirements and Title I school improvement plan requirements.

The Directors of Elementary and Secondary Curriculum, the Superintendent, Assistant Superintendent, Director of Special Education Supervisor of ELL and the building Principals shall lead the development of programs and opportunities for students to complete a standards-based curriculum through innovative means. Additionally, professional development needs to be utilized for analysis of student performance data to develop targets and strategies for continuous improvement in all of the aforementioned areas.

The same corps of administrators will look at thematic learning through “Small Learning Communities” (SLCs) at the middle schools and high schools. The SLC is a form of school structure that is increasingly common in urban secondary schools to subdivide large school populations into smaller autonomous groups of students and teachers. The primary purpose of restructuring secondary schools into SLCs is to create a more personalized learning environment to better meet the needs of students. Each community will often share the same teachers and students from grade to grade. SLCs are often focused on specific interests of students and have coursework designed to boost student interest and learning in their chosen area. The teachers within that community structure the course materials and assignments to offer greater depth in that particular area. Studies show that small learning communities can create more positive relationships among students and among teachers. They demonstrate that a strong relationship with the teacher and a perception that the course is relevant results in higher student attendance and that 9th grade attendance and course grades are powerful predictors of high school graduation. A plan to move forward with the Small Learning Community concept shall be developed for Board approval by June 30, 2013.

By August 15, 2013, the District shall ensure that all students served have access to curriculum, instruction, and assessments aligned to Pennsylvania’s academic standards and related exams. Specific required steps and timelines include:

- By June 15, 2013 the Directors of Curriculum shall present to the Superintendent and CRO an inventory of the current Board-approved and non-board approved curriculum with an analysis of its degree of implementation within the district and adherence to state standards for the purpose of identifying immediate priorities for curriculum development. Prior to the presentation, the inventory and its analysis shall be evaluated by a qualified outside agency.

- June 15, 2013, the Directors of Curriculum shall present to the Superintendent and CRO a written plan demonstrating how and when standards based curriculum will be developed and presented to the Board of Directors for approval. Prior to the presentation the written plan shall be evaluated by a qualified outside agency.

- By May 20, 2013, in time for consideration in the 2013-14 budget, the Directors of Curriculum shall present to the Superintendent and CRO an analysis of various modifications to the delivery system utilizing all available resources and potential modifications to the deployment of instructional personnel, to accelerate standards-based learning. This analysis should utilize research and best practice information, and must be completed in conjunction with the other instructional leaders in the district. Prior to the presentation the analysis shall be evaluated by a qualified outside agency.

- By July 1, 2013, any recommended changes in the curriculum and delivery systems shall be presented to the Board of School Directors for approval so that summer and 2013-14 in-service days can be utilized to support the implementation of these changes. Prior to the presentation the recommended changes in the curriculum and delivery systems shall be evaluated by a qualified outside agency.

- By May 1, 2013, the Assistant Superintendent shall have begun to research the available funding sources to launch the Small Learning Community initiative at the middle and high schools.

- By June 1, 2013, immediately after the approval of the SLC concept, the Assistant Superintendent and the Grant Writer shall apply for available funding to support the SLC initiative.

- By June 15, 2013, active planning and preparation, with a knowledgeable advisor, shall begin to formulate the SLC initiative.

- The targeted outcome for initiative ED04 is improved student performance. In order to demonstrate success the district shall achieve improved student performance across all grades on the Pennsylvania System of School Assessment (PSSA) tests for mathematics and reading as shown in the first two charts below, building from 2011-12 actual results. Students in the 11th grade shall achieve improved performance in the Keystone Exams and shown in the third chart below. In addition, the District shall achieve significant and progressive improvement in the rate of graduation and overall student attendance as noted in subsequent charts. Finally, the District shall monitor and publicly report on progress on these measures, SAT performance, and teacher proficiency, and other measures identified by the CRO, the Superintendent and the Board.

Minimum Performance Improvement by Grade, Math PSSAs, 2012-13 to 2015-16
% of Students Scoring Proficient or Advanced

School Year	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
2011-12	42%	32%	34%	32%	43%	41%
2012-13	42%	32%	34%	32%	43%	41%
2013-14	47%	38%	41%	38%	49%	49%
2014-15	52%	44%	47%	43%	55%	56%
2015-16	57%	49%	52%	48%	60%	61%

Minimum Performance Improvement by Grade, Reading PSSAs, 2012-13 to 2015-16
% of Students Scoring Proficient or Advanced

School Year	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
2011-12	40%	23%	26%	25%	43%	50%
2012-13	40%	23%	26%	25%	43%	50%
2013-14	46%	30%	34%	32%	50%	57%
2014-15	51%	37%	41%	39%	56%	63%
2015-16	56%	42%	46%	44%	61%	68%

Minimum Performance Improvement, Grade 11 Keystone Exams
% of Students Scoring Proficient or Advanced

School Year	Algebra I	Biology	Literature
2012-13	28.9%	11.2%	43.6%
2013-14	33.9%	16.2%	48.6%
2014-15	38.9%	21.2%	53.6%
2015-16	43.9%	26.2%	58.6%

Minimum Graduation Rate Improvement, 2012-13 to 2015-16

School Year	Minimum Graduation Rate Improvement
2011-12	45.3%
2012-13	45.3%
2013-14	48.3%
2014-15	51.3%
2015-16	54.3%

Minimum Attendance Rate Improvement, 2012-13 to 2015-16

School Year	Grades K-8	Grades 9-12
2011-12	91.45%	79.19%
2012-13	91.45%	79.19%
2013-14	93.50%	80.00%
2014-15	95.00%	83.00%
2015-16	96.00%	86.00%

If the District fails to achieve the minimum improvement shown above for the 2015-16 school year, or does not implement the educational reforms described earlier, the CRO and the Secretary of Education shall take the necessary steps to transfer District-educated students to schools under external management for the 2016-17 school year. Authorization is provided by section 642-A of Act 141, specifically subsections (2), (7), (11), (12), (13), (16) and (18).

ED05.	**Develop a District Wide Team Building Initiative**	
	Target outcome:	Staff collaboration
	Five year financial impact:	N/A
	Responsible party:	Superintendent, central office staff and principals

Historically, team building has had a positive impact on group attitude and behavior as well as on organizational change. In school districts, team building helps staff increase communication, promotes trust, and gives teachers a sense of belonging to something larger than themselves. If used correctly, teaming can increase the productivity and adaptability of schools. The knowledge base and skills needed for team building are not in place in most traditional school settings.

It is apparent that many working groups are active in the Harrisburg School District. However, a working group does not produce or maximize results in a way that effective teams produce results. Effective teams have a clear vision that guides their work. They consider their contexts and develop a strategy that is clearly aligned to achieving its goal with benchmark measuring points and adjustments made wherever necessary. The working groups in the District need to be transformed into effective teams with specific goals.

The delivery system in the District must be changed to meet the challenges that are affecting the students. A system must be adopted that develops a spirit for learning. The educational pedagogy that emerges must have a transformational effect on the learner(s), the teacher(s), and school administrator(s). It needs to be experience based and allow the process to embody and model the values of compassion, consensus and cooperation instead of competition.

By July 1, 2013 the central office staff in cooperation with the building Principals shall develop a progressive plan to transform the District into professional learning communities that are strongly focused on team building. Prior to the implementation of the Plan it shall be evaluated by a qualified outside agency. The following components will be incorporated into that plan:

- Professional development for central office staff, building administrators and teachers and support staff that will teach them the dynamics of team building and how to work collaboratively within a team;
- The application of team building at all levels to include central office to Principals, Principals to teachers, teachers to students, and students to students;
- The master schedules in the schools will be analyzed and structured so that teams will be able to meet and work together;

- The professional development and new structure in the building(s) will enable teaming both horizontally and vertically for grade levels in the schools;
- Scaffolded dialogue/articulation from not only grade level to grade level in the school, but progressively form pre-school to elementary, elementary to middle, and middle to high schools;
- A provision within the plan that at each level there will be a hard stand taken against those that are unwilling participants or low performers in the professional learning/teaming concept.

ED06.	**Plan and Structure District Wide Professional Development Initiative**	
	Target outcome:	Improved teaching and learning
	Five year financial impact:	N/A
	Responsible party:	Superintendent and central office staff

Having the capacity within classrooms for schools and districts to enable, support and sustain high quality instruction is a critical condition for any educational system that has made mastery of a high demand curriculum aligned to the Pennsylvania Common Core standards a goal for all students. The need for instructional capacity and having the resources to support teaching in a manner in which students learn at a high level is widely recognized by reformers and educators. Four types of instructional resources are needed in the District in order to provide high quality instruction to all students. Those four resources are:

1. instructional knowledge;
2. instructional materials;
3. instructional relationships;
4. organizational structures.

The success of the professional development initiative is dependent on the District building an organizational structure that supports the identification, development and use of instructional resources. Examples include:

- Common learning time for subject/or grade level teachers;
- Common learning time for building Principals;
- Common learning time for instructional assistants;
- Formal instructional leadership roles and organizational mechanisms that foster teacher collaboration;
- Learning from peers and communication patterns that develop a shared understanding of teaching practices that are linked to student learning.

Extensive professional development is needed in several areas in the District in order to reach the goals of this chapter and to develop a sustainable system that demonstrates consistent annual growth. The most crucial areas are:

- PIL training for Principals – in particular Courses 1 and 4. This training can be arranged with the PDE in order for the Principals to be certified;
- SAS training for Principals and teachers – the training can be arranged through the PDE and/or Capital Area Intermediate Unit (CAIU);
- Training for classroom assistants – the training can be arranged through CAIU or by using resources within the District.

Additionally, the District shall explore the development of an instructional coaching model provided by the Pennsylvania Institute for Instructional Coaching (PIIC). This model will establish one to two instructional coaches in each building, preferably one for literacy and one for numeracy. These coaches will be hand-picked by the Superintendent and immersed in training one day each week in the best and most effective instructional practices. The other four days they will work in the buildings with teachers in the classrooms and during planning time to refine their skills. The training for the coaches will be provided by a recognized outside group or organization. This training should be a two- year process.

By the June 17, 2013 School Board meeting the Directors of Curriculum shall present to the Superintendent and CRO a comprehensive professional development plan that addresses the goals of this chapter. The plan will include summer training and the strategic use of Act 80 days and scheduled in–service days throughout 2013-14 school year.

By July 15, 2013, the Principals, working with the Directors of Curriculum and central office staff, shall structure their buildings so that the professional development can occur. This restructuring will include a master schedule that enables vertical and horizontal planning opportunities, regular early dismissal days, and any creative schemes that provide opportunities for professional development (e.g. a schedule within a schedule to free up grade levels).

ED07.	**Develop a District-Wide Parent Involvement Initiative**	
	Target outcome:	Increased parental involvement
	Five year financial impact:	N/A
	Responsible party:	Superintendent/Building Principals

Each school in the district needs to have an organized parent group to support the schools and help parents help the children become more successful academically and behaviorally. The most consistent predictors of children's academic achievement and social adjustment are parent expectations of the child's academic attainment and satisfaction with their child's education at school. Parents of high achieving students set higher standards for their children's educational activities than parents of low achieving students. Decades of research show that when parents are involved students have:

- Higher grades, test scores, and graduation rates
- Better school attendance
- Increased motivation, better self esteem
- Lower rates of suspension
- Decreased use of drugs and alcohol
- Fewer instances of violent behavior

Although most parents do not know how to help their children they may become increasingly involved in home learning activities and find themselves with opportunities to teach, model for and guide their children. The strongest and most consistent predictors of parent involvement at school and at home are specific school programs and teacher practices that encourage parent involvement at school and guide parents in how to help their children at home.

Parent involvement components are required in the federal Elementary and Secondary Education Act (ESEA). In the HSD parent involvement is inconsistent and lacks an organized, well-orchestrated approach. Such an approach, followed with fidelity, will increase participation and help parents identify programs and services to help their children and schools become more successful.

By August 1, 2013 the Principal of each school will identify a parent that will serve as the president of the parent organization in the school. Some schools may already have an active PTA/PTO. The president and the Principal will work toward the development or further development of the parent organization. Additionally, the Superintendent will implement a Superintendent's Advisory Committee (SAC). The committee will be composed of the presidents of school organizations which will meet monthly with the Superintendent to discuss and review the progress of the parent involvement initiative. It is an opportunity for each organization to become further refined. The organizations will become acquainted with the services that the district can offer parents to overcome obstacles that impede their involvement in their children's education. A regular face to face meeting with the Superintendent will demonstrate the District's commitment to the initiative. The Title I State Parent Advisory Council (SPAC) will provide guidance and support at little cost to the district.

ED08.	**District must comply with all statutory requirements**	
	Target outcome:	Effective programs for all students
	Multi-year financial impact:	N/A
	Responsible party:	Superintendent, Director of Special Education, building principals

This Recovery Plan includes resources to serve all students of the District, including those with special education needs, those assigned to alternative schools, and those attending vocational education or other programs. The terms of the Plan do not eliminate or modify the District's requirement to comply with all relevant statutes governing the education of children in the District.

ED09.	**Secure outside funding for educational enrichment and other programs**	
	Target outcome:	Increased academic and non-academic enrichment opportunities
	Multi-year financial impact:	N/A (externally-funded)
	Responsible party:	CRO, Superintendent, CEO

The District is fortunate to have the Harrisburg Public Schools Foundation to generate community support for its programs. The Foundation serves as the District's EITC conduit to solicit and allocate charitable contributions to benefit the District and its children. It also encourages a wide variety of direct and in-kind contributions to the District. Several of the initiatives in this Recovery Plan include roles for the Foundation, most notably the provision of grant writing services. In addition, while this Plan does not include specific programmatic directives or fund-raising targets for the Foundation (as it is an independent organization), the senior leadership of the District shall work with the Foundation to expand its support of programs to enhance academic and non-academic offerings. These might include but not be limited to music, art and language supplements; field trips and special visitors; supplemental college counseling, college access support and test preparation; after-school academic (instruction, tutoring, homework help) and non-academic opportunities (from chess to athletics); summer academic and non-academic activities; day care support; and teacher development. Funds may also be solicited to reward student and teacher performance.[7]

Improving Educational Options

The Harrisburg School District shall undertake an aggressive program to develop, expand and promote in-District cyber school options for its students. The program will involve multiple components and require the laser-like focus of both the School Board and Administration. Further, the program will require dedicated resources and the sole attention of individuals within the District. The components of the program include:

[7] Authorization for this initiative is provided by Section 642-A(16) of Act 141, *inter alia*.

- the development of a knowledge base on current and potential cyber students;
- the designation of a single person responsible for the success of the District's cyber school;
- an evaluation of the current program in relation to the assessment of needs;
- the modification or expansion of the current Cougar Academy based on the needs assessment;
- the active promotion of the Cougar Academy through communication with target customers; and
- continuous outreach to cyber students and parents to assess satisfaction with the program, and identify and implement opportunities for improvement.

Most of all, this program will require a change of mind set for the School Board, Administration and faculty, in which there is recognition that the students in cybers are Harrisburg School District students who are simply seeking an alternative means for completing their K – 12 education.

The overall goal of the initiatives is to increase the number of cyber students from the District who choose to attend the Cougar Academy. The targeted number of new students attending the Cougar Academy each year is shown below:

2013-14	2014-15	2015-16	2016-17	2017-18
50	100	50	50	50

ED10.	**Development of a Database of Current and Potential Cyber School Students**	
	Target outcome:	Develop a complete understanding of the factors causing Harrisburg parents and students to seek cyber education
	Five year financial impact:	($20,000)
	Responsible party:	Superintendent and Designated Cyber School Leader

The District shall immediately undertake an effort to develop a complete understanding of the needs and goals of students and parents who are selecting cyber education. The survey shall encompass both current and prospective students and shall consist of both direct outreach and statistically valid surveying of the target consumers of cyber services. The survey shall be conducted in the 2012-13 school year and again in the 2016-17 school year.

The cost of the survey and database development will be paid from the Financial Recovery School District Transitional Loan Fund.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
($10,000)	$0	$0	($10,000)	$0	($20,000)

ED11.	Employ a Staff Person who is Fully Dedicated to Development and Expansion of the Cougar Academy	
	Target outcome:	Create focus and accountability for the success of the Cougar Academy
	Five year financial impact:	($533,454)
	Responsible party:	Superintendent

The District shall immediately select and designate (with the approval of the CRO) a qualified individual whose job it is to oversee the development and success of the Cougar Academy program. The individual selected will be designated as the Director of the Cougar Academy and shall report directly to the Superintendent. The Director will have specific job performance objectives which all relate to the growth and development of the enrollment in the Cougar Academy. The individual selected for the position will be given a three year contract with contract renewal predicated on attaining the objectives spelled out in relation to the growth of the Cougar Academy.

The cost of this position for the first three years will be paid from the Financial Recovery School District Transitional Loan Fund.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
($100,000)	($102,858)	($106,674)	($109,293)	($110,846)	($528,798)

ED12.	Modification and Expansion of Cougar Academy	
	Target outcome:	Based on user survey and other outreach adapt the Cougar Academy to meet the needs of students and parents in order to increase participation
	Five year financial impact:	N/A
	Responsible party:	Director of the Cougar Academy

Based on analysis of the data obtained from the current and potential students, the District shall adapt the Cougar Academy concept with the goal of increasing enrollment in the program. The adaptation of the program should use best practices from around the Commonwealth and the nation regarding public school operated cyber programs. The adapted program shall include but not be limited to:

- The creation of hybrid in-seat and cyber education;
- The opportunity for graduation acceleration through cyber study;
- The provision of funds to parents to cover educated related costs of the cyber program;
- Complete participation in District extracurricular activities by cyber students;
- Supplemental guidance and counseling services for cyber students;
- Direct access to instructional staff for supplemental educational support.

ED13.	Promotion and Communication in Relation to Cougar Academy	
	Target outcome:	Increase awareness of Cougar Academy among current and prospective cyber students and their parents
	Five year financial impact:	($500,000)
	Responsible party:	Director of the Cougar Academy

The competitive environment in public education requires that the District not only create a great cyber school program, but also promote that program to the current and potential consumers of the service. The District shall immediately develop a program to communicate the qualities of the Cougar Academy using a variety of media and techniques including written material, public meetings, commercial advertising and one-on-one meetings with parents and students.

The first three years of this promotional effort shall be funded from the Financial Recovery School District Transitional Loan Fund.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
($100,000)	($100,000)	($100,000)	($100,000)	($100,000)	($500,000)

ED14.	Outreach and Evaluation	
	Target outcome:	Continuously evaluate and revise Cougar Academy based on outreach to current and prospective students and their parents
	Five year financial impact:	N/A
	Responsible party:	Director of the Cougar Academy

The District shall develop a comprehensive program of outreach and evaluation regarding the Cougar Academy. The information gathered from this process will be used to modify and adapt the program to meet the needs of students and parents and to adapt to the changing market for cyber education. The Director of the Cougar Academy will be responsible for this effort and the Director will report quarterly to the CRO on the outreach efforts and the changes to the Cougar Academy program that will be made as a result of the outreach and evaluation effort.

Administration and Finance

Administration and Finance

Overview

Successful school systems, particularly larger urban school systems, are complex operations. In addition to the core educational functions, the school system has to house staff and students, provide transportation, food service and health service. The school system has to pay staff and vendors, collect taxes, manage cash and debt and make sure there is adequate insurance for people and buildings. In sum, the administrative and financial operations of school systems are complex and demand significant expertise and focus to manage successfully.

In the course of developing the CRO Plan for Harrisburg, there was a review of all operational and financial areas of the District. A number of the functional areas are dealt with in separate chapters (i.e. Facilities and Maintenance, Food Service). The focus of this chapter is on the remaining core administrative functions of the District including Human Resources and Payroll. The chapter will also deal with issues of administrative staffing levels, absenteeism among staff, and the repayment of the Act 141 Loan Funds that are embedded in the plan and the creation of a new position of Chief Executive Officer (CEO) who will oversee all administrative and financial functions of the District.

Administrative Leadership

The overall conclusion of the review of administration and finances of the District is that there is an infrastructure in place but there is significant room for improvement. Improvement in these functions will lead to cost savings and more effective operation of the District. At present the administrative staff appears to be stretched as it pursues multiple goals and objectives. There is at present a strong central control approach to administration with the Superintendent as the focus of many initiatives. Administrative staff is not given the latitude to operate independently and demonstrate their capability, resulting in a lack of initiative in dealing with numerous issues and areas for improvement facing the District.

With the additional responsibilities of implementing the numerous initiatives contained in CRO including the initiatives related to academic improvement, the present Superintendent and administrative structure will not be successful in achieving the change necessary for Harrisburg. This report requires the creation of the position of Chief Executive Officer (CEO) for the District who will have the responsibility to oversee the administrative and financial operation of the District. The CEO will be coequal to the Superintendent and report directly to the School Board and the CRO. The CEO will work collaboratively with the Superintendent to achieve the academic goals of the CRO plan but will relieve the Superintendent of responsibility for implementing the non-academic initiatives of the CRO Plan. This will allow the superintendent to focus her time on the very important and challenging academic goals for the District.

Initiatives

Implementing the numerous initiatives contained in the CRO's Recovery Plan while improving the daily operation of the instructional and non-instructional aspects of the District will constitute a significant task. In order to insure that Recovery Plan initiatives will be implemented with alacrity and fidelity, and to provide the Superintendent with sufficient time to focus on the academic enhancement aspects of the Plan, the District shall immediately create the position of Chief Executive Officer (CEO) and retain a highly-qualified individual to serve in the post.

AF01.	Create and Staff the Position of Chief Executive Officer for the District	
	Target outcome:	Improve the overall administration of the District while implementing the initiatives of the CRO's Recovery Plan to achieve long-term fiscal stability and academic achievement
	Five year financial impact:	($1,000,000)
	Responsible party:	School Board and CRO

The CEO will report directly to the School Board and the CRO; the Board and CRO shall set compensation for and evaluate the CEO. The CEO may possess an academic certification or have experience managing large public sector organizations, but certification or other credentials shall not be a requirement for the job. The goal is to cast a wide net to find a dynamic CEO with a record of achievement.

The CEO will work closely with the Superintendent of Schools in the management of the District, and non-instructional senior personnel such as the Business Manager and the head of Human Resources shall report to the CEO. A specific job description for the position shall be developed; however, the duties of the CEO shall include but be not limited to:

- Oversight of the implementation of the Recovery Plan;
- Development of annual budgets;
- Preparation of monthly and annual financial reports;
- Management of the District's human resources department and payroll office;
- Make hiring and firing recommendations to the school board in relation to any district staff;
- Management of the business office and the transportation, food service and facilities departments;
- Management of the federal grants;
- Liaison with the District's foundation and other outside donors of funds and services;
- Implementation of new revenue initiatives;
- Oversight of debt and debt issuance;
- Management of the collective bargaining process.

The School Board shall immediately undertake an appropriate search for a qualified person to serve as CEO. The School Board must receive the approval of the CRO before selecting the person to fill the position. The cost of the salary and benefits for the CEO for the first three years will be provided from the Financial Recovery School District Transitional Loan Account. The cost of the search process for the CEO will also be covered by the loan fund.

By the end of the third year in the position, the CEO shall be required to document to the School Board and CRO that she or he has attained sufficient savings in District operations to cover the total salary and benefits of the position on an annual basis and repay the first three years of salary to the loan fund.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
($200,000)	($200,000)	($200,000)	($200,000)	($200,000)	($1,000,000)

AF02.	Recruiting process for the CEO Position	
	Target outcome:	Undertake an appropriate professional search to fill the position of CEO early in the 2013-14 fiscal year
	Five year financial impact:	($50,000)
	Responsible party:	School Board and CRO

The School Board with the concurrence of the CRO shall immediately develop an appropriate plan for the recruitment of the CEO. The School Board may employ a professional services firm to conduct the search. Resources to support the search process shall be provided from the Transitional Loan fund.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
($50,000)	$0	$0	$0	$0	($50,000)

Staff Absenteeism

During the course of the project team's review of the Harrisburg School District, an issue of excessive absences among both instructional and non-instructional staff was identified. Based on the examination of available records, the study team saw multi-year evidence of high absenteeism District-wide, but with concentrations in certain buildings. The table below summarizes the absentee rate in school buildings for the period 2009-10 through March of the 2012-13 school year.

School Year	Total Absences in School Buildings	Absences Per School Day
2009-10	23,155.30	123.8
2010-11	21,260.00	113.7
2011-12	22,154.38	118.5
2012-13	13,482.37	114.9
Total (School Buildings)	**80,052.05**	**118.0**

Note: "Absences" includes personal illness days, vacation, and all other paid and unpaid leave

As can be seen from the table above, over the period reviewed there has been 80,052 person days of absence in the District. Based on current staffing levels, this implies that the average number of days of absence per staff person in 2012-13 is 24. Thus far in 2012-13, the statistics indicate that approximately 12 percent of the staff is absent on any given school day. The educational experts on the study team found this level of absenteeism to be "extraordinary" in their experience.

Absenteeism at this level has a number of negative impacts on the organization:

1. It hurts the overall productivity of the District and creates bad morale among the staff who have to pick up an extra workload;
2. It has a negative impact on education, in that short-term substitutes have limited ability to quickly adapt to the curriculum and lesson plans in order to have a productive class session;
3. It provides a poor model for students who observe the accepted pattern of frequent absence;
4. There are fiscal impacts from the absenteeism in terms of substitutes and overtime pay.

In addressing this issue with District administration, there did not appear to be a high level of recognition of the severity of the problem. In fact, the administration did not seem to think they had reliable data on absenteeism.

Therefore, the District shall immediately undertake a series of steps to document the nature of the absenteeism issue and to put in place a series of corrective actions to reduce absenteeism. Successful implementation of a corrective action plan will have both academic and financial benefits for the District.

AF03.	**Assess absences among District Staff and Develop an Action Plan**	
	Target outcome:	Document the number and type of absences by staff member for both instructional and non-instructional staff
	Five year financial impact:	N/A
	Responsible party:	Human Resources Director and Business Manager

The District shall immediately establish a reliable and sustainable data system to record staff absences and create a series of daily and monthly reports that can be used by management to monitor and track staff absences. The monthly reports shall be presented to the School Board and the CRO.

AF04.	**Develop a comprehensive program to reduce staff absenteeism with a focus on cost savings and academic improvement**	
	Target outcome:	Decrease absenteeism through establishing policies, processes and accountability for tracking and dealing with unwarranted levels of absenteeism
	Five year financial impact:	$650,000
	Responsible party:	Superintendent, Human Resources Director and Business Manager

Using the information gathered through the creation of the absenteeism data base and reports, the District shall immediately develop a comprehensive plan to address absenteeism. The District shall create specific objectives for reduced absenteeism and the Superintendent and Principals shall be evaluated on specific criteria related to achieving the absenteeism targets.

In developing the comprehensive absenteeism reduction program, the District shall employ a series of best practices that include but are not limited to the following:

1. Developing and distributing to all staff the District's policy on absences that include specific consequences for abuse of leave.
2. Addressing issues of absences with union leadership and appropriately modifying work rule provisions of contracts.
3. Providing daily and monthly staff absence reports to supervisors and principals.
4. Requiring staff taking unscheduled leave to directly contact their supervisor.
5. Requiring written physician documentation for medical leave beyond three days.
6. Requiring supervisors to discuss each instance of unscheduled leave with staff.
7. Develop an appropriate incentive program to reduce absenteeism that may involve additional credited sick leave for those staff that do not use sick leave for a defined period.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$100,000	$150,000	$200,000	$100,000	$100,000	$650,000

Financial Recovery School District Transitional Loan

Section 681-A of Act 141 established a Financial Recovery School District Transitional Loan fund to be used by school districts that are declared to be in financial recovery status under the Act to facilitate their financial recovery. The funds are borrowed interest free from the fund and repaid over time. Transitional Loan funds are only available if the proposed Recovery Plan is adopted by the School Board and subsequently approved by the Secretary of Education. If the School Board does not approve the Recovery Plan, Transitional Loan funds may not be disbursed.

AF05.	**Act 141 Financial Transition Recovery Loan**	
	Target outcome:	Borrow $6.44 million from the Act 141 Transitional Loan Fund repay the funds over a ten year period
	Multi-year financial impact:	$4,082,714
	Responsible party:	Business Administrator/Superintendent

This Recovery Plan includes borrowing $6,435,153 from the Act 141 Financial Recovery School District Transitional Loan Fund to help achieve several key initiatives described elsewhere in the plan, including:

- Retention and three years of salary for a Chief Executive Officer, as described earlier in this chapter (see initiatives AF01 and AF02 for more detail);
- Survey, staffing and promotion for the Cougar Academy (see the Education chapter of this Plan for more detail);
- Transitional funding for the increased transportation required to reorganize school buildings and upgrade early childhood programs; this amount will cover the one-year lag between the beginning of higher transportation costs and their partial reimbursement by the Commonwealth (see the Education chapter of this Plan for more detail).

In addition, the loan total includes borrowing $3.0 million 2013-14 to allow a slower drawdown of the District's fund balance and mitigate the need for higher tax increases and greater workforce reductions by providing more time to implement the changes in this Recovery Plan. The loan total also includes a $1.0 million optional borrowing in 2014-15 to help the District address a particularly deep one-time operating shortfall and provide a source of working capital if needed.

Fiscal Year Ending:	*2014*	*2015*	*2016*	*2017*	*2018*	*Total*
Loan Amounts Received						
CEO Loan	$250,000	$200,000	$200,000	$0	$0	**$650,000**
Transportation Loan	$1,116,465	$0	$0	$0	$0	**$1,116,465**
Cyber Academy Loan	$259,157	$202,858	$206,674	$0	$0	**$668,688**
Additional Loan	$3,000,000	$1,000,000	$0	$0	$0	**$4,000,000**
Total Loan Received	**$4,625,622**	**$1,402,858**	**$406,674**	**$0**	**$0**	***$6,435,153***
Repayment Schedule	**$0**	**($462,562)**	**($602,848)**	**($643,515)**	**($643,515)**	**-**
Annual Net Loan Amounts	***$4,625,622***	***$940,296***	***($196,174)***	***($643,515)***	***($643,515)***	**-**

The loan will be repaid over ten years in equal dollar amounts, beginning the fiscal year after each loan installment is drawn down. The borrowing and repayment amounts are shown above, with additional detail on the programmatic loan elements in the relevant chapters of the Plan. The net impact of the loan during the five years covered by this Recovery Plan is shown below. It is important to note that receipt of Transitional Loans is contingent on School Board approval and implementation of the entire Recovery Plan. Pursuant to Section 652(c)(2)(i) of Act 141, failure to approve the Recovery Plan within 30 days of its submission will make the District ineligible for Transitional Loans.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$4,625,622	$940,296	($196,174)	($643,515)	($643,515)	$4,082,714

Business Services

The District's Business Services office manages a variety of important non-instructional areas including budgeting, financial reporting, payroll, accounts payable, grants, food service, facilities and maintenance and transportation. The project team's interaction with Business Services identified that it has an appropriate infrastructure to serve the District. The Business Manager is organized and able to produce information to aid in the team's analysis. Business Services also has acceptable software and systems to support its operation. The books and records, based on the latest audit appear to be in good order.

The most significant concern of the review team was the lack of experience and institutional knowledge in the office. The District has had a succession of business administrators in the recent past, with three business administrators in the last decade. The current Business Manager is capable and dedicated but is new to the position and relatively new to the District. During the initial period of the development of the Recovery Plan, Business Services had an interim leader who worked with the new Business Manager during a transition period that included development of the preliminary 2013-14 budget. Certain functions, especially in the finance portion of Business Services, might benefit from an upgrade to more skilled positions or employees with stronger relevant skills.

Overall, the financial and operational issues of the Harrisburg School District are complex and will require an experienced school executive to manage and resolve, especially with the multiple initiatives included in this Recovery Plan. As noted above, the mentorship and direction of an experienced Chief Executive Officer would allow the Business Manager and Business Services to focus more effectively on core services.

Human Resources Department

The operational purpose of Human Resources is to recruit, hire, develop, and retain a highly competent and effective professional, administrative and support staff including substitutes at all levels to support the mission of the District to provide a quality education for all students. The Department must be committed to providing quality, individually focused service and support to all employees. The operational components of the Department include but are not limited to organization and management; policies and procedures; recruitment/employment; compensation and benefits; employee/labor relations including collective bargaining; staff development through human resources programs; employee support and management of an employee assistance program; development and maintenance of a personnel handbook; records management; oversight and training for the District's security personnel and crossing guards.

The Human Resources Department of the Harrisburg School District currently has five staff members:

- **The Director of Human Resources** oversees the managing, planning, organizing and operation of the Human Resources Department. This administrative staff member provides leadership and guidance in all areas of the Department including the direct supervision of the Human Resources Manager and indirect supervision of the three other staff members in the Department. This position reports to the Superintendent.

- **The Human Resources Manager** assists the Director of Human Resources in the development, implementation and monitoring of the District's Human Resources function including but not limited to participating in developing, implementing and negotiating collective bargaining agreements; assisting with the coordinating of staffing, including recruitment, screening, interviewing, and selection process; developing correspondence, reports, evaluations, recommendations and analytical studies applicable to all personnel related policies, procedures and actions; implementing the District's Affirmative Action Plan and administering the workers compensation and unemployment insurance programs. This position reports to the Director of Human Resources.

- **The Administrative Assistant/Agenda Coordinator** is responsible for the development, coordination and implementation of the District's employment services including but not limited to developing and utilizing procedures for the completion of employees' personnel files; assisting in the coordination of staffing; providing technical assistance and support; assuring compliance with all agreements, policies and procedures; compiling agenda items; maintaining employee files; administering the retiree benefits and unemployment compensation programs. This position reports to the Human Resources Manager.

- **The Administrative Assistant for Human Resources Office** is responsible for the development, coordination and implementation of the District's employment services including but not limited to processing of District employment paperwork; coordination of staffing; providing technical assistance and support to all staff; preparing and processing tuition reimbursement; assisting with employee inquiries and researching payroll issues; maintaining HEA salary increase records, recording post-baccalaureate credits, and updating database files. This position reports to the Human Resources Manager.

- **The Receptionist** is responsible for receiving and routing incoming calls, greets visitors to the Administration Building; provides general information and assistance to the public; assists in preparation and distribution of District materials; receives, signs for and distributes incoming mail and packages from delivery firms; performs routine office support functions, including word processing and data entry; and performs related duties as assigned. This position is under the AFSCME union agreement and reports to the Human Resources Manager.

Other Resources

The Department is one of the primary users of the District's E-Finance and Cognos software for finance, budgeting, accounting and human resources. All Department staff could benefit from additional and continuous training on these software applications, including changes and updates. The Department can order training directly from the software supplier but it is expensive and response is reported to be slow.

Finances

The Human Resources Department has no budget of its own. All supplies, materials, facility and utility costs are included in the Administration budget.

Assessment

The District has recently gone through a period of staff downsizing, restructuring, school building closures and staff reassignments. This has put a severe strain on the time and efforts of the reduced Human Resources (HR) staff. In addition, the District's collective bargaining agreements contain benefits and past practices that complicate the recruitment, hiring, and placement of staff and require significant attention from HR personnel. Recent rounds of layoffs resulting in bumping and the enforcement of the terms of collective bargaining agreements affecting employee benefits, work ethic, time reporting, absences and other areas have been unpopular, as the new Human Resources Director has enforced policies, rules and contracts that were not adhered to in the past.

Changes in leadership, new policies and procedures, layoffs, staff assignments and negotiations have generated supervisory and clerical work in the Department, as well as the need to support the new approach. Communications at all levels need to be improved and the new Human Resources Director has made this a priority.

The new Human Resources Director and her staff appear to handle this workload pressure well. The Human Resources Department seems to have a good working relationship with most administrators, other department heads and building staff. The rapport between the Payroll Office and the Human Resources Department has improved significantly and there is a good working relationship since the hiring of the new Human Resources Director. As mentioned above, there needs to be continuing improvement in communications at all levels. Although the revolving door intrusive type of entry to the Human Resources office of the past had to be controlled, the current restrictive black door entry should be somewhat modified.

In the last two years, four positions have been eliminated from the Human Resources Department and the turnover in staff has been significant: six staff members have left the Department for various reasons. All of the staff is relatively new to the Department and all are experiencing an intensive learning curve. The new Human Resources Director has good HR experience but will need time to fully adapt to the situation in the Harrisburg School District. However, the Director and her staff are committed to change through continued steady work, training and better communications.

The Department currently acts in crisis mode, with critical items handled but other necessary work left undone or completed late. These tasks include completing an administrative handbook, record maintenance, filing, documentation, updating of employee rosters, ADA specific position descriptions, procedures and documentation of past and present practices, and complete training and utilization of the E-Finance and Cognos computer software.

The Director of Human Resources, a Principal on sabbatical leave and the Payroll Supervisor have compiled an initial draft of an administrative handbook which is a compilation of the policies that apply to the Human Resources Program. However, it has not been completed, approved and distributed.

Initiatives

The following initiatives shall be completed by the Director of Human Resources, her staff and others.

AF06.	Complete training on and utilization of the E-Finance and Cognos software	
	Target outcome:	Complete expert training on the E-Finance and Cognos software for all Human Resources staff including the Human Resources Director
	Five year financial impact:	Minimal; use current budget resources
	Responsible parties:	Director of Human Resources & IT Department Staff

The Human Resources and Payroll staff is not fully trained or fully utilizing the E-Finance or Cognos computer software.

The District's IT Department is currently investigating other administrative software packages which may replace the current E-Finance and Cognos software. Given the importance of HR information to the changes proposed in this Recovery Plan, as well as the potential disruption and expense of a new system, no change in the District's human resources software should be made until a full evaluation has been completed and shared with the Director of Human Resources, the Business Manager, and the Chief Recovery Officer. Should this change take place in the near future, funding for this initiative may not be necessary. Should the implementation of new software be less imminent, the HR and Payroll staff shall complete E-Finance and Cognos training.

AF07.	Consider a complete rightsizing study for the Human Resources Department	
	Target outcome:	Proper staffing of the Department; better utilization of staff and better service to District Staff
	Five year financial impact:	N/A. Minimal.
	Responsible parties:	Superintendent, School Board and the Director of Human Resources

The Human Resources Department has lacked stability for several years due to downsizing, furloughs, resignations and transfers. The new Human Resources Director has consolidated the essential duties and responsibilities among the remaining five positions, but would prefer to have one additional Act 93 staff position for the Department.

In the current difficult financial circumstances, personnel and monetary resources are limited. As the District's finances improve, the District should consider whether a comprehensive evaluation of the HR Department could result in further efficiencies and improved performance with a different staffing configuration.

AF08.	Transfer the oversight and training of the Security and Crossing Guards to the Facilities or Transportation Department	
	Target outcome:	To place the responsibility for this service within the proper Departments
	Five year financial impact:	N/A
	Responsible parties:	The Board of School Directors, Superintendent, Director of Human Resources, Director of Facilities and Supervisor of Transportation

The Director of Human Resources assumed the responsibility for this service during the downsizing and furloughing process because no other Department stepped up to take on the supervision of the Security staff and crossing guards. However, this service function does not belong in the Human Resources Department and should be moved to a more appropriate Department.

The duties and responsibilities of the oversight and training of the Security and Crossing Guards shall be immediately removed from the Human Resources Department

AF09.	Create and Distribute an Administrative Handbook and a Staff Handbook	
	Target outcome:	To provide Administrative personnel and all staff with an instructional guide to the policies, requirements, forms and procedures in Human Resources within the District
	Five year financial impact:	N/A. Minimal
	Responsible party:	Director of Human Resources

An Administrative Handbook was at least partially developed last year by a Principal on sabbatical leave, the Payroll Supervisor and Director of Human Resources. However, to date the document has not been completed, approved or distributed.

The Administrative Handbook shall be completed, approved and distributed as a top priority of the Director of Human Resources prior to the end of this school year.

AF10.	All Position Descriptions should be reviewed and updated and be ADA compliant	
	Target outcome:	Position Descriptions will be current and ADA compliant
	Five year financial impact:	N/A. Minimal.
	Responsible party:	Director of Human Resources and Human Resources Manager

Many of the older position descriptions have not been updated and are not compliant with the Americans with Disabilities Act (ADA). The Director of Human Resources shall draft new uniform ADA-specific position descriptions. Consideration should be given to hiring an outside Human Resources consultant to assist with the development of District-wide uniform ADA-specific position descriptions.

AF11.	Communications and access to Human Resources staff at all levels must be improved	
	Target outcome:	Improved access to the Human Resources office and staff; Improved Communication at all levels
	Five year financial impact:	N/A. Minimal.
	Responsible party:	Director of Human Resources, Director of Facilities

The development and distribution of the Administrative Handbook will eliminate many of the personnel communication problems that exist in the District. However, there is still a perception that it is difficult to reach the Human Resources Director and her staff. In working to secure the confidential nature of the information and conversations within the Human Resources Department, a strict policy of appointments has been established. A control policy is necessary, but since the new policy is such a change from past practice it is perceived to create a barrier to access and service. The physical layout of the office with its closed black glass doors adds to this perception. Visitors and staff, even those with appointments, are made to wait in the main reception lobby.

It is recommended that the door to the HR office be replaced with clear glass and that one of the spare offices be renovated into a waiting room/lounge for staff and others who are waiting to meet with the Human Resources Director, Human Resources Manager or either of the two Administrative Assistants. One of the Administrative Assistants should meet visitors in the outside lobby and bring them into the Human Resources lounge.

Payroll Office

The operational purpose of Harrisburg School District's Payroll Office is the timely and accurate payment of wages and salary; income tax withholding, reporting and filing; retirement plan withholding, reporting and filing including Public School Employee Retirement System and 403(b) tax shelter annuity plans; reconciliation of payroll accounts to the general ledger; reconciliation of all payroll bank/financial accounts; and the development and maintenance of payroll policies and procedures.

There are currently three employees in the Payroll Office:

- **The Payroll Supervisor** oversees the administration including but not limited to the managing, planning, organizing and operation of the Payroll Office and the related compliance standards. This administrative staff member provides leadership and guidance in all areas of the Department including the direct supervision of the Assistant Payroll Officer and Payroll Secretary. This position reports to the Business Administrator.

- **The Assistant Payroll Officer** assists the Payroll Supervisor in administration, including but not limited to the managing, planning, organizing and operation of the Payroll Office and the related compliance standards. Some specific major duties and responsibilities include entry of time sheets, processing, withholding and distribution of Local Service Tax, processing, administration of and compliance with the Fair Labor Standards Act, providing assistance to new hires and those employees leaving the District, maintaining retirement records, maintaining the District's compliance with IRS regulations for 403(b) plans, planning and administering the workers' compensation program. This position reports to the Payroll Supervisor.

- **The Payroll Secretary** serves as the receptionist for the Payroll Office receiving and routing incoming calls and assist callers with payroll questions when appropriate: greeting and assisting visitors to the Payroll Office; collecting and processing mail; maintaining the filing system; maintaining records for the Public School Employees Retirement System; operating office machines; coordinating and processing employee deductions and preparing vendor checks; assisting in the payroll process, including explaining payroll policies and procedures to employees; is knowledgeable of the collective Bargaining Agreements and performing related duties as assigned. This position is under the AFSCME union agreement and reports to the Payroll Supervisor.

Other Resources

The Department is one of the primary users of the District's E-Finance and Cognos software for finance, budgeting, accounting and payroll. All Payroll Office staff could benefit from additional and continuous training on these software applications, including fixes or updates. The Department can order training directly from the software suppler but it is expensive and reported to be slow.

Finances

The Payroll Office has no budget of its own. All supplies, materials, facility and utility costs are included in the Administration budget.

Assessment

The District has recently gone through a period of staff downsizing, restructuring, school building closures, and staff reassignments due to budget restraints. This process, occurring as the staff has been working to accurately set up and maintain position controls, has put a severe strain on time and efforts of the reduced Payroll Office staff. The Assistant Payroll Officer and Payroll Secretary are both fairly new to the Payroll Office and are experiencing the learning curve typical of employees in new positions.

However, under the leadership of the Payroll Supervisor, the Office is meeting and surpassing expectations.

The Payroll Office appears to have a strong working relationship with most administrators, department heads and building staff. There are some disgruntled employees because the Payroll Office staff is now enforcing policies and procedures that were ignored in the past, but this is to be expected with change. The staff of the Payroll office appears to be making efforts to ensure that payroll policies and procedures are fair and consistent. The rapport and cooperation between the Payroll Office and the Human Resources Department has improved significantly since the hiring of the new Director of Human Resources, and now a very good working and trustful relationship exists between these operational offices.

During the spring of 2012, the Payroll Supervisor, a Principal on sabbatical leave and the Director of Human Resources compiled an initial draft of an administrative handbook, which is a compilation of the policies that apply to the Human Resources and Payroll Office functions. However, it has not been completed, approved and distributed.

Initiatives

The following initiatives shall be addressed by the Payroll Supervisor, her staff and others.

AF12.	**Complete training on and utilization of the E-Finance and Cognos software**	
	Target outcome:	Complete expert training on the E-Finance and Cognos software for all Payroll Office staff including the Payroll Supervisor
	Five year financial impact:	N/A. Minimal.
	Responsible parties:	Payroll Supervisor & IT Department Staff

The Payroll Office Staff is not fully trained on or fully utilizing the E-Finance or Cognos computer software. See comments in initiative AF06.

AF13.	Consider a rightsizing study for the Payroll Office	
	Target outcome:	Proper staffing of the Department; better utilization of staff and better service to District Staff
	Five year financial impact:	N/A. Minimal.
	Responsible parties:	Superintendent, School Board, Director of Human Resources and the Payroll Supervisor.

The Payroll Office has also experienced downsizing, furloughs, resignations and transfers. Many administrators feel that another person is needed in this office to properly carry out its operational responsibilities. The review team concluded that once the two new employees in this office are thoroughly experienced in their respective positions, no additional staff will be needed.

In the current difficult financial circumstances, personnel and monetary resources are limited. As the District's finances improve, the District could chose to conduct an evaluation of the Payroll Office to determine if further efficiencies and improved performance are achievable with a different staffing configuration.

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Facilities and Operations

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Facilities and Operations

Overview

The Harrisburg School District (HSD) faces a convergence of issues that create an imperative to deal effectively and efficiently with its facilities and the operation and maintenance of those facilities. The District must address issues of rightsizing its physical plant to match the current student enrollment and grade structure and it must appropriately dispose of facilities it no longer needs to meet its academic mission. In addition, the District must operate and maintain its remaining facilities in the most economical way possible.

The District has already closed buildings and yet it faces a situation where the remaining buildings are not operating at capacity. It has vacant buildings and yet is leasing space for the administrative offices. It is retaining buildings in a mothballed status when it is unlikely the buildings will be needed again for educational purposes. At the same time, some of the mothballed buildings may have economic value which could be used by the District to offset other costs.

As part of the development of this Recovery Plan, the project team completed a review to determine the current operational efficiency of the District's school buildings and the Facilities Department, and to identify initiatives to increase efficiencies in staffing and building operations in order to both enable HSD cost reductions and to improve building conditions. The analysis concluded that there are substantial opportunities to decrease costs in these areas and to better utilize the facilities of the District. The known net savings to the District of implementing these recommendations will approach $1.2 million per year.

Following is a listing of some of the key recommendations and findings in this report and the financial implications if known:

- Administration relocation to available District space: $375,000/year net savings (after renovation costs)
- Energy purchasing contract improvements: $200,000/year savings
- Increased energy conservation efforts by Facilities Department: $132,000/year savings
- Lighting energy savings, gyms only: $20,000/year savings on $100,000 expenditure
- Reinstate the Supervisor of Custodians position: $100,000/year additional costs
- Eliminate 4 custodian positions: $207,000/year to $235,000/year savings
- Eliminate 4 (net) grounds and painter positions: $239,000/year to $270,000/year savings
- Rightsize district facilities to current and projected enrollment: savings unknown
- Sell surplus building and land: value unknown

Assessment

The primary goal of the Facilities Department is to provide a clean, comfortable, and safe environment which enables and supports the learning process, while contributing to the efficient, effective operation of the physical facilities and efficient use of District funds. It can be said that school facility departments are successful when its customers can go about their normal business in neat, clean buildings without disruption or inconvenience due to facility issues, that department employees are working well when the facilities have a nice appearance (i.e. no adverse cleanliness conditions are noticed), and staff/community support seems courteous and effective. A facilities department is judged by the outward appearance of school facilities, and effective, customer-oriented support of school district operations.

Upon review, the overall impression of the Facilities Department of the Harrisburg School District is that it is generally meeting the common goal for a school facilities unit, but some costs are high when compared to standards, and there are several notable areas for improvement.

The project team's analysis had two area of focus:

- To review the existing condition and efficient use of the existing school facilities, and;
- To review the operation of the Facilities Department.

The primary facilities consultant on the project review team had previously worked in the District in 2001 to perform a similar review. Since the 2001 review, enrollment decreases and changes in District operations have resulted in numerous facility changes and closings as well as Facilities Department staff reductions. After a review of District facilities and interviews with staff to determine practices, procedures, personnel, staffing, and training, the project team made the findings and recommendations described below.

School Facilities

Facilities: A complete list of the HSD facilities is provided in Appendix 2 of this Recovery Plan. The District presently operates eight active elementary/middle schools for grades K-8, one large high school, one small science-technology high school, and one leased central administration building. The Facilities Department is housed in the Annex, a separate 23,000 square foot office/warehouse facility. In addition, there are six closed schools. The total architectural area of the active schools is approximately 1,203,800 square feet, and the total area of the closed schools is approximately 505,600 square feet based on a District-furnished summary. The District has a total of 151 acres of grass to maintain. These parameters were used in the project team's benchmark comparisons.

Pupil capacities: The project team reviewed the District's Facility Master Plan prepared by Hayes Large Architects in February 2003. This document provides a summary of the conditions of each school at that time, existing and proposed floor plans, instructional room counts and uses, student capacities, and cost estimates of the planned program changes to the buildings at that time, which was the reorganization to the K-8 configuration. The 2003 study represents the latest document of this type available for determining District building capacities. The pupil capacity pages from the 2003 report for the elementary/middle schools (K-8) are included in Appendix 2 of this Recovery Plan. Also noted in the Appendix is the current projected enrollment at each school per the March 22, 2013 proposed grade restructuring plan. Classroom capacities are based on the March 22, 2013 proposed grade restructuring plan and room counts and capacities from the Hayes Large Architects 2003 Master Plan adjusted for increased capacities due to later renovations. The following table summarizes the capacities as detailed in Appendix 2.

Harrisburg SD Building Capacities
(Based on Hayes Large Architects 2003 Master Plan calculations)

School	Grades	Capacity Min.	Capacity Max.	Capacity Avg.	3/22/13 Plan Enrollment	Enroll./Cap. %
Ben Franklin	K*-4	728	952	840	788	94
Camp Curtin	5-8	780	1060	920	846	92
Downey	PK-4	576	744	660	515	78
Foose	PK-4	690	878	784	739	94
Marshall	5-8	551	725	638	576	90
Melrose	K*-4	514	662	588	570	97
Rowland	5-8	780	1060	920	733	80
Scott	K*-4	570	718	644	607	94
Totals	PK-8	5189	6799	5994	5374	90

*Adjusted for 1/2 a.m. and p.m. Kindergarten (room capacity x2)
Assumes 200 in PK at Foose and 200 at Downey

The total K-8 capacity indicated is in a range from 5,189 to 6,799 students, based on the room minimum and maximum capacities as shown in Appendix 2. Note that these target room capacities are intended for class sizes well below 25 pupils in lower grades (K-4) and are very favorable. Comparing these capacity ranges to the March 22, 2013 projected K-8 enrollment of 5,374 indicates that projected enrollment is at 90 percent of capacity, using the favorable class sizes indicated in the Appendix.

Initiatives

FA01.	**Consolidate buildings**	
	Target outcome:	Rightsize the District in terms of enrollment and reduce building operating costs while potentially obtaining one-time revenue from building sales.
	Multi-year financial impact:	N/A (sale proceeds to capital; operating savings reflected elsewhere in plan)
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

Renovations & additions: The District completed a series of building renovations and additions in the 2000 to 2005 period at Ben Franklin, Downey, Camp Curtin, Foose, John Harris, Lincoln, Marshall, Melrose, Scott, and SciTech schools. These renovations and subsequent school closings affected the Facilities Department in several respects:

- newly constructed/renovated buildings are generally easier to maintain, since typically only preventive maintenance is needed for the near term;
- such facilities are easier to clean and keep at a high appearance level;
- new and larger facilities will alter the amount and nature of the custodian and maintenance department workload;
- new facilities should be more energy efficient, and typically have equipment and systems with a longer life-cycle.

As a result of these renovations, the active schools are generally in good physical condition, with some poorer conditions in the older non-renovated facilities. Generally, there do not appear to be any serious deficiencies in the active schools, except for potentially significant capital items such as roof repairs and replacements at John Harris High School, controls and piping work at Rowland, and chiller replacement at Camp Curtin. These are presently listed as potential projects in the recent bond financing. Other projects in that financing are of a lesser priority, or involved closed buildings. Scott and Rowland have unusual floor plans and as a result are somewhat less attractive as an educational setting. This is due primarily to the fact that they were converted to school use from office buildings. Also, Rowland does not have a secure entrance (i.e. directly supervised and controlled from the office); however, staff indicated that alterations were planned for summer 2013 to relocate the main office to the entry area and provide a secure buzz-in entrance path.

Foose has had issues with water entering into lower level classrooms. These conditions appear to have been corrected, although there are still several empty rooms in that area of the school. The Annex provides ample space for the Facilities Department and also the IT Department offices. The Annex shop/warehouse space is appropriate and the large fenced-in yard allows for reasonably safe storage of vehicles and equipment.

The District's buildings were generally clean and relatively bright, although poor lighting levels existed in several areas of some schools. Lighting issues and potential actions for improvement and energy savings are discussed later in this section. The project team observed clean conditions while touring schools as part of this review and noted some deficiencies. However, rather than deal with individual items from a one-time cursory inspection, the focus of this report is on organizational and system improvements in that section.

Closed schools: The closed, inactive facilities are in widely-varying condition. William Penn High School was last used as the vocational-technical school and has been closed since 2010. It is in very poor condition. The building is not heated, has numerous roof leaks, has asbestos-containing materials on old steam lines and in floor tile, and the structure is considerable with very thick poured concrete walls and floors. These conditions will add to the cost of demolition should that be considered. The existing zoning is Open Space Recreational (OSR) which would be very restrictive for other potential uses.

The Woodward School is also in very poor condition, again with no heat and significant roof leaks. In fact, part of the membrane upper roof has blown off and is hanging over the side. It is zoned Residential (R5) which would also be restrictive to alternative uses. The other inactive schools - Hamilton, Lincoln, Shimmell and Steele - are in relatively good condition, except for some break-in and vandalism damage. They are being maintained at a reduced heat level to preserve interior conditions. Hamilton, Shimmell, and Steele were renovated in the 1997-1998 time period, and Lincoln in 2003. These schools are generally sound with good building envelope construction; sound HVAC systems, asbestos abated, ADA compliant, and could be returned to service without major work. Hamilton is being considered for reopening to become the central administration offices if/when the existing leased space can be vacated. Such a move would require interior renovations to create appropriate office spaces, but major work on building systems would not be necessary. One of the other closed schools may ultimately be considered for the administration offices, as Hamilton may be more attractive for sale.

FA02.	**Sell unused buildings**[8]	
	Target outcome:	Obtain one-time revenue from building sales.
	Multi-year financial impact:	N/A (sale proceeds to capital; operating savings reflected elsewhere in plan)
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

[8] Authorization for this initiative is provided by Section 642-A(11) of Act 141, *inter alia*.

FA03.	Terminate Lease on Administration Building and Relocate Administrative Offices	
	Target outcome:	Terminate lease on administrative office and relocate administration to vacant space in a District-owned building in order to reduce costs.
	Multi-year financial impact:	Net savings of $1.38 million
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

Administration Building: The District currently leases its central administration building, Building 2, 2101 North Front Street in Harrisburg. The lease runs through the 2013-2014 school year. The 2013-2014 cost of this rental will be $427,212 plus $13,000 for utilities (based on prior year amounts) for 29,159 square feet of rental space. Consideration is being given to terminating this lease and moving the administrative staff to the closed Hamilton School, which is a 70,940 square foot facility. This would be a slightly larger facility, but would operate at significantly less net cost to the District. It is not certain at this time that the lease can be terminated early.

Based on the operation of other similar buildings in the District, it is estimated the operating costs for Hamilton would <u>increase</u> as follows if reopened for the administration:

- Renovations per HSD-provided estimate = $120,000 one-time cost (estimated);
- Annual utilities = $40,000 - $8,000 existing Administration Building costs
- Annual custodial services = $20,000 for an additional ½ staff;
- Total = $52,000 per year + $120,000 renovations.

Hence, the net savings of moving the administration to Hamilton would be approximately $375,000 per year, after the initial $120,000 renovation costs.

Financial Impact

FY14	FY15	FY16	FY17	FY18	Total
$0	$255,212	$375,212	$375,212	$375,212	$1,380,848

FA04.	Achieve Cost Reduction by Renegotiating Energy Contracts	
	Target outcome:	Renegotiate Electric and Gas Purchase Contracts
	Multi-year financial impact:	$800,000
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

Energy efficiency: Recent years' energy use and expenditure data was reviewed in order to rank the efficiency of District schools in relation to known benchmarks. In addition, the District's energy purchasing contracts were reviewed to see if savings were possible in that area.

With respect to energy purchasing, the District's contracts are expiring in May 2013; hence, now is the time to seek more favorable purchasing rates. However, because of the short timeframe, the District may have entered into a temporary or interim purchasing arrangement until a more permanent purchasing contract can be negotiated. A preliminary purchasing analysis was done by an energy consulting firm and they found that the District could save approximately $150,000 on the electric and $50,000 (minimum) on the gas purchasing contracts. This information has been referred to the District's Business Office for possible inclusion in the next RFP process for electric/gas purchasing.

With respect to energy use in the buildings, initial research was delayed as it was difficult to get complete, accurate data on energy use. It appears there has been little effort within the Facilities Department to reduce energy usage. Energy efficiency should be a Department priority, with an emphasis on regular (monthly) energy use monitoring, and ongoing efforts to improve efficiency. Energy usage information was eventually obtained from NRG Building Services, Inc., the District's controls company (discussed in a later section of this chapter). The NRG data only covered the 2009-10, 2010-11, and 2011-12 school years. The external energy consultant mentioned above had access to more current data, which were used for comparisons to validate the data.

From that analysis, it was concluded that the 2011-2012 electric expenditures (adjusted for true monthly periods at the applicable unit prices) were $1.52 million, and the adjusted gas expenditures were $550,000, for a total of $2.07 million. There were significant differences in the actual expenditure amounts in some buildings, but these were attributed to billing interval differences, late bill payments, bill adjustments, and similar factors. The 2012-13 prices and use are expected to be very similar. Thus the 2012-13 budget of $1,320,000 for electric and $585,400 for gas, totaling $1,905,400, seems reasonable. However, the 2013-14 budget of $1,477,000 for electric and $649,000 for gas, totaling $2,126,000 seems high in view of the potential savings from a new purchasing arrangement. Also, based on the analysis to be shown later in this section, the District should be using less energy than is indicated. As previously indicated, the District should enter into new purchasing contracts for electricity and gas as soon as possible, as significant savings in utility costs should result.

Financial Impact

FY14	FY15	FY16	FY17	FY18	Total
$65,000	$130,000	$130,000	$130,000	$130,000	$585,000

FA05.	**Increase Building Energy Efficiency**	
	Target outcome:	Reduce cost of building energy by employing energy saving techniques using the NRG digital building control systems
	Multi-year financial impact:	$578,000
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

Using the NRG data, an analysis was performed taking into account annual consumption for all buildings and comparing the usage with known benchmarks and with the District's actual expenditures for the past three years. Note that there were numerous inconsistencies in the comparison of the NRG use data with the District's expenditure data. This can be somewhat explained by differences in monthly periods for the data, the District's monthly bill allocations at the beginning and end of school years, billing errors, late payments, and other factors. Generally the comparisons were close enough to believe the accuracy of the NRG data.

Following is a table summarizing the overall district energy use and comparisons for the three year period ending with the 2011-2012 year:

	Actual Expenditure	Utility Data	Cost/s.f.[9]
2009-2010 year electric use	$1,547,587	$1,412,828	
2009-2010 year gas use	$715,223	$794,512	$1.55
2010-2011 year electric use	$1,667,667	$1,797,938	
2010-2011 year gas use	$760,262	$748,212	$1.67
2011-2012 year electric use	$1,703,092	$1,516,825	
2011-2012 year gas use	$608,036	$552,414	$1.59
PASBO Facilities Benchmarking Median			**$1.34**

To provide a more focused analysis, the project team also generated the energy cost/square foot for the individual buildings. For this comparison, the 2011-12 year data was used as noted below, and compared with the PASBO 2011-12 year benchmark of $1.34 per square foot. It is important to note that the indicated PASBO benchmark has decreased from $1.64 per square foot in the 2007-08 year, an average decrease of $0.075 per square foot per year. Therefore, even though HSD 2011-12 energy use was near the median, it can be anticipated that the 2013-14 benchmark median would be $1.19 per square foot.

As a result, with more prudent use of the existing building control systems and more focus on energy management, additional savings can be expected. It would be helpful to have the US EPA Energy Star Ratings for these schools, which would be based on energy use in the units of btu/sf/year or energy use intensity (EIU) and compared to a national database. However, this requires that the most recent 12 months of energy use data be entered, which is beyond the scope and time constraints for this review. However, energy conservation should be an ongoing practice in the Facilities Department. The Department should begin use of the EPA Energy Star Portfolio Manager site to monitor and benchmark the energy use in the District. It is reasonable to estimate an additional 5 percent energy savings ($130,000) could be attained with better management of the facilities.

HSD Building Energy Cost Comparisons 2011-2012 Year

School	Area	Electric cost	Gas cost	Total cost	Cost/s.f.
Annex	23,000	$60,595	$10,676	$71,271	$3.10
Ben Franklin	106,238	$105,012	$24,161	$129,173	$1.22
Camp Curtin	150,671	$153,665	$54,462	$208,127	$1.38
Downey	94,420	$86,847	$30,365	$117,212	$1.24
Foose	111,811	$99,313	$40,887	$140,200	$1.25
John Harris	298,130	$289,445	$89,616	$379,061	$1.27
Marshall	77,950	$90,270	$37,355	$127,625	$1.64
Melrose	72,150	$74,511	$24,330	$98,841	$1.37
Rowland*	122,745	*$92,873*	*$40,965*	*$133,838*	*$1.09*
Scott*	78,174	*$59,379*	*$26,191*	*$85,570*	*$1.09*
SciTech	68,500	*$74,450*	*$2,047*	*$76,497*	*$1.12*
Totals	**1,203,969**	**$1,186,360**	**$381,055**	**$1,567,415**	**$1.30**

[9] Cost/square foot. = electric + gas costs divided by the total of the area of all active buildings plus one-half of the area of inactive buildings to account for substantially less use in the inactive buildings.

Closed Schools	Area	Electric cost	Gas cost	Total cost	Cost/s.f.
Hamilton	70,940	$43,688	$20,560	$64,248	$1.01
Lincoln	82,275	$82,275	$21,994	$104,269	$1.27
Shimmell	44,044	$24,871	$15,916	$40,787	$1.08
Steele	55,890	$17,892	$4,971	$22,863	$0.41
Wm. Penn					
Woodward					
Totals	**239,740**	**$168,726**	**$63,441**	**$409,766**	**$0.89**

Notes:
1. * Rowland/Scott utility data was combined. It was split based on a s.f. basis
2. Amounts in *italics* are estimated full year based on only 6 months data.
3. Wm. Penn and Woodward are no longer heated; thus not included in analysis
4. PASBO Facilities Benchmarking Report Median, 11/12 year = $ 1.34 / s.f.
5. PASBO Facilities Benchmarking Report Median, 13/14 year = $ 1.19 / s.f. (projected).

Financial Impact

FY14	FY15	FY16	FY17	FY18	Total
$50,000	$132,000	$132,000	$132,000	$132,000	$578,000

FA06.	**Reduce Energy Consumption by Upgrading Selected Lighting Systems**	
	Target outcome:	Install energy saving lighting in gym and high ceiling areas of the District.
	Multi-year financial impact:	$0
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

Lighting energy savings: In reviewing the existing conditions in the District's buildings, the focus was on any obvious energy saving measures which could be implemented without the need for borrowing and which would result in significant budget savings. One potential area of savings that was found was to upgrade the lighting in the schools. Typically the fluorescent lighting in all schools consists of 32 watt T8 tubes and first generation electronic ballasts. This lighting could be upgraded to higher efficiency ballasts with 25 watt T8 lamps and with LED fixtures in many locations for a resulting net savings of 25 percent to 30 percent on the lighting electric cost. This of course would require a capital investment, but it would be repaid in lower electric costs over approximately five to seven years. For example, using an average cost of $2.00 per square foot from several recent lighting upgrade projects in other school districts, the active schools could be upgraded for approximately $2.3 million. Of course this project could be reduced in scope to accommodate limited funds, and the project could be completed under the provisions of Act 39 of 2010, the Guaranteed Energy Savings Act or GESA. The resultant electricity cost savings and utility company rebates would be expected to pay back that investment in five to seven years. However, the District has limited/no capability to finance such a project; hence this section focuses on a smaller scope project with a higher payback, the schools' gyms and other high-ceiling areas.

Based on an inventory of these facilities and assuming hours of operation similar to those of other school districts, the existing lighting in those rooms could be removed and replaced with much higher-efficiency light fixtures. This would also improve the light levels in all spaces, some of which are significantly under illuminated. The estimated net cost (less utility rebates) for the gym relighting project is approximately $50,000 and the annual savings would be $12,500, indicating a conservative payback of four years. It should be noted that prior to recent Board action the District had $3.0 million in unallocated one-time capital funds which could be used for such improvements. If these funds are no longer available, this

Recovery Plan suggests that the District consider application for future Transitional Loan funds from the Commonwealth for this project. Regardless of the source of the funds, this energy-saving project should be undertaken as it would provide immediate and continuous reduction to the annual budget for electricity. This project could be contracted via the GESA process (RFP, not specification/ bid) and could be completed in the summer of 2013.

Financial Impact[10]

FY14	FY15	FY16	FY17	FY18	Total
($80,000)	$20,000	$20,000	$20,000	$20,000	$0

FA07.	**Improve Daily Management of Automated Building Control Systems**	
	Target outcome:	Realize better customer comfort and reduce energy costs by properly using existing equipment.
	Multi-year financial impact:	N/A
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

Building control systems: A priority for the project team review was the status and operational efficiency of the building controls upgrades that were completed under a contract that spanned the last two years. Those contracts totaled $2.2 million with NRG Building Services, Inc. for upgrades to a new current technology operating system, a new graphics interface, custom programing, and reactivating the automated digital control systems in eight schools with some additional energy savings improvements.

It appears that the contracts were awarded in two phases as proprietary contracts (i.e. not through a bidding or RFP process, nor under the provisions of Act 39 of 2010, the Guaranteed Energy Savings Act or GESA). The contracts did indicate significant energy cost savings would result from the controls reactivation and upgrades in Phase I, even though that apparently was not structured as guaranteed savings, as would have been the case if it was contracted as a GESA project.

The project team reviewed a narrative of the project provided by the District's Facilities Coordinator. It indicated “annual” energy savings of $640,000 would result. Upon review, it appears the narrative intended to indicate that the savings of $640,000 would result over the term of the agreement, which was two years. Based on a review of energy records, it appears that the savings (or cost avoidance) is accurately stated by NRG as $588,026 for the two-year period ending June 2012 for the eight buildings included. This amount is close to the earlier savings estimate (92 percent), although there may have been others factors not related to the NRG contracts which netted energy savings during the period.

Work per the control upgrade agreements is still ongoing, as the contract work was to be completed by October 2012, but was not ultimately complete until January 2013; there are existing punchlist issues with the control systems still to be resolved. As a result of this situation, NRG is providing a technician to the District one day/week through June 2013 at no additional cost. The technician is to work on system problems in conjunction with District staff. In addition, the older control system of a different manufacturer at Rowland recently failed and the building is currently being operated manually. NRG has provided a proposal to replace that entire control system at a cost of $353,000, which is awaiting allocation of funds according to the Facilities Coordinator. Camp Curtin also has a control proposal ($15,000) awaiting allocation of funds. The ongoing control system issues are apparently why there are numerous HVAC comfort complaints from the staff. There are also control upgrade proposals for Hamilton ($280,000) and Lincoln ($7,000) which should be deferred until the status of those buildings is determined.

Based on past experience with such large scale control system upgrades in multiple buildings, there

[10] Assumes summer 2013 completion; full school year savings in 2013-14; net project generates positive return beginning 2018-19.

typically are many issues to resolve in the way of software glitches, wrong data input, incorrect algorithms, and most importantly for the owner's staff to become knowledgeable in the effective use of the systems. It is very important for the owner to be sure the controls contractor provides regular assistance to correct all the data errors and verify the proper system operation, which it appears NRG is doing. Commissioning of these systems was included in the agreements, which means that the vendor must provide verification of proper operation of all controls and correction, when needed. Also, it is very important that individuals in the Facility Department be trained to effectively operate these systems (Coordinator, Supervisor, HVAC mechanics, etc.). It appears that some training has occurred, but ongoing assistance will be needed for proper system maintenance and operation.

Properly operated control systems are a key component of any energy efficiency program and are critical to the comfort conditions in the buildings. It is not unusual for a school district to have a mechanic trained as an operator/monitor/troubleshooter of the system, and have that person fully dedicated to the job. This usually pays off in the short term via energy savings and reduced comfort complaints. The District needs to dedicate more time to the daily management of the automated building control systems. This will reduce the building comfort complaints and result in energy savings as estimated earlier.

Facilities Department

Organization: The Facilities Coordinator is the head of this department and reports to the Chief of Business Operations (Business Manager), which is typical in most Pennsylvania school districts. The maintenance, grounds, and painting staff all report to the Facilities Supervisor through foremen, which is an appropriate arrangement. The Coordinator, Supervisor and the maintenance/grounds employees are located in the Annex Building which is shared with the IT department. This facility provides the maintenance group with ample and appropriate space for its needs. Custodians are distributed throughout the schools and currently report through head custodians to the Coordinator with some support from building principals and/or assistant principals. The Facilities Department is currently staffed with seventy-nine employees as follows:

HSD Facilities Department - Current Employees

Position	Number of Employees
Facilities Coordinator	1
Facilities Supervisor	1
Secretary/Clerk	1 (Shared with IT)
Maintenance	8 (Including 1 foreman)
Grounds	6 (Including 1 foreman)
Painters	3 (Including 1 foreman)
Head custodians	10
Custodians	49
Total	**79**

It should be noted that security staff report to the Human Resources Director and not to the Facilities Coordinator (see Initiative AF08 in the Administration & Finance chapter of this Recovery Plan). The only non-union members of the facilities staff are the Facilities Coordinator, who is responsible for the overall direction of the department, and Facilities Supervisor, who is in charge of the building and grounds maintenance. A position of Custodian Supervisor was eliminated in December 2011 with the retirement of the person in that position, and the custodians are now generally supervised and evaluated by head custodians, with additional review and support from the Coordinator and some input from building principals and/or assistant principals.

Maintenance and custodian services in all facilities are primarily provided by in-house staff to the extent possible, with several typical contracted services providers such as for life safety systems, high technology systems service, uniforms, etc. There are also contracts for other technical services beyond the in-house capabilities, but contracted services expenditures are below average. Facilities Department employees are represented by a bargaining unit, American Federation of State, County, and Municipal Employees (AFSCME) Council 90, with a contract that expired June 30, 2011, although employees continue to work per the terms of that agreement pending negotiation of a new agreement. This bargaining unit includes the facilities employees as well as employees in the following classifications: lunch aides, cafeteria helpers, hall monitors, secretaries, clerk-typists, warehouseman, and similar positions.

A customer survey was sent to the building staff to determine their satisfaction with the Facilities Department services. A copy of the survey document is provided in Appendix 2 of this report. The responses on a 1-5 scale were as follows:

HSD Facilities Customer Survey Results

School	Central Bldg Maintenance	Grounds Maintenance	Custodian Maintenance	Day/Night
Ben Franklin	3, 4	3, 4	3, 4	3/3
Camp Curtin		No response		
Foose		No response		
Hamilton		No response		
John Harris	2, 3, 4	4, 5	2, 3, 4	4, 5 / 4,5
Marshall	4	3, 4	3	4 / 2
Melrose	3	2, 3	2, 3	3, 4 / 2, 3
Rowland		No response		
Scott		No response		

Ranking scale: 5 = excellent, 4 = very good, 3 = satisfactory, 2 = needs improvement, 1 = unacceptable, 0 = totally lacking

There were few responses, but those received indicate a mixed opinion on the services. Generally, there seemed to be more satisfaction with day shift custodians, less satisfaction with evening shift custodians, and a mixed reaction to the building and grounds maintenance. This would support the need for a Supervisor of Custodians primarily working the evening shift, which is addressed in the next section along with other issues that are affecting the service levels within the Department.

Finances & Maintenance Expenditures: According to District-furnished data, the total Department anticipated expenditures (total 2600 accounts) for the 2012-13 year is approximately $10.41 million, and the 2013-14 budget is $11.211 million. If we deduct from those amounts the total cost of utilities (electric, gas, water, steam), the result is termed the “Maintenance Expenditures” of the District, which are $7.874 million for 2012-13 and $8.671 million for 2013-14.

Dividing the maintenance expenditures by the total District anticipated expenditures for 2012-13 and the 2013-14 budget yields the maintenance expenditures as a per cent of total District expenditures. For the District these amounts are 5.80 percent for 2012-13 and 5.89 percent for 2013-14. The PASBO Facilities Benchmarking Report statewide median is 6.35 percent for the 2011-12 year and 6.08% for the central region containing Dauphin County, and that number has been fairly consistent for several years. Hence, this would indicate that the Facilities Department is currently operating at a reduced funding level when compared to other Pennsylvania schools. However based on project team knowledge of operations in many other school districts and the review of the District's department, one cannot conclude that the group operates at above average efficiency. Rather, it seems to indicate underfunding of the Department, most likely due to the severe financial constraints in the district and the fact that the department wage rates have not changed since 2011.

However, if we look at another parameter in the PASBO report, it appears that the District’s costs are high. That other parameter is maintenance expenditures per square foot of instructional space. The instructional area of the District's active schools is 1,203,789 square feet. To that area can be added 15 percent of the area of the four closed schools still being maintained (Hamilton, Lincoln, Shimmell, Steele), for a total area of 1,239,750 square feet. This yields maintenance expenditures per square foot of $6.35 for 2012-13 and $6.99 for 2013-14 versus the PASBO median of $4.49 for the 2011-12 year (again, the PASBO benchmark survey number has been fairly consistent over recent years). Based on the overall financial position of the District, it is unlikely that a large infusion of budget support is feasible in the near future for the Department. Hence, the bulk of the remaining review focuses on ways to better use the resources available within the Department, and ways to lower costs to the District.

Custodians: Based on job descriptions, custodians are part of the Facilities Department. However, they apparently receive some direction and evaluation from the principals by way of the head custodians. Since the position of Supervisor of Custodians was eliminated due to budget constraints, there is not a non-bargaining unit supervisor during the work period of most of the custodian employees. The Coordinator is covering those responsibilities to the extent possible, but the double duties spread him too thin and keep him from more critical tasks within the department (energy efficiency, budget, work orders, preventive maintenance, etc.). This diffused organizational structure has several problems:

- no consistent training in cleaning procedures, the use of materials, and safety issues (AHERA, Right To Know, lifting, etc.);
- inconsistent employee accountability and evaluations;
- potentially inconsistent and/or inefficient budgeting, purchasing, and control of consumable supplies;
- no central coordination of the employee absentee coverage pool or procedures; and
- potentially poor use of educational administrator time on facility support issues.

The inconsistencies are evident in the responses to the O&M survey from several principals as reviewed earlier in this section of the report.

While arguably the building principal should have control over staff in their school, the principal's primary responsibilities are to manage the instructional program, to supervise teachers and students, and to deal with parents and the community. The Education chapter of this plan points out that District principals are already spending insufficient time on instructional matters. Principals are educators first and building managers second, hence their talents are better applied to areas other than custodian direction and supervision. Principals should retain the ability to direct staff as needed, and have input into their evaluation, but direct supervision is needed on the evening/night shift. Much of the custodians' typical student day duties would still be spent responding to staff/student needs, as is the case now. However, scheduling, direction, and evaluation of the custodian staff, both day and night shifts, should be part of the central facilities management function. Central control and direction from individuals knowledgeable in and experienced with custodian duties can provide effective, efficient, and consistent procedures in the deficient areas noted above**.** It is recommended that the custodians be under the daily direction of a reinstated position, Supervisor of Custodians, who would report to the Facilities Coordinator. The added cost for this position**,** estimated at $100,000 for salary and fringes, can be offset by substantial savings from realigned and reduced custodian staffing as described later in this report. Alternatively, the District may use an internal realignment and staff designation to fill this role.

FA08.	**Reinstate Position of Supervisor of Custodians**	
	Target outcome:	Improve the quality of building upkeep and reduce involvement of building principals in routine maintenance and operations issues.
	Multi-year financial impact:	($552,563)
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

It is recommended the Supervisor of Custodians position be filled with someone very experienced in custodial methods and materials, and most importantly, with relevant experience in employee relations/supervision. Also, the new supervisor's work schedule should be primarily directed towards second shift management. The exact distribution of duties can be determined by the Business Manager and Facilities Coordinator, and will be influenced by the skills, strengths, and experience of existing employees and the new supervisor. However, the position should be a non-union, management position, a "working supervisor." This is appropriate to the extent that the supervisor performs custodian work for the purposes of training, absentee coverage, and emergencies; but this position should not be used to correct the lack of sufficient substitute custodians. The Management Rights Provision, Article 31, of the existing AFSCME contract shall be reviewed and revised so as not to restrict this capability.

Financial Impact

FY14	FY15	FY16	FY17	FY18	Total
($100,000)	($105,000)	($110,250)	($115,763)	($121,551)	($552,563)

There are generic position descriptions for Custodian (formerly Facilities Service Worker- I) and Head Custodian A and 1B (formerly Facilities Service Foreman). In addition, there are individual job descriptions (i.e. specific area and task assignments within each building) which include specific areas assigned and duty lists for each area on a daily/weekly/monthly basis, with proper procedures, check lists, and logs as needed. However, these shall be revised and shall be based on time allocations using current time allocations, cleaning methods, materials, and equipment. There are several custodian staffing guidelines available from cleaning materials manufacturers and trade associations to aid in setting up new cleaning duty allocations (Hillyard CCAP, Butchers BlueprintPro, BOMA publications, and others). The new Supervisor of Custodians shall be assigned the task of reviewing and revising these guidelines and standards, reorganizing the cleaning areas to more accurately reflect industry standards, and downsizing custodian work force as noted below.

FA09.	**Reduce Custodial Staffing**	
	Target outcome:	Reduce the cost of custodial operations by bringing staffing in line with standards.
	Multi-year financial impact:	$1.1 million
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

In a 2001 review of District facilities there were a total of 68 custodians in the district covering 15 schools. This staffing level equated to 19,438 square feet per custodian. This figure did not include the William Penn building, which is very large but was only partially used. The 2001 review used several formulas to determine appropriate custodial staffing levels for each school and recommended a reduction of three custodians overall, which would have yielded 20,443 square feet per custodian. The reduction in force since 2001 was due to school closings and budget constraints. There are now 59 custodians covering 10 schools at a lower square foot per custodian. Hence, the custodian staffing levels based on total areas (gross square feet) of the schools was reexamined while accounting for the renovations and additions in several schools. The number of square feet per custodian for comparison with the PASBO Benchmarking Report standard is as follows:

School	Day	Evening	Total	Area '(sf)	S.F./Cust.	Required Change in Staff
Ben Franklin	1	4	5	106,328	21,248	0
Camp Curtin	1	7	8	150,671	18,834	-0.5
Downey	1	4	5	94,420	18,884	-0.5
Foose	1	5	6	111,811	18,635	-0.5
John Harris	1	11	13	298,130	22,933	0
Marshall	1	4	5	77,950	15,590	-1
Melrose	1	3	4	72,150	18,038	-0.5
Rowland*	1	6	6	122,745	20,458	0
Scott	1	3	4	78,174	19,544	-0.5
SciTech	1	3	4	68,500	17,125	-0.5
Existing 10 Schools	10	50	60	1,180,789	19,680	-4.0
Required	**10**	**46**	**56**	**1,180,789**	**21,086**	
PASBO Facilities Benchmarking Report Median					**22,098**	

*Note that there are custodians at Camp Curtain and Rowland who work a 10:00 a.m. to 6:30 p.m. evening work shift. Other custodians work traditional first and second shifts.

These recommended changes to the custodial work force will require significant redistribution of work areas on day, evening, and night work shifts. The recommended changes are based on the PASBO median parameter. There was no attempt to reconfigure all the individual custodian assignments, as this will be the job of the Supervisor of Custodians position. While these staff reductions will not be easy, under the circumstances there is no reason why the District should not be at least close to the median square foot/custodian for Pennsylvania schools.

Based on current wages plus benefit costs, the reduction of 4 custodian positions would save between $203,000 and $232,000 annually. The District "custodian salaries per square foot of instructional space" is $1.26, which is significantly less than the PASBO survey median of $1.47. Hence, custodian wages in the District are well below average. However, fringe benefit costs in HSD are very high, 86 percent of salaries, which is well above typical Pennsylvania school district levels. These fringe benefit costs can be expected to increase significantly in future years due to rising medical insurance costs and significant increases in the employer retirement contribution. Any negotiations with the AFSCME bargaining unit should address the excessive fringe benefit costs, especially in light of the District's financial crisis.

Financial Impact

FY14	FY15	FY16	FY17	FY18	Total
$203,737	$211,667	$219,882	$226,311	$231,281	$1,092,877

FA10.	**Evaluate Contracting out Custodial Services**	
	Target outcome:	Evaluate the pros and cons of contracting out custodial services by conducting a formal RFP process among qualified bidders.
	Multi-year financial impact:	N/A
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

It is also recommend that the District investigate contracted cleaning services as an alternative to continued use of District employees on the night shift. The wage rates of contractors might not be substantially different from those paid by District, but the contractor fringe costs would likely be significantly less. The District did receive a proposal from ServiceMaster some time ago which indicated savings of approximately $350,000 annually from contracting these services. A new proposal should be solicited and reviewed. However, before making any change to contracted services, negotiations in good faith with the bargaining unit would be required, in order to provide the union the chance to match services and costs. Note also that the changes in initiative FA09 would serve to make in-house services more competitive with outsourced services. This would require changes to or removal of the existing Article 32, Section 1 of the existing Agreement.

Financial Impact

FY14	FY15	FY16	FY17	FY18	FY19	Total
$0	$0	$0	$0	$0	$0	$0

FA11.	**Reduce Maintenance Staff**	
	Target outcome:	Eliminate a net of four positions in the maintenance area to bring staffing in line with standards.
	Multi-year financial impact:	$1.3 million
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

Buildings & Grounds Maintenance: In a 2001 review of the HSD facilities performed by the project team, a total of 24 FTE (full time equivalent) building and grounds maintenance staff was employed in the District. In the current year there are a total of two supervisors and 17 staff consisting of eight building maintenance staff (two HVAC, one electrician, and five building maintenance personnel), three painters, and six grounds crew (including two foremen). Earlier attrition was due to building closures and budget constraints. Using the PASBO survey parameters for comparison with other Pennsylvania school districts yields the following results:

Parameter	PASBO Median	HSD 2012-2013
Supervisor Salaries per instructional s.f.	$0.22	$0.11
Total B&G Salaries per instructional s.f.	$2.06	$0.27
Skilled Trades Salaries per instr. s.f.	$0.34	$0.20
Instructional. s.f. per Skilled Trades/Maintenance FTE	122,500	154,969*
Acres per Grounds FTE	48	25
Contracted Services per instructional s.f.	$0.36	$0.25

*Excludes painters

This analysis once again uses the area of the active schools (plus 15 percent of the area of the four closed but still maintained schools) to determine square feet of maintained space. These comparisons indicate the salaries in the District are generally below typical school district rates, but not for the skilled trade positions. This is also comparatively well below the median benchmark in supervision. The comparison also shows the District to be below the median with respect to contracted services. This is likely not a good situation, as it appears that the District is shortchanging more technical contracted maintenance on building HVAC and control systems. The controls in particular require competent maintenance services to continue optimum operation and to provide satisfactory comfort conditions. The need for trained staff in relation to these functions was discussed in more detail earlier in the section on building controls.

These benchmarks do indicate excessive staffing in some areas of the department. Further analysis of the staffing levels points to the number of District grounds staff and the existence of three full time painters on the building maintenance staff as the focus areas for staff reduction. The six grounds positions appear to be excessive based on the acres per staff comparisons. The painters are a luxury the District cannot afford in its current financial constraints. Based on experience with other school systems, districts have made significant staff changes within their building and grounds operations in response to ever increasing budget pressures. Districts have combined grounds with other duties such as painting, general building maintenance, warehouse duties. Districts have allocated trimming and hand mowing around schools to the Head Custodians, thus leaving machine mowing and athletic field preparations to the grounds staff, and freeing up their time for other central maintenance work. Many school systems have eliminated full time painter positions in favor of summer painting only, either through the use of reassigned staff or temporary help. These changes were typically because of fume issues with painting during the school year (even though on second shift), and also because of financial constraints. In order to do this, the AFSCME contract would have to be modified to include revised position descriptions and more liberal management rights (see Initiative WF07 in the Workforce chapter of this Recovery Plan).

In summary, the District shall eliminate the three full-time painter positions. It shall also eliminate two grounds positions**,** with hand mowing/trimming duties reassigned to Head Custodians at each school. One of the five eliminated positions shall be retained for a skilled maintenance mechanic who can be dedicated to the monitoring and management of building controls, energy management, and preventive maintenance. That new position might well be filled with an existing staff member currently familiar with the systems. Seniority may determine which employees are eventually laid off in this downsizing and reassignment of duties, unless sufficient attrition occurs to minimize lay-offs. Obviously, reassignment of staff and duties will be significant; and this should be done to maximize the talents of the existing staff, but not at the expense of maintenance work quality. The total annual savings for the elimination of four positions would be between $235,000 and $267,000 based on current wage rates and fringe costs.

Financial Impact

FY14	FY15	FY16	FY17	FY18	Total
$235,702	$244,756	$254,123	$261,193	$266,381	$1,262,155

FA12.	**Acquire an Automated System to Manage Building Maintenance Issues**	
	Target outcome:	Acquire the "School Dude" system to manage work order systems and improve communications on building maintenance issues.
	Multi-year financial impact:	($29,600)
	Responsible party:	CFO, Business Manager in consultation with Superintendent and School Board

Maintenance Management System: The Buildings and Ground Department currently uses an in-house automated maintenance work order system. The system provides automated transmittal of maintenance requests and periodic reports generated by the Coordinator. However, it does not provide a preventive maintenance (PM) function, and little documented PM is currently being accomplished by the Department. The existing software also appears to lack the ability to effectively track individual maintenance worker productivity and to provide on line access to work order status. It also appears that many communications to and from buildings and buildings and grounds staff is conducted via cell phone. Staff should be required to use the work order system at all times, except for true emergencies. An alternative automated maintenance management system, "School Dude," is readily available on the market at a cost of $7,200 for the first year and $5,600 for renewal years. This is a completely integrated system with full management capability. It is used by thousands of schools internationally, and is generally accepted as the best tool for schools. It is recommended that School Dude be considered for use in District to better document, track, report, and evaluate maintenance work, and to provide a documented PM program.

Financial Impact

FY14	FY15	FY16	FY17	FY18	Total
($7,200)	($5,600)	($5,600)	($5,600)	($5,600)	$29,600

Food Service

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Food Service

Overview

The goal of the Food Service Department is to provide children with healthy meals to support learning. The District currently operates a school breakfast and lunch program that is designated to serve meals to approximately 7,000 students at 10 schools:

1. John Harris High School
2. SciTech High School
3. Rowland Middle School
4. Melrose School (K-6)
5. Foose School (K-6)
6. Scott School (K-4)
7. Marshall School (K-8)
8. Ben Franklin School (K-8)
9. Camp Curtin School (K-8)
10. Downey School (K-8)

The District also provides meals for three schools operated by the Roman Catholic Diocese of Harrisburg, a summer feeding program, and a District-run pre-school program. All schools have their own cooking kitchens; however, only three schools (John Harris, SciTech and Rowland) have refrigerator and freezer storage capabilities. The remaining schools receive daily deliveries of food for service.

The Food Service Department staff is comprised of approximately 72 employees, 63 of which are full-time. The employees are part of the District's AFSCME bargaining unit. All full-time employees receive full medical, dental, vision, and prescription drug coverage. Part-time employees working 6 hours or more are eligible for dental and prescription drug coverage.

Finances

The Food Service Department's fiscal 2012-13 operating budget revenues of $5,258,151 are comprised of $156,114 in actual in-school sales from breakfast, lunch, à la carte sales, adult sales, and other special functions; $4,522,498 in federal reimbursements from participation in the National School Breakfast and Lunch program; $249,201 from state reimbursement; $311,434 in government commodities, and $175,018 in state Social Security and retirement reimbursements. Current federal and state reimbursement rates are shown in the exhibit below:

2012-13 Federal and State Reimbursement Rates

Federal	Breakfast	Lunch
Paid and Severe Need Meal	$0.27	$0.29
Reduced Meal	$1.55	$2.48
Free Meal	$1.85	$2.88

State	Breakfast	Lunch*
Paid and Severe Need Meal	$0.10	$0.14
Reduced Meal	$0.10	$0.14
Free Meal	$0.10	$0.14

* Extra $0.04 given if breakfast participation is greater than 20 percent.

The fiscal year 2012-13 Food service budget has projected expenditures of $5,544,127 that are comprised of $2,923,370 in food and paper cost; $1,767,336 in payroll and taxes; $719,927 in group insurance and other benefits; $66,306 in repairs and equipment; $49,878 in depreciation; and $17,310 in other expenses.

The Food Service Department has been operating with annual deficits for many years. As shown below, the Food Service Fund has accumulated a negative fund balance estimated to be over $1.6 million by the end of fiscal year 2013-14.

Food Service Fund
FY2004-05 to FY2012-13 Historical and Projected Results and Year End Position

Fiscal Year	Net Assets Beginning	Operating Revenues	Non-Operating Revenues	Operating Expenses	Annual Surplus/Deficit	Net Assets Ending
2004/05	$585,992	$594,734	$4,143,042	($4,979,227)	($241,451)	$344,541
2005/06	$344,541	$448,694	$4,252,655	($4,921,467)	($220,118)	$124,423
2006/07	$124,423	$308,936	$4,465,784	($5,048,277)	($273,557)	($149,134)
2007/08	($149,134)	$288,652	$4,723,045	($5,214,273)	($202,576)	($351,710)
2008/09	($351,710)	$297,495	$5,278,364	($5,741,827)	($165,968)	($517,678)
2009/10	($517,678)	$296,802	$5,552,724	($6,152,980)	($303,454)	($821,132)
2010/11	($821,132)	$291,415	$5,165,430	($5,860,855)	($404,010)	($1,225,142)
2011/12	($1,225,142)	$217,391	$5,209,387	($5,561,731)	($134,953)	($1,360,095)
2012/13 (projected)	($1,360,095)	$156,114	$5,258,151	($5,544,127)	($129,862)	($1,489,957)
2013/14 (projected)	($1,489,957)	$164,782	$5,517,154	($5,813,355)	($131,419)	($1,621,376)

Assessment

The Harrisburg School District serves approximately 5,000 lunch and 3,500 breakfast meals per day. Approximately 86 percent of enrolled students are eligible to receive free or reduced price meals. Of that 86 percent, over 91 percent of students participate in the National School Lunch program and 70 percent participate in the School Breakfast program.

In 2012-13 the United States Department of Agriculture implemented the first changes to the National School Lunch program in over 15 years, a result of the Healthy Hunger Free Kids Act of 2010 (HHFKA). The changes included increasing the amount of fruits and vegetables served, implementing calorie restrictions, setting minimum and maximum meat and grain offerings, and requiring certain types of vegetables to be served each week. These mandates have brought on changes to the menus that the students were used to and may also potentially increase the food cost to the program. The District must become certified in these new meal regulations to be reimbursed an extra $0.06 per lunch served. The District is very close to submitting the documentation to become certified.

The HHFKA also requires districts to ensure sufficient funds are provided to the nonprofit school food service account for meals served to students not eligible for free or reduced price meals. School districts must annually review their paid lunch revenue to assure compliance with the paid lunch equity requirement. When the average paid lunch price is less than the difference between the free and paid federal reimbursement rates, the Food Service Department must determine how they will meet the requirement either by increasing the average paid lunch price or providing funds from non-federal sources.

One of the challenges that the Food Service Department faces is lack of proper storage space at each location. As noted above, only three of the ten schools have adequate refrigeration and freezer storage, so the District employs three drivers to deliver refrigerated and frozen food daily to the other seven locations.

The Food Service Department prepares a yearly budget. However, there is no monthly revenue and expenditures report reviewed with the Business Manager nor a budget status update completed monthly. The point of sale system being used is outdated and doesn't compile district-wide daily counts and sales reports. Manual calculations are being done for most of the financial reporting.

The responsibilities and efficiencies of the food service staff need to be addressed. Cafeteria managers and assistant cafeteria managers need to have more responsibility and accountability. The Food Service Director is performing job duties that should be expected of a cafeteria manager. Food service workers need to increase productivity. All job descriptions of the food service staff need updating.

Some of the schools are over staffed for the number of meal equivalents that are served. In a convenience style cooking kitchen, the goal for meals served per labor hour is between 17 and 21.[11] Only six of the ten schools are meeting this goal, and the schools' combined meals per labor hour is 15.9. Job responsibilities of staff members must also be assessed to ensure operating efficiencies.

The chart below is an analysis prepared in January 2013 to determine staffing opportunities in the Food Service Department.

HSD Food Service Department Staffing Opportunities

2012-2013	Enrollment	Number of Operating Days	Total Lunches Served per Month	Average Daily Lunches Served	% Lunch Participation	Total Breakfast Served per Month	Average Daily Breakfast Served	Total Revenue Adult, A La Carte, Other Sales	Total Meal Equivalents	Total % Participation	Actual Labor Hours	Meals per Labor Hour
B. Franklin	878	17	14,868	874.6	99.6%	14,297	841.0	$0.00	22,017	147.5%	816	27.0
Downey	666	17	8,807	518.1	77.8%	8,589	505.2	$0.00	13,102	115.7%	672	19.5
Foose	788	17	11,326	666.2	84.5%	9,401	553.0	$0.00	16,027	119.6%	774	20.7
Marshall	545	17	7,375	433.8	79.6%	3,691	217.1	$0.00	9,221	99.5%	655	14.1
Melrose	541	17	7,395	435.0	80.4%	6,363	374.3	$0.00	10,577	115.0%	612	17.3
Scott	618	17	9,210	541.8	87.7%	7,747	455.7	$0.00	13,084	124.5%	655	20.0
Camp Curtin	802	17	13,336	784.5	97.8%	10,934	643.2	$0.00	18,803	137.9%	816	23.0
Rowland*	602	17	11,647	685.1	113.8%	3,946	232.1	$498.00	13,818	135.0%	1,156	12.0
Harris**	1,183	17	13,016	765.6	64.7%	4,360	256.5	$3,397.08	16,547	82.3%	1,938	8.5
SciTech	359	17	4,312	253.6	70.7%	2,224	130.8	$867.94	5,769	94.5%	625	9.2
All Schools	**6,982**	**17**	**101,292**	**5,958.4**	**85.3%**	**71,552**	**4,208.9**	**$4,763.02**	**138,962**	**117.1%**	**8,717**	**15.9**

* Rowland – 3,833 lunches and 745 breakfasts prepared for Catholic school
** Harris - $1,110.98 in catering sales included in total revenue

Initiatives

The success of the Food Service Department is dependent on the provision of healthy meals to District children while eliminating the recurring annual losses in the Food Service Fund. The initiatives in this section will help improve the efficiency of the program, improve the financial reporting, rightsize the operation, and streamline responsibilities of staff. The goal is to make the food service operation self-sustaining.

[11] NFSMI, Financial Analysis and Program Evaluation

FS01.	Rightsize the food service operation and repay prior subsidy	
	Target outcome:	Reduce number of labor hours at three schools
	Five year financial impact:	$1,657,095
	Responsible party:	Business Manager, HR Director, Food Service Director

The District must rightsize the operation in several schools: SciTech High School, John Harris High School, and Rowland Middle School. These schools are currently overstaffed for the enrollment, number of meals served, and programs offered. SciTech High School can reduce three employees to five hours. John Harris HS and Rowland MS can make staff reductions over a two year period to adjust. At John Harris, year one: reduce 4 employees to 5.5 hours and year two: reduce 6 employees to 4.5 hours. At Rowland MS, year one: reduce 3 employees to 5.5 hours and year two: reduce 3 employees to 5.5 hours. All of these reductions will increase the Meals per Labor Hour in each school, increase productivity, and eliminate benefits for full time staff. Re-training of staff will be necessary to achieve these objectives.

School	Labor $/Day	Number of Days	Total Labor Amount	Average Benefits	Contribution	Total Yearly Savings
SCITECH	$68.76	189	$12,996	$29,648	$520	$42,123
JOHN HARRIS						
Year One	$183.40	189	$34,663	$59,295	$876	$93,081
Year Two	$110.46	189	$20,877	$88,943	$1,315	$108,505
ROWLAND						
Year One	$63.00	189	$11,907	$44,471	$586	$55,793
Year Two	$66.75	189	$12,616	$44,471	$586	$56,501
DISTRICT WIDE			**$93,058**	**$266,828**	**$3,882**	**$356,004**

Financial Impact (Food Service Fund)

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Total
$190,997	$356,003	$384,483	$415,242	$448,461	$1,615,009

Financial Impact (Eliminate Future General Fund Subsidy)

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Total
$131,419	$131,419	$131,419	$131,419	$131,419	$657,095

Financial Impact (Repay Prior General Fund Subsidy)

2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	Total
$50,000	$200,000	$250,000	$250,000	$250,000	$1,000,000

FS02.	Increase paid meal price to comply with Healthy Hunger Free Kids Act[12]	
	Target outcome:	Increase lunch price
	Five year financial impact:	$22,483
	Responsible party:	Business Manager, HR Director, Food Service Director

Each year the District shall perform a paid meal equity calculation to determine if the paid lunch price needs to be increased. In the graph below, the calculation used for the next five years is the formula for the 2013-14 school year which is 2.00 percent plus 2.93 percent. Using this formula, the paid meal lunch price shall increase by $0.10 each year. This will change each year, along with the paid lunch participation.

School Year	K-8 Price	9-12 Price	Annual Impact
2012-2013	$1.75	$1.90	Current
2013-2014	$1.85	$2.00	$4,683
2014-2015	$1.95	$2.10	$4,600
2015-2016	$2.05	$2.20	$4,500
2016-2017	$2.15	$2.30	$4,400
2017-2018	$2.25	$2.40	$4,300
TOTAL (cumulative)			$22,483

FS03.	Operating Efficiencies	
	Target outcome:	Align job descriptions to reflect proper personnel responsibilities
	Five year financial impact:	N/A
	Responsible party:	HR Director, Food Service Director

The District shall revise current job descriptions for the entire Food Service Department. Cafeteria manager responsibilities shall be increased; the Assistant Manager position shall be considered for elimination, as the volume in the cafeterias does not necessitate this position. The Director is currently performing duties that should be the responsibility of a cafeteria manager, such as preparing food orders and compiling production records. Some of these jobs shall be shifted to the Cafeteria Managers so that the Food Service Director will have the ability to spend more time effectively managing and assessing the financial performance of the operation.

[12] Paid Lunch Equity: School Year 2013-2014 Calculations and Tool, USDA

FS04.	Outsourcing Analysis	
	Target outcome:	Management company proposal on operating food service program
	Five year financial impact:	N/A
	Responsible party:	Business Manager

The District shall commission an outsourcing analysis from a management company to determine the level of potential cost savings to the District from private operation. Typically, a management company will charge the district a management and administrative fee to completely run the food service program. A district employee would still be needed to process free and reduced applications, submit claims to the state, and complete other state reporting requirements.

Revenue

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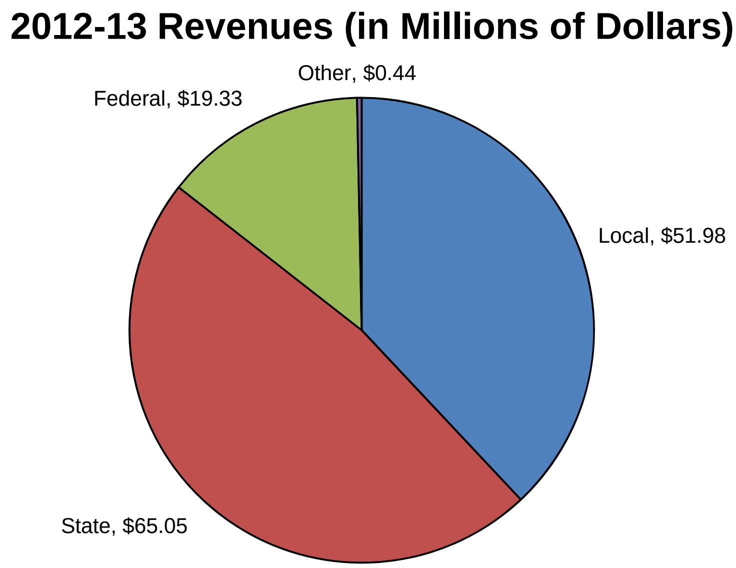
Revenue

Overview

The Harrisburg School District, like all Pennsylvania school districts, is funded through a combination of local, state, and federal revenue sources. The amount of revenue from each is determined by a combination of laws and regulations and decisions by the elected school board.



Local revenues represent roughly 38.0 percent of the total revenue in the current year's budget. The vast majority of local revenues are derived from a variety of taxes, with over 80.0 percent generated by current and delinquent real estate (property) taxes. Each year the school board establishes the real estate tax rate which is applied against assessed values for each property to generate annual property tax bills. Properties are periodically reassessed by Dauphin County. Another 6.0 to 7.0 percent of local revenues are generated by the District's portion of a 1.0 percent tax on the compensation and net profits of residents of the District. This is known as the earned income tax.

The District is highly dependent upon state funding, which provides approximately 48.0 percent of the revenue in the current year's budget. State revenue to the District is determined by specific laws governing various subsidy and grant programs. Most state revenues are a function of specific district operations or expenditures, such as reimbursement for portions of District spending on transportation, debt service payments on bonds in connection with school construction projects, and contributions toward employee Social Security and retirement payments. By far the greatest source of state revenue is the basic instructional subsidy, which represents almost two-thirds of all state dollars. At $42.0 million in 2012-13, it is the single largest revenue line item in the District's budget.

While the District is highly dependent upon state funding and a variety of local taxes to provide the majority of its revenue, federal funding is a third significant source of revenue. Unfortunately, several federal sources are in jeopardy of being reduced or in some cases eliminated. Federal funds originate from a variety of "categorical" grants and competitive programs. Some of the federal grant allocations are based on a combination of factors, including the number of students and poverty levels (categorical). Others are based on the District applying for money and being awarded funds based on the quality of the submission and the quantity and quality of other applications (competitive).

The District currently receives approximately 40 percent of its federal revenue through the Title I Education for the Disadvantaged Program. The District anticipates a $500,000 decline in this line item in 2013-14. The District also receives approximately 39 percent of its federal revenue from a combination of multiple School Improvement Grants (SIGs). Because of the limited term of these grants and the fact that several SIG grants are in their last year, the District anticipates a loss of $4.3 million in this line item in 2013-14, although there will be offsetting reductions in expenditures. Overall, federal revenues are projected to decrease from 14 percent of the District's budget in 2012-13 to approximately 9 percent in the 2013-14 budget.

Revenue Profile

Local Revenue

The underlying economic demographics of the District and the financial challenges of the City of Harrisburg – supported by the same taxpayers – are challenging. There is a high level of poverty and a stagnant tax base, both in terms of real estate and income. The District has had the highest real estate tax rate (millage) of all school districts in Dauphin County since the 2008-09 year, and has raised taxes for three consecutive years. Close to 50.0 percent of the District's assessed valuation for the real estate tax is tax-exempt. Collection rates remain low. And, the City doubled the earned income tax for the 2013 fiscal year.

The District has a number of properties that are currently designated as Keystone Opportunity Zones (KOZs). These properties are taxed at a nominal level for a period of years which is determined by law. The KOZ program is used by the Commonwealth and local communities to encourage economic development in depressed or blighted areas and in former industrial brownfields where there may be considerable work required to rehabilitate the sites. Often, local governments and school districts experience a large additional source of tax revenue when one or more KOZ properties reach the end of the incentive program and are placed back on the tax rolls. However, in Harrisburg it appears that the existing KOZ properties generally include provisions – called payment in lieu of taxes, or PILOTs – whereby the property owners voluntarily make payments to the taxing authorities in an amount similar to what the property taxes would otherwise be. The District is to be commended for maintaining this revenue stream throughout the period of the KOZ. However, this fact ensures that there will not be a sudden increase in local revenues at the expiration of the various KOZs.

There are also a number of properties within the School District that have been approved for participation in another tax abatement program, the Local Economic Revitalization Tax Assistance Act (LERTA). LERTA programs generally operate with five or ten-year periods during which the property owners gradually increase their real estate payments in prescribed steps from no payment in the first year until the taxing bodies are receiving the full amount of taxes by the end of the program. Local governments and school districts utilize LERTA programs for the same reasons as KOZs. A review of properties in the Harrisburg School District which have been granted LERTA status reveals that there is no new or additional source of tax revenue from LERTA properties before 2019.

The District is projecting an increase of less than 1.0 percent in the real estate tax base for the 2013-14 year. Because of the extremely high percentage of tax-exempt properties in the District, this increase in assessed value, without an increase in the tax rate, would generate less than $300,000 in additional revenue. This modest increase follows several years of slightly declining tax assessments due to tax assessment appeals. While continued incremental growth is expected as the national economy continues to rebound, there is no indication that the District will experience significant increases in its real estate base in the short- or medium-term. It is clear that any revenue growth that comes naturally from an increase in tax assessments will not be sufficient to support the District's projected growth in expenditures. As a result, it will be necessary for the Board to levy tax increases as part of an overall multi-faceted plan to balance its budget.

In addition to the practical limitations on increasing future real estate tax revenues, there are statutory restraints. Act 1 of 2006 placed restrictions on increasing the millage rate beyond a cost of living rate which is established annually by the Commonwealth. The exceptions to this are if a district seeks approval of its taxpayers through a public referendum or if the district qualifies for certain adjustments attributable to increased costs for special education programs, pensions, or school debt payments. The statewide Act 1 index for 2013-14 is 1.7 percent. Because of its demographics, the Harrisburg School District is assigned a modified index which is 2.5 percent - the same as in the 2012-13 year. Exceptions for special education, pension, and debt service costs permit the Board to increase real estate taxes by an additional 7.25% for 2013-14, for a total of 9.75%. However, the Plan recommendation is to only increase the millage rate by the Act I Index plus the amount allowed for the Special Education Exemption, for a total of a 3.5% increase. Please refer to the table below for the Act 1 index, the modified Act 1 index for the District, and the District's tax increases since the passage of Act 1.

School Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Act 1 Increase	3.9%	3.9%	3.4%	4.4%	4.1%	2.9%	1.7%	1.7%
HSD Modified Act 1 Increase	5.8%	5.1%	6.6%	6.1%	4.4%	4.1%	2.5%	2.5%
HSD RE Tax Rate	21.23	22.31	23.75	23.75	25.20	26.31	26.97	27.91
HSD RE Tax Increase %	0.0%	5.1%	6.5%	0.0%	6.1%	4.4%	2.5%	3.5%

There are a few other significant considerations in terms of local revenue. The District has historically had a high rate of tax delinquency. In recent years, the District has collected 83-85 percent of its current real estate taxes in the timeframe that is prescribed by law before unpaid (delinquent) taxes are turned over to the Dauphin County Tax Claim Bureau. Once taxes become delinquent, interest and additional charges become due, causing the unpaid amount to increase significantly over time. If taxes remain unpaid after a period of two to three years, the property can be sold at a sheriff's sale and the owner can lose title to the property.

The District has utilized a tax lien monetization program since 2004. The program involves a complex arrangement between the District, the Tax Claim Bureau, the Redevelopment Authority of the City of Harrisburg, a lender, and a third-party that coordinates the program and packages the transaction. The program provides the District with a fairly predictable amount of income annually and eliminates the cash flow issues that would normally be associated with what can be a lengthy process of collecting delinquent real estate taxes. The program clearly has some aspects that are beneficial to the District, but it does cost several hundred thousand dollars annually in fees and the entire arrangement needs to be evaluated periodically to ensure it is the best option for the District.

Act 32 of 2008 required all municipalities and school districts to form county-wide committees for the purpose of consolidating the collection of earned income taxes and selecting a single collection entity. Prior to January 1, 2012 – the effective date of Act 32 – the Harrisburg School District utilized Capital Area Tax Bureau to collect earned income taxes. The decision in Dauphin County was made to contract with another firm, Keystone Collections Group. However, the District continues to utilize Capital Area Tax Bureau for the collection of delinquent earned income taxes for years prior to 2012. It appears that the District is receiving a very minimal level of delinquent earned income taxes now that current and delinquent taxes are separated and collected by different entities. This matter deserves further study and evaluation.

Finally, another local revenue item that requires a very careful analysis and the development of a strategic multiple-year plan is related to the existence of several vacant school buildings. A feasibility study and enrollment projection should be done to determine the future building needs for the District, the buildings which best serve those needs, the marketability of the excess buildings, and a plan for disposing of those facilities based on district needs and the market values.

State Revenues

State aid is determined annually as part of the Commonwealth's budget process. The Commonwealth's budget year is the same as the District's – July 1 to June 30. State budgets are often not passed and signed by the governor until close to July 1. Since school boards must approve budgets before the end of June, this phenomenon makes it very difficult for school districts to accurately project the amount of state revenue they will receive for the new school year.

There is not one single line item that represents state aid to school districts. In fact, the current budget for the Harrisburg School District contains over a dozen separate sources of state revenue. Each revenue item utilizes its own funding formula which represents the current political and philosophical intent of the General Assembly and the Governor and the revenues that are available to the Commonwealth to be spent on K-12 education in what is a very competitive budgetary process with many other needs and goals (including higher education, pre-school education, prisons, protection of citizens, and various social programs such as Medicaid). Each year, school districts are forced to predict what is likely to occur with regard to each of these separate line items.

The District is currently projecting the majority of its revenue from state sources to be continued in 2013-14 under essentially the same formulas and/or at generally the same levels as in 2012-13.[13] For the most part, that means the District expects line items to be "level-funded" at the current amounts or to change nominally. With nearly half of the District's revenues projected to remain fundamentally the same, this suggests that a balanced budget will require significant increases in local or federal revenues (see those sections) or major cost reduction or some combination of the two.

One state revenue line item which the District anticipates to be funded in the current manner, but which would necessarily involve a substantial increase, is the reimbursement for Public School Employees Retirement Systems (PSERS) pension contributions made by the District. The Commonwealth generally pays for 50 percent of the "employer" PSERS costs. An exception is made for districts that are poorer than the average, as determined by a measure that compares the per pupil real estate market value and per pupil personal income of each district to that of the statewide averages. In those districts which are poorer than average as determined by this measure, including the Harrisburg School District, the Commonwealth shares disproportionately in the employer costs associated with those employees who were hired after June 30, 1994. With each passing year, the District is eligible for the higher level of state funding on an increasingly larger percentage of its payroll. This higher level of reimbursement that applies to some of the District's pension costs generated an additional $1.0 million in state revenue in the current year and is projected to generate more than $1.2 million in additional revenue in 2013-14.

Although any or all of the state revenue sources in a given year can undergo a major shift or even elimination in the next budget year, over the long term there has been annual growth of a few percentage points each year on average. In addition, there are some factors which are generally responsible for the allocation of resources to school districts. An individual district's wealth (relative to other districts), student enrollment, and level of expenditures tend to greatly influence the amount of state aid it receives. For many years, state support of public education has attempted to help level the playing field for

[13] However, state revenue projections in this Recovery Plan are based on District revenues announced in February 2013 in conjunction with Governor Corbett's proposed 2013-14 budget.

students in poorer school districts as compared to the students in wealthier areas. This is the major underlying factor behind the fact that Harrisburg School District receives close to half of its funds from state sources.

Federal Revenues

The District is projecting to receive over $19M in federal revenues in the 2012-13 year from a variety of nine programs or grants. Preliminary District estimates are for federal revenues to decline in the 2013-14 year by over $6M. There is also an unknown potential impact of federal sequestration. Although some of the expenditures that are currently supported by the federal revenue that is being eliminated may be continued by the District and funded with state and local funds, the vast majority of those expenditures will need to be eliminated, also.

One source of federal revenue that could be increased in the 2013-14 year if the District takes swift and decisive action is Medical Assistance (ACCESS) funds. Relative to the revenue that other districts generate and the levels of revenue that the District previously received, it appears to be underutilizing the ACCESS program. Data pertaining to ACCESS revenues during the District's last five completed fiscal years can be found below.

Category	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual
Total Students Reported	849	709	501	398	213
Claims Submitted	$1,315,137	$940,925	$752,302	$317,883	Unknown
Reimbursement	$688,114	$497,341	$407,212	$177,822	$194,682
Total					

Future Outlook

Although the economy continues to show signs of rebounding from an extremely deep and prolonged recession, national and state economic growth is slow and uncertain. Governments at all levels anticipate ongoing challenges associated with increased costs outpacing the rate of growth in tax revenues. The continued trend of health care costs increasing well above the rate of inflation and steadily absorbing greater shares of budgets, combined with projected future shortfalls in Social Security, Medicare, and Medicaid, and almost universally underfunded pension programs threaten to continue to put great pressure on public sector budgets for years to come. Although there are signs of recovery, many businesses are still refraining from the level of investment commensurate with expectation of a robust economic turnaround in the near term. Continued high levels of personal debt and unemployment virtually ensure that while consumer spending may continue to increase, individuals will remain cautious and contribute to the likelihood of a slow, sustained economic recovery, at best.

All of this supports a conclusion that the District will experience very little inherent growth in local, state, and federal revenues and will need to rely on regular increases in the real estate tax rate as one part of a comprehensive strategy to help balance budgets and ensure financial viability.

	2013-14	*2014-15*	*2015-16*	*2016-17*	*2017-18*
Local Sources	49,928,357	50,388,579	50,853,653	51,323,635	51,798,578
State Sources	66,510,527	70,227,378	72,309,646	73,970,539	75,370,312
Federal Sources	13,271,467	8,053,684	7,689,359	7,445,616	7,236,998
Other Sources	444,070	444,070	444,070	444,070	444,070

Total Revenues	$130,154,420	$129,113,711	$131,296,729	$133,183,860	$134,849,958

Several things which have the potential to improve this revenue outlook for the District include:

1. Increased state funding attributable to the investment of additional dollars in the education budget following the sale of the state liquor stores as proposed by the Governor.
2. A fundamental restructuring of the basic instructional subsidy system which provides an even greater share of education dollars to the poorer districts.
3. A revision to the special education funding formula which has the effect of providing more state funds to the District.
4. The sale of some of the District's properties due to excess building capacity. This could not only generate one-time income from the sales proceeds, but has the potential to convert non-revenue generating properties to taxable properties and add to the District's tax base in a broader fashion if the new owners of the properties attract people to live and work in the District.
5. Additional economic development from such tax-friendly incentive programs such as the Keystone Opportunity Zone (KOZ) program, especially if the District continues to receive PILOTS associated with any properties that are provided KOZ status.

Perhaps the greatest threats to the current revenue projections are
:

1. Sequestration or similar far-reaching reductions to federal spending
2. A change in the method currently used by the Commonwealth for sharing employer costs of PSERS
3. A change in the basic instructional subsidy formula to more closely match state funding with student enrollment at a time when the District's enrollment is anticipated to decline steadily for the foreseeable future

Initiatives

RV01.	**Delinquent real estate tax collection**	
	Target outcome:	Increase revenue by performing a thorough evaluation of the sale of delinquent taxes vs. the traditional method of utilizing the Tax Claim Bureau or subjecting the sale of taxes to a bid or RFP process if that approach appears to be advantageous
	Five year financial impact:	$1,250,000
	Responsible party:	Business Manager

The District has utilized a tax lien monetization program provided by Municipal Revenue Services (MRS) since 2004. While the program enhances cash flow to the District and provides a degree of predictability in terms of annual revenue, it is an expensive and complex program. The costs of the current program equal 6.0 percent of the amount that is advanced to the District. As such, they currently run close to $500,000 annually. The District does not currently have a cash flow problem and the accelerated delinquent tax proceeds are not as valuable in the current extremely low interest rate market as they would be if the District could invest the proceeds and earn significant investment interest.

No analysis has been done for a number of years to determine if the District might benefit from ceasing the program and relying solely on the Dauphin County Tax Claim Bureau for delinquent real estate tax collection or switching to another program that is arranged by a different vendor. It has been established that the District is in a position to non-renew the current contract with MRS without a penalty or settlement cost to the District.

The District shall immediately seek competitive proposals from the current vendor (MRS) and from other parties, including banks, which might be interested in purchasing the District's future delinquent real estate taxes. Furthermore, the District shall compare all of the responses to this request for proposals to the costs and benefits of having the County Tax Claim Bureau collect the delinquent taxes in a traditional format without a tax lien monetization component. The District shall select and immediately implement the option which provides the greatest economic value to the District.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$250,000	$250,000	$250,000	$250,000	$250,000	$1,250,000

RV02.	**Delinquent earned income tax collection**	
	Target outcome:	Increase revenue by performing a thorough evaluation of the current effort being provided by Capital Area Tax Bureau (CATB) and consider transferring that work to Keystone Collections Group or awarding it through a competitive process or altering the compensation arrangement with CATB
	Five year financial impact:	$1,350,000
	Responsible party:	Business Manager

When the municipalities and school districts in Dauphin County appointed Keystone Collections Group as the Act 32 collector, the District decided to retain its former earned income tax collector, Capital Area Tax Bureau, as the delinquent earned income tax collector for taxes due prior to January 2012. Since then, delinquent EIT revenues have been nominal. Capital Area Tax Bureau operates as the Act 32 EIT collector for other counties. It stands to reason that it is more economical for a tax collector to expend resources in the collection of current taxes than to make the often time-consuming and sometimes expensive effort to collect delinquent taxes.

It is possible that Capital Area Tax Bureau is doing a good job of collecting the District's delinquent earned income taxes. However, it is also possible that the bureau has been forced to decide how best to deploy its staff and utilize limited resources and that a better job could be done if another vendor was selected or if the compensation structure with Capital Area was revised to better incent the collector to make the necessary efforts to collect the District's delinquent taxes.

It is difficult to compare the current level of delinquent EIT revenue to prior years, since the District did not distinguish between current and delinquent EIT revenue when Capital Area collected both. However, the current delinquent revenue does not appear to be appropriate or typical given the size of the District. Other governmental entities have found that the amount of money that can be collected by pursuing non-filers, promptly filing all claims against other tax offices, and ensuring that enforcement actions are taken against individuals who have not fully paid their taxes not only generates substantial revenues in the near term, but also leads to greater compliance and filing rates in future years.

The District shall immediately seek competitive proposals from tax collection firms to collect the District's delinquent earned income taxes. Based upon a legal analysis of the District's ability to assign the duty for collecting delinquent taxes for the 2012 and prior years, the District shall, if possible, have a single delinquent earned income tax collector and shall specifically evaluate the merits of Keystone Collections Group collecting both the current and delinquent earned income taxes due to the inherit advantages and efficiencies of sharing information about the same taxpayers across multiple years. Furthermore, the District shall obtain or create a list of all residents who were potentially subject to filing earned income tax returns at any point during the past five years and an accounting of which tax returns have been filed and whether outstanding taxes are due for each individual for each year. Based on this information, the District shall establish reasonable estimates for such outstanding delinquent taxes and shall, on no less than a monthly basis, obtain and evaluate reports from the delinquent tax collector that summarize, by taxpayer, what steps have been taken to collect such taxes and what payments have been received. The District shall ensure that every effort is being made by the current tax collector to obtain a tax return and supporting evidence of income for each resident subject to the earned income tax and to claim earned income taxes that were withheld by an employer but not remitted to the District.

If the decision is made to not use Keystone Collections Group as the District's delinquent earned income tax collector for all tax years, the District shall ensure that all relevant information concerning current collections (including names, addresses and other identifying information of taxpayers; names, addresses and other information regarding taxpayers' employers; and any and all information pertaining to self-employment) is shared with the delinquent tax collector to enhance collection efforts for the delinquent amounts.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$200,000	$250,000	$300,000	$300,000	$300,000	$1,350,000

RV03.	**Encourage additional KOZ development with associated PILOT agreements**	
	Target outcome:	Increase revenue by attracting further economic development within the District's boundaries
	Five year financial impact:	$1,100,000
	Responsible party:	Board/Superintendent/Business Manager

The current law authorizing the establishment of Keystone Opportunity Zones (KOZ) expires at the end of 2013. Applications by developers are due to the Harrisburg Regional Chamber and Capital Regional Economic Development Corporation (CREDC) by the end of September 2013. The Chamber and CREDC have multiple neighborhoods within the City of Harrisburg that they have identified as having potential for KOZ development. The District should do everything it can to encourage such development as long as it does not need to forego the revenue associated with these properties. This can be accomplished with the use of payments in lieu of taxes (PILOTs), a mechanism that the District has previously used.
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Such development not only provides the District with an additional source of revenue from the renovation and construction of buildings that are not currently contributing much assessed value to the tax rolls, but it has the potential to create new jobs and additional earned income which is subject to taxation. The "ripple" effect of the developers' contactors and the new businesses' employees' spending money in already established nearby businesses provides yet another potential source of tax revenue.

The District shall immediately coordinate and attend monthly meetings with representatives from city government, county government, the Chamber, and other appropriate parties to develop a joint strategy for using the KOZ program to generate development interest, to facilitate discussions with potential developers, and to maximize use of the program to generate tax revenues and improve the quality of life for citizens of the City and School District and the surrounding area. The District shall also immediately contact the PA Department of Community and Economic Development to ascertain what programs and resources exist to support the District's efforts to spur development and increase its future tax base while generating PILOT revenues in the meantime.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$100,000	$250,000	$250,000	$250,000	$250,000	$1,100,000

RV04.	**Develop partnerships with tax-exempt entities to generate voluntary payments**	
	Target outcome:	Increase revenue by attracting voluntary payments from tax-exempt organizations in return for public recognition & reward programs
	Five year financial impact:	$1,500,000
	Responsible party:	Board/Superintendent/Business Manager

The District is in the unenviable position of having close to 50 percent of its real estate tax base declared tax-exempt. In addition to the usual array of religious structures, non-profit medical facilities, and other tax-exempt properties that almost every community has, the District is the state capital and the county seat. Moreover, some federal government offices are located in the District's boundaries for the same reason.

As a result, only slightly more than half of the District's property owners pay substantial real estate tax amounts for the benefit of the public school system. As indicated previously, the District has the highest real estate tax rate of all school districts in Dauphin County. At 26.965 mills, the District's rate is more than 25 percent higher than that of 10 of the other 11 school districts and is more than 50 percent higher than six of the eleven.

Other than to encourage development by tax-paying property owners through the use of tax incentive programs and the sale of one or more of its vacant buildings, the District can do very little to change this phenomenon. However, it needs to become the driving force behind a District-public-private partnership which encourages tax-exempt organizations to make payments to the District and recognizes and rewards them for doing so. The residents and taxpaying businesses of the District need to support such an effort. Other government entities in the Commonwealth have been successful in generating non-profit contributions, and the District can be as well.

The District shall immediately coordinate and attend regular meetings with representatives from city government, county government, the Chamber, The Greater Harrisburg Foundation, and a broad spectrum of non-profit organizations to spur discussion about how the non-profit sector can financially assist the District with cash payments or in-kind services. The District shall also contact state and national government officials to determine if there is funding or other resources available to promote such partnerships and shall research partnerships that exist elsewhere to identify best practices.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$100,000	$200,000	$300,000	$400,000	$500,000	$1,500,000

RV05.	Develop a strategy for marketing the District's vacant and unneeded properties and maximizing short-term (sales proceeds) and long-term (real estate tax) revenues.	
	Target outcome:	Generate immediate sales proceeds and ongoing real estate tax revenue and avoid costs of maintaining the properties.
	Five year financial impact:	$10,000,000
	Responsible party:	Board/Superintendent/Business Manager

The District has multiple properties that are not currently being used. In addition, projections based on live births and other available information suggests that the District will continue to lose student enrollment over the next five years. Since it is not likely that they will be needed by the District, a thorough and comprehensive feasibility study of all of the District's properties should be done to develop a long-range plan for their use, including an identification of any that should be put up for sale. Professional consultants working in conjunction with the District would be able to consider all aspects of these decisions, including the need to preserve sufficient collateral for current outstanding debt.

The financial impact of this item will depend heavily on which buildings are sold, when they are sold, and what the overall real estate market is at the time of the sales. It is impossible to predict with any precision at this time, but the following table is meant to illustrate a pattern of revenue that might reasonably be expected to be realized over a multiple-year period. The cumulative estimate for proceeds is much more important than the precise timing of the revenues.

The District shall ensure that a feasibility study and enrollment projection are done to determine the future building needs for the District, the buildings which best serve those needs, the marketability of the excess buildings, and a plan for disposing of those facilities based on district needs and the market values. Such plan shall take into consideration economic development initiatives being undertaken by the City and Chamber.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$0	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$10,000,000

RV06.	Optimize utilization of the federal Medical Assistance (ACCESS) Program	
	Target outcome:	Increase federal revenues and partially offset the need for local funds to support special education costs
	Five year financial impact:	$1,600,000
	Responsible party:	Superintendent/Business Manager/Director of Special Education

The level of ACCESS revenues that have been received by the District has dropped sharply over the last five or six years. Although some of this decline can be attributed to fewer students being educated by the District, changes in the program, and a loss of staff for whom the District can claim reimbursement, the majority of the decline appears to be a failure to use the program successfully. For example, there were no service logs entered into the ACCESS system by the District during the last six months of 2012. As of March 19, 2013, the District had entered 74 service logs in January 2013, 203 in February 2013, and 12 thus far in the month of March 2013, for a total of 289 service logs. Of those 289 service logs that had been entered between July 1, 2012 and March 19, 2013, only 35 were correctly submitted. Of the 254 service logs that were submitted incorrectly, there were a variety of errors, including missing provider certification, failure to submit “on behalf of” a provider, and missing IEP dates. The 289 logs that were submitted represented services provided to only 32 of the 467 students who were Medical Assistance (ACCESS)-eligible as of March 19, 2013. The District shall properly submit all logs for all eligible services within 180 days of the service in order to receive the reimbursement to which it is entitled.

Some of the factors that appear to contribute to the underutilization of the ACCESS program include difficulty in obtaining parental consent; difficulty in keeping the Individual Education Programs (IEPs) current; a slow turnaround in receiving medical authorization from the school physician; use of a third-party temp service who does not provide fully-trained individuals (thereby preventing the District from claiming those costs); unpredictable and inconsistent cooperation at the building-level; and a failure to claim all eligible services. District personnel who are most directly involved in this function cite a loss of staff in their own office and throughout the District and the impact that has had on their efforts and the ability for other District staff to provide them with the required information. The amount of available money that is not being claimed by the District appears to be so substantial that it would benefit the District to incur the costs of another employee if that was determined necessary for the District to optimize the program.

The District shall conduct or engage a qualified individual or firm to conduct a thorough analysis of the workload, the skill sets of the key individuals in this function, and the organizational processes and work flows that exist to determine if additional training, better practices and processes, and/or an additional staff member is needed in order to effectively utilize the ACCESS program. The Superintendent shall hold the Director of Special Education and ACCESS Coordinator and building-level administrators accountable for ensuring that each of them accurately and timely performs their duties to ensure that the program is optimized. Should the analysis reveal that the current staffing pattern is not adequate to optimize the ACCESS program, the District shall add up to one additional full-time secretarial person who reports to the ACCESS Coordinator and whose only responsibility is to assist in maximizing the program.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$250,000	$300,000	$350,0000	$350,000	$350,000	$1,600,000

RV07.	**Engage professional contracted grant-writing services to seek additional funding from competitive grants and non-traditional sources**	
	Target outcome:	Increase revenues and partially offset the anticipated loss of federal funding
	Five year financial impact:	$1,600,000
	Responsible party:	School Board/Superintendent/Business Manager

The District has a close working relationship with Pennsylvania Department of Education officials and is attempting to maximize federal and state grant dollars that automatically come to the District. However, other than for the current School Improvement Grants, there is little evidence of the District seeking competitive grants or exploring non-traditional sources of additional funding from private foundations, corporations, or philanthropists.

The District shall identify skilled professional grant-writers and engage one or more on a contracted basis such that compensation will be contingent on the success of the grant-writer(s). Furthermore, the District shall seek outside financial assistance from the Greater Harrisburg Foundation and other parties to provide funding for the grant-writer(s) so as to not reduce the money that is generated from the competitive grants and non-traditional sources.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$150,000	$250,000	$300,0000	$400,000	$500,000	$1,600,000

RV08.	Utilize a combination of District personnel and professional contracted grant-writing services to seek School Improvement Grant funds for buildings that have not already been awarded a SIG grant	
	Target outcome:	Increase revenues and partially offset the need for local funds to support certain expenses that were previously covered by expiring federal programs
	Five year financial impact:	$2,000,000
	Responsible party:	School Board/Superintendent/Business Manager

Although the District is facing the loss of existing School Improvement Grants (SIGs) related to several buildings, it has the opportunity to offset or partially offset the loss of those funds by seeking similar funding for the remaining buildings. SIG grants are building-specific and they require a strong commitment to changing and improving education in those buildings.

The following table is intended to reflect a conservative estimate for the magnitude of funds that might be obtained through additional SIG grants and a typical pattern for that money if the District were to receive a series of grants over a multiple-year period. Since the grants are for three years, the money would not become a permanent revenue stream for the District, but they could provide a meaningful source of money over the next five year period. Since SIG grants typically provide Districts with money to improve schools by incurring expenditures that would not exist without the grants, an attempt has been made to estimate only those costs which would otherwise have to be supported by the local funds. Any additional revenue that would be used to pay for new or incremental costs would have no net impact on the District's budget.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$0	$250,000	$500,0000	$750,000	$500,000	$2,000,000

RV09.	The severity of the District's financial condition is such that annual tax increases will be necessary each year to close the gap between expenditures and revenues	
	Target outcome:	Increase revenues to support the costs of operating the District and providing a quality education to all students
	Five year financial impact:	$10,721,469
	Responsible party:	School Board

As described throughout this Recovery Plan, even if all other cost-reduction and revenue-raising initiatives are implemented, the District will still face structural deficits. Therefore, the District's local revenues will need to increase over the next several years.

Commonwealth school districts are allowed to raise property taxes each year by a percentage amount called the Act 1 index. Although an Act 1 index is established annually, districts like Harrisburg are provided with a modified index which is intended to reflect a low level of wealth per capita. For example, the Act 1 index for the 2013-14 year is 1.7 percent and Harrisburg SD's modified Act 1 index is 2.5 percent. That rate and an annual 1.0 percent increase in the tax base to reflect recent trends as the economy recovers have been assumed for each year from 2013-14 through 2015-16.

As part of the balanced multi-year approach taken throughout this Recovery Plan, the School Board shall increase the real estate tax rate annually through 2016-17 by the modified Act 1 index. The Plan does not include a millage increase in 2017-18. If the District projects financial results that are better than those in the Plan in any given year, it may adjust the Act 1 index increase downward to reduce the burden on District taxpayers.

In addition, in order to make a one-time adjustment to correct for tax effort trailing expenditure increases, the Board shall approve an additional 2013-14 millage increase sufficient to utilize the Act 1 exception for Special Education, which totals an estimated $373,826. Since each year's tax increase is in addition to any prior ones, the impact is cumulative. The resulting increases in revenue are reflected in the table below.

As noted earlier, the Plan's requirements for tax increases are included only after all other financial changes have been explored and implemented. Over $6.6 million in revenue collection from other sources is included in the Plan, and some grants sought in the Plan may provide additional relief. The District may lower the millage rate increase rate below the Act 1 index amount in years after 2013-14 if performance exceeds expectation.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$373,826	$1,250,277	$2,256,364	$3,403,483	$3,437,518	$10,721,469

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Debt

Debt

Overview

Over the last two decades the Harrisburg School District has undertaken a substantial number of capital projects related to purchasing, renovating and upgrading aging school facilities. While today the buildings used by the District are generally in good repair, borrowing to make needed improvements has resulted in an outstanding principal amount of debt in excess of $265.0 million. The debt consists of both fixed rate and variable rate bonds, and the District entered into interest rate swaps on some of the bond issues. The table below shows recent bond issues of the District and lists the principal amount and the purpose for each bond issue.

Bond Issue	Original Principal ($000)	Purpose
1999 General Obligation Bonds	$80,000	Renovations to John Harris, William Penn, new elementary building, new intermediate school, refund 1996 Series A
2002 General Obligation Bonds	$34,210	Refund 1996 Series B
2002 QZAB	$ 5,100	Renovations to Lincoln
2003 General Obligation Bonds	$77,000	Renovations to John Harris, Camp Curtain, Ben Franklin, Downey, Foose, Marshall, Scott, Woodward add 7 Pre-K rooms
2006 General Obligation Bonds	$44,000	Renovations to John Harris, William Penn, Woodward
2007 Note	$ 9,000	Working capital/lease-sublease
2008 General Obligation Note	$ 4,000	SciTech purchase and renovation, John Harris renovations
2009 Series ABC General Obligation Bonds	$183,240	Refund bonds, deficit financing ($18 million), swap termination
2009 Series D General Obligation Bonds	$ 74,850	Refund 2003 variable rate demand bonds
2010 Qualified School Construction Bond	$ 9,194	Roof repairs and replacement, HVAC upgrades

In recent years, the District has taken steps to restructure its debt and to move from variable rate to fixed rate bonds. As a result of the restructuring, in 2009 the District created some temporary budgetary relief for a five year period. The restructuring reduced annual debt service costs by about $4.0 million for a five year period that ends with the 2014-15 budget. Annual debt service costs in 2014-15 will return to $20.5 million, which is approximately the amount of the annual debt service in 2008-2009. The annual debt service continues at the $20.0 to $21.0 million level through 2034. While the restructuring provided five years of budget relief, it also means that there are no additional opportunities to restructure principal payments. As outlined below there may be limited opportunities to refinance debt based on interest rates in the future.

Although the principal debt outstanding is substantial, Harrisburg's annual debt service is 11.1 percent of its budgeted expenditures for 2012-13. The percentage of debt to total general fund budget is above the state average, like that of other urban school systems where there has been a need to invest in facilities for students. The table below shows comparisons to a selected group of Pennsylvania school districts for the 2010-11, the last year for which there is uniform available data.

School District	Annual Debt Service as a Percent of General Fund Budget, 2010-11
Harrisburg	11.98%
York	9.71%
Reading	9.59%
Allentown	8.84%
Chester Upland	7.01%
Scranton	9.90%
State Average	**8.96%**

The District has six outstanding debt issues. The schedule of principal and interest is on the table at the end of this subsection.

2002 Bonds

The District's Series of 2002 Bonds are Qualified Zone Academy Bonds (QZABs) with a zero percent (0%) interest rate. The amount outstanding as of July 1, 2013 is $1.220 million, with a final maturity date of July 30, 2016. The District makes one payment per year on each July 30 to Wells Fargo Bank (formerly Wachovia), which in turn deposits the money into an investment account that will pay off the bondholder at the final maturity date.

2009 A, B, C Bonds

The District issued fixed rate bonds Series A, B, and C of 2009 in May 2009 through the State Public School Building Authority in the aggregate amount of $183.240 million. The 2009 A Bonds have $133.765 million of principal outstanding with a final maturity date of November 15, 2033. The call date on the 2009 A Bonds is May 15, 2019. While further legal analysis may be needed, it appears that the 2009 A Bonds may be advance refunded prior to the call date. As a result of historically low short-term interest rates, there is a significant amount of negative arbitrage in the escrow, currently resulting in no savings. The District should continue to monitor these bonds and as negative arbitrage diminishes due to the passage of time or a change in interest rates in the escrow, there could be an opportunity to refund the bonds for savings either on a current or advance refunding basis. It should be noted that if the 2009 A Bonds were refunded, it may impact the basis swap related to these bonds since the par amount of the bonds must be equal to or greater than the notional amount of the swap.

The 2009B Bonds have $22.855 million of principal outstanding with a final maturity date of November 15, 2020. The call date on the 2009B Bonds is May 15, 2014 and according to bond counsel may be advance refunded prior to the call date. Because of negative arbitrage in the escrow, if rates stay the same, the closer to the call date that a refunding occurs, the more savings would be realized. The District should analyze this advance refunding opportunity which will be largely contingent on receiving a favorable bond insurance commitment as well as applying the state intercept agreement structure currently being used on the 2009B Bonds. Assuming the District can receive favorable bond insurance, the state intercept agreement with the Treasurer and the state Department of Education can be used again, and based on current market conditions, this advance refunding could potentially provide over $1.5 million of net savings to the District, most likely spread out over the next five fiscal years. If rates remain low, the savings could potentially be greater depending on the financial condition of the District, the success of procuring bond insurance, and the marketability of the bonds.

The 2009C Bonds were issued as taxable bonds and have $26.605 million of principal outstanding with a final maturity date of November 15, 2017. The 2009C Bonds are non-callable.

The debt payments for the 2009 A, B, and C Bonds are covered by an agreement with the State Treasurer ("Intercept Agreement") whereby District state subsidies are directed to the trustee (M&T Bank) in advance of the debt service payment dates to provide security to the bondholders. Under the intercept agreement, the District instructs and directs the Commonwealth and the State Treasurer to withhold a portion of the Commonwealth appropriations due to the District on the last Thursday of the months of April and October, and to pay such withheld amounts directly to the Trustee to provide for the payment of debt service on the 2009 A, B, and C Bonds. These withholding dates correspond with the May 15 and November 15 payment dates on the Bonds. Notwithstanding the foregoing, the District remains primarily liable to make all debt service payments.

Basis Swap related to the 2009A Bonds

In October 2009, the District entered into a basis swap with Jefferies Funding LLC ("Jefferies"). The outstanding notional amount of the basis swap is $133.765 million. The notional amount of the basis swap was structured to match the principal amortization of the 2009A Bonds. Pursuant to the swap agreement, the District pays the SIFMA Index (resetting weekly) (as of March 15, 2013 the SIFMA index was 0.12 percent) and receives from Jefferies 74 percent of 3-month LIBOR plus 0.3113 percent (as of March 15, 2013 LIBOR was 0.5185 percent). The SIFMA Index is reset weekly and the LIBOR index is reset quarterly. The net exchange of payments occurs annually on November 15. The agreement has generated a positive amount for the District in recent years, ranging from $400,000 to $660,000, but the debt service table in this chapter of the Recovery Plan does not reflect any net payments to or from the swap counterparty. The swap agreement terminates on the final maturity date of the 2009A Bonds, November 15, 2033, unless otherwise terminated earlier.

2009D Bonds

The District issued variable rate bonds Series D of 2009 in the amount of $74.85 million in June 2009 through the State Public School Building Authority. The 2009D Bonds currently have $72.295 million of principal outstanding with a final maturity date of December 1, 2027. At the time of issuance in 2009, the 2009D Bonds were variable rate demand bonds with a direct-pay letter of credit provided by Wachovia Bank. When the letter of credit expired in June 2011 the 2009D Bonds were remarketed into an index rate mode with Wells Fargo. The current index rate mode is 70 percent of 1-month LIBOR plus 0.95 percent. This mode expires in June 2014.

Fixed Payor Swap related to the 2009D Bonds

In May 2004, the District (through The Harrisburg Authority) entered into two forward-starting fixed payor swaps with JP Morgan Chase Bank, N.A. ("JP Morgan") and the Royal Bank of Canada ("RBC"). These swaps each had an effective date of April 1, 2009. The current outstanding notional amount of the swap with JP Morgan is $49.602 million and the outstanding notional amount of the swap with RBC is $21.258 million for a combined total of $70.86 million. These swaps were originally related to the 2003 Bonds and as a result of the 2003 Bonds being refunded by the 2009D Bonds, the swaps became related to the 2009D Bonds and the swap counterparty became the State Public School Building Authority as assignee of The Harrisburg Authority. Pursuant to both of the swap agreements, the District pays 5.25 percent and receives from both counterparties 63.00 percent of 1-month LIBOR plus 0.20 percent. Both swap agreements terminate on the final maturity date of the 2009D Bonds of December 1, 2027 unless otherwise terminated earlier.

2010 QSCBs

The District issued a general obligation note in October of 2010 through a bond financing issued through the State Public School Building Authority's ("SPSBA") Qualified School Construction Bond program

("QSCB"). The District's QSCB was issued with a par amount of $9.194 million and was part of a $325.526 million Series A of 2010 financing issued by SPSBA for the benefit of 31 Pennsylvania school districts including the District. As part of the "pooled" program, the credit rating for the QSCBs was based on an enhanced State intercept program and not on the underlying creditworthiness of each school district in the pool, resulting in credit ratings of Aa2/AA by Moody's and Fitch, respectively. The enhanced State intercept program that is part of the structure of the QSCBs requires that each school district make their debt service payment fifteen days prior to the actual payment on the bonds, thereby giving an additional fifteen days to ensure that the State could provide necessary funds should there be a shortfall. This State intercept program differs from the District's other financings in that the District is making the debt service payment for the QSCB directly to the bond trustee (Wells Fargo).

QSCBs are issued as taxable with a substantial Federal reimbursement on the interest. The District will pay a taxable interest rate of 5.000 percent. Until the recent federal sequestration, the District was scheduled to receive a Federal subsidy of 4.83 percent, resulting in an effective interest rate of 0.17 percent. Recently, as a result of the federal sequestration the Internal Revenue Service (IRS) has announced that direct pay subsidy bonds such as the QSCBs will receive an 8.7 percent reduction in the subsidy. This 8.7 percent reduction is for payments through the end of the federal fiscal year on September 30, 2013 and therefore affects the District's September 1, 2013 interest payment. The IRS has not announced the future subsidy reductions. For these purposes, if the subsidy for both the September 2013 and March 2014 payment dates is assumed to be cut by 8.7 percent, that would result in a subsidy reduction of approximately $40,000 for the District's 2013-14 fiscal year.

Along with a very low interest rate, another benefit of the QSCB is that since the $9.194 million is owed to the bond holder only at the final maturity of September 15, 2027, the annual principal sinking fund deposits that the District makes ($574,313) are invested by the SPSBA and provide interest earnings that reduce the net payments owed by the District. The QSCBs have a make-whole prepayment provision.

PLANCON Reimbursement

The District is eligible for substantial amounts of state reimbursement on a portion of their outstanding debt via the PLANCON process. The Commonwealth of Pennsylvania is currently reimbursing the District for approximately 17 percent of its annual debt service cost. The District should make sure that all the proper documents are filed with the Commonwealth for all eligible projects, including filing PLANCON Part J to receive the permanent percentage for reimbursement.

In relation to Harrisburg's school buildings it is important to take into account the fact that the District is receiving reimbursement from the Commonwealth for building or renovation costs on many of its buildings. In the event that the District sells or leases any of its excess buildings, there could be an impact on state reimbursement. The District shall coordinate its plans in relation to buildings with the Department of Education so as to minimize the impact on reimbursement.

The table on the next page provides a debt summary of the District beginning July 1, 2013. It includes the annual gross debt service of each of the debt issues along with the local effort of each financing net of any state reimbursement. The debt service amounts for the variable rate 2009D Bonds are estimates based on assumptions provided in footnotes to the table.

Debt Service Requirements

1 Fiscal Year Ended	2 QZABs Series of 2002	3 SPSBA Series A of 2009	4 SPSBA Series B of 2009	5 SPSBA Series C of 2009 - Taxable	6 SPSBA Series D of 2009 [1]	7 SPSBA QSCBs Series of 2010 [2]	8 **Total Debt Service**
6/30/2014	305,046	6,362,625	1,113,475	4,330,655	4,667,866	589,942	**17,369,610**
6/30/2015	305,046	6,362,625	1,113,475	7,466,630	4,667,544	589,942	**20,505,262**
6/30/2016	305,046	6,362,625	1,113,475	7,466,138	4,812,384	589,942	**20,649,610**
6/30/2017	305,046	6,362,625	1,113,475	7,469,460	4,821,741	589,942	**20,662,290**
6/30/2018		6,362,625	5,373,631	3,604,125	5,149,166	589,942	**21,079,490**
6/30/2019		6,362,625	8,978,006		5,187,885	589,942	**21,118,459**
6/30/2020		6,362,625	8,975,488		5,236,283	589,942	**21,164,337**
6/30/2021		13,898,825	1,539,375		5,138,551	589,942	**21,166,694**
6/30/2022		15,408,056			5,165,336	589,942	**21,163,335**
6/30/2023		5,661,088			14,932,849	589,942	**21,183,879**
6/30/2024		5,661,088			14,968,836	589,942	**21,219,866**
6/30/2025		5,661,088			15,004,191	589,942	**21,255,221**
6/30/2026		5,661,088			15,040,528	589,942	**21,291,557**
6/30/2027		6,373,750			14,367,840	589,942	**21,331,532**
6/30/2028		13,211,875			7,416,716	582,127	**21,210,719**
6/30/2029		20,774,831					**20,774,831**
6/30/2030		20,776,413					**20,776,413**
6/30/2031		20,775,369					**20,775,369**
6/30/2032		20,778,350					**20,778,350**
6/30/2033		20,776,831					**20,776,831**
6/30/2034		20,778,600					**20,778,600**
6/30/2035							
Totals	1,220,185	240,735,625	29,320,400	30,337,008	126,577,716	8,841,320	**437,032,253**

Local Effort Requirements

9 Fiscal Year Ended	10 QZABs Series of 2002	11 SPSBA Series A of 2009	12 SPSBA Series B of 2009	13 SPSBA Series C of 2009 - Taxable	14 SPSBA Series D of 2009 [1]	15 SPSBA QSCBs Series of 2010 [2]	16 **Total Local Effort**
6/30/2014	227,914	5,465,039	1,113,475	3,369,289	3,857,271	589,942	**14,622,930**
6/30/2015	227,914	5,465,039	1,113,475	5,809,105	3,857,005	589,942	**17,062,480**
6/30/2016	227,914	5,465,039	1,113,475	5,808,722	3,976,693	589,942	**17,181,785**
6/30/2017	227,914	5,465,039	1,113,475	5,811,307	3,984,425	589,942	**17,192,102**
6/30/2018		5,465,039	5,373,631	2,804,042	4,254,992	589,942	**18,487,646**
6/30/2019		5,465,039	8,978,006		4,286,987	589,942	**19,319,974**
6/30/2020		5,465,039	8,975,488		4,326,980	589,942	**19,357,448**
6/30/2021		11,938,094	1,539,375		4,246,220	589,942	**18,313,631**
6/30/2022		13,234,416			4,268,354	589,942	**18,092,712**
6/30/2023		4,862,468			12,339,696	589,942	**17,792,107**
6/30/2024		4,862,468			12,369,434	589,942	**17,821,845**
6/30/2025		4,862,468			12,398,650	589,942	**17,851,060**
6/30/2026		4,862,468			12,428,676	589,942	**17,881,087**
6/30/2027		5,474,594			11,872,804	589,942	**17,937,340**
6/30/2028		11,348,053			6,128,772	582,127	**18,058,953**
6/30/2029		17,844,090					**17,844,090**
6/30/2030		17,845,449					**17,845,449**
6/30/2031		17,844,552					**17,844,552**
6/30/2032		17,847,113					**17,847,113**
6/30/2033		17,845,808					**17,845,808**
6/30/2034		17,847,328					**17,847,328**
6/30/2035							
Totals	911,655	206,774,641	29,320,400	23,602,465	104,596,958	8,841,320	**374,047,439**

Principal*:	1,220,185	133,765,000	22,855,000	26,605,000	72,295,000	8,614,688	**265,354,873**
PE%:	35.31%	19.70%	0.00%	31.00%	24.25%	0.00%	
PE% Status:	Perm	Perm		Perm	Temp		
AR% (12-13):	71.61%	71.61%	71.61%	71.61%	71.61%	71.61%	
Call Date:	Non-callable	5/15/2019	5/15/2014	Non-callable	Anytime	Make-Whole	
Swaps:		Basis: 74% 3m-LIBOR+0.3113%			2 Fixed Payors: 5.25% vs. 63% 1mLIBOR+0.20%		
Purpose:	New Money	Refund 1999, 2006 & 2008 Notes	Deficit Funding, New Money & Ref 2007 Note	Adv Ref 2002A	Refund 2003 Bond	New Money (QSCBs)	

[1] The 2009D Bonds are variable rate and in an Index Rate Mode with Wells Fargo that expires in June 2014. The current Index Rate is 70% of 1-month LIBOR +0.95%. The Bonds have two Fixed Payor Swaps where the District pays 5.25% and receives 63% of 1-month LIBOR +0.20%. For these purposes, the future debt service in the table assumes an all-in rate of 6.45%.

[2] For these purposes, the 2010 QSCB debt service is net of the initial Federal Reimbursement Subsidy Rate of 4.83% and assumes no investment earnings for the principal sinking fund. This Federal Subsidy is subject to a reduction as a result of the

*Principal Outstanding as of 7/1/2013.

DS01.	Advance Refunding of 2009B Bonds	
	Target outcome:	Perform ongoing debt analysis and refund or refinance debt as market conditions allow.
	Multi-year financial impact:	$1,500,000
	Responsible party:	Business Administrator and Superintendent

The District shall pursue the known refunding option in the 2013-14 fiscal year and, if economically feasible, execute the refunding. Based on current interest rates and cost assumptions, there is an assumed reduction in debt service costs of $200,000 in 2013-14 and subsequent fiscal years, and $700,000 in 2017-18.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$200,000	$200,000	$200,000	$200,000	$700,000	$1,500,000

DS02.	Monitor Refunding Opportunities for 2009A Bonds	
	Target outcome:	Perform ongoing debt analysis and refund or refinance debt as market conditions allow.
	Multi-year financial impact:	N/A
	Responsible party:	Business Administrator and Financial Advisor

The District shall monitor refunding opportunities for the 2009A bonds, and, if economically feasible, execute the refunding. Because the bonds are not currently able to be refunded for savings, no financial impact is shown or assumed.

DS03.	PLANCON Reimbursement for SciTech Construction	
	Target outcome:	Finalize reimbursement percentage for SciTech building costs and secure payments from Commonwealth for period for which debt service payments have been made
	Multi-year financial impact:	$715,000
	Responsible party:	Business Administrator and Financial Advisor

The Commonwealth's PLANCON process provides reimbursement to school districts for a portion of the annual debt service cost for approved building projects. Harrisburg's SciTech facility qualifies for such reimbursement, however the District has not finalized the necessary paper work to secure reimbursement. When approved, the District will receive reimbursement from the State back to the date of the initial debt service payment on bonds related to the purchase and renovation of the SciTech building. The total estimated reimbursement through the life of the debt service is estimated to be $3.0 million, with annual payments of $143,000 per year. The District shall immediately pursue the submission of final reimbursement information and establish annual reimbursement payment amounts including reimbursement for debt service payments made prior to 2012-13.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$143,000	$143,000	$143,000	$143,000	$143,000	$715,000

DS04.	**Establish Debt Service Policies**	
	Target outcome:	Provide objective guidelines to be used by the District in incurring and managing debt for capital projects
	Multi-year financial impact:	N/A
	Responsible party:	Business Administrator and Financial Advisor

The District shall create a debt management and capital funding policy that shall include, but not be limited to, the following elements:

- A requirement that refundings of outstanding bonds generate present value debt service savings of 2.0 percent or greater.
- A policy detailing the conditions under which the District may enter in to swaps and derivative products.
- The establishment of a long-term pay-as-you-go capital funding policy identifying a source and annual amount/percentage of operating funds to be dedicated to capital expenditures (this policy would work in concert with the establishment of criteria for projects eligible for capital funding.
- The adoption of debt ratio targets, including the amount of General Fund-supported debt service as a percentage of General Fund revenues or expenditures, the amount of General Fund-supported debt as a percentage of assessed valuation, and the target for paying down debt principal.

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Workforce

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Workforce

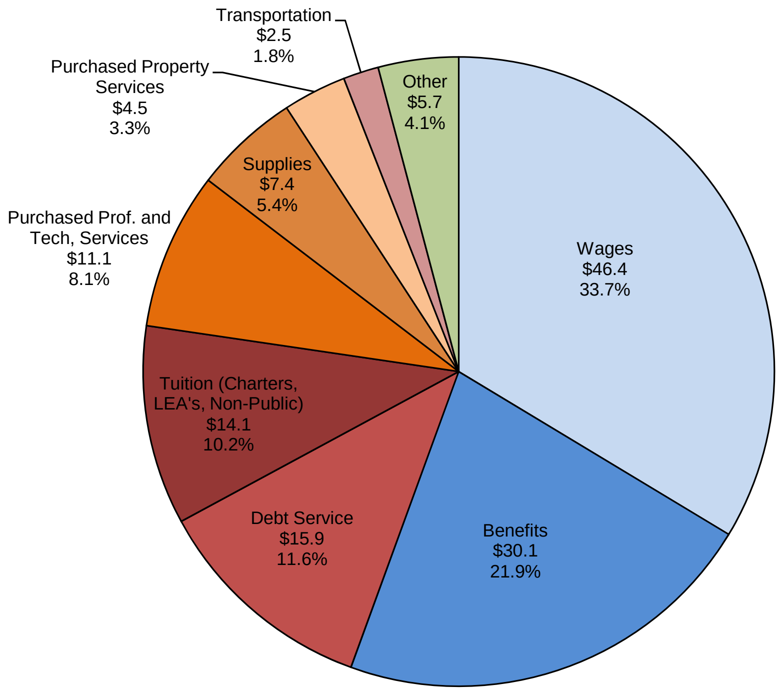
Overview

A strong and effective workforce is critical to the recovery of the District. Students and parents depend on the District's staff members to provide quality instruction, a safe learning environment and supportive services. The District must be able to attract and retain highly-skilled teachers and other workers.

At the same time, the District's finances are severely limited, especially by revenue constraints described in detail in the Revenue chapter of this Plan. This Workforce portion of the Plan balances the need for talented, dedicated staff with the reality of the resources available to provide their wages and benefits now and throughout the five years covered by the Plan.

To understand the District's personnel dynamics, it is important to know that staff wages and benefits are a key driver of the District's budget, accounting for approximately 55.5 percent ($76.5 million) of total 2012-13 budgeted expenditures ($137.7 million).

2012-13 Budget
Total: $137.7 million



Given the pressures on the budget and the concomitant need to provide improved educational outcomes, it is imperative that the District staff its schools efficiently, utilize every employee to her or his full potential, and look for long-run cost saving opportunities in the structure of wages and benefits.

In order to provide financial stability for the District and to be fair to employees who have been working without contracts, it is important that the Administration reach affordable yet fair new collective bargaining agreements with all of its union groups next year. Act 141 provides that collective bargaining agreements or arbitration settlements/awards may not "violate, expand or diminish the provisions of a financial recovery plan in effect on the date of the execution of the collective bargaining agreement, arbitration settlement or arbitration award." Therefore, this plan includes provisions that will guide the District and its unions in reaching new agreements.

Description of current workforce

There are approximately 940 employees in the Harrisburg School District (HSD) for the 2012-13 school year, approximately 895 of whom are full-time employees. Positions include:

- 511 Teachers (not including long-term substitutes)
- 65 Special Education Aides
- 57 Custodians and custodial supervisors
- 50 cafeteria workers and supervisors
- 38 Business Administrator/Business Admin Support staff
- 35 Secretaries/Clerical Workers
- 30 Safety Monitors
- 25 Facilities workers (maintenance staff, foremen, utility workers)
- 11 Principals
- 7 Assistant/Vice Principals

Teachers work on a ten-month, 187-day calendar, with yearly salaries set by steps in the Collective Bargaining Agreement. Approximately 29 percent of the Teachers on the District's payroll are at the top of the pay scale for their educational level, and approximately 44 percent of the teachers have been with the district for 10 years or more.

The seniority of the teaching workforce means that average compensation is relatively high relative to the negotiated pay scale, with median teacher salary at $56,861 and 25.6 percent of the teachers on the HSD 2012-13 payroll earning over $70,000. Teacher salaries for 2012-13 range from $41,769 to $76,395.

Collective bargaining agreements and membership

There are three bargaining units that represent District staff members. The Harrisburg Education Association (HEA) is the largest unit, representing the teachers and other professionals such as school counselors, nurses and psychologists. The HEA represents approximately 550 employees. The HEA 2007-2011 HEA contract was extended for one year in 2011-12, and that extension expired on June 30, 2012.

The American Federation of State, County, and Municipal Employees (AFSCME) District Council 90 represents approximately 300 employees, including Food Service workers, Custodians, Maintenance Workers, Secretaries, Office Assistants, School Safety Monitors, Special Education Aides, and several other position types. The current AFSCME agreement expired on June 30, 2011.

School Administrators, Directors, Supervisors, Coordinators, and other administrators as defined by Act 195 of 1970 are covered by the District's Act 93 Administrators' Compensation Plan. The 2007-2011 plan was extended for 2011-12 and expired on June 30, 2012.

The key cash compensation terms of the current contracts are as follows:

	Harrisburg Education Association (HEA)	AFSCME, DC 90	Act 93 Administrative/ Supervisory
Current Term	2007-2011; 2011-12 extension	2007-2011	2007-2011; 2011-12 extension
Raises	2008/09: **2.06%** 2009/10: **2.13%** 2010/11: **2.23%** 2011/12: **0%**	July 2007: **4.5%** (retro.) July 2008: **4%** July 2009: **4%** July 2010: **4%** July 2011: **0%**	July 2008 & July 2009: annual adjustments based on performance and comparable public sector jobs (primarily public education) July 2010: **0%** July 2011: **0%**
Longevity	N/A	FT employees receive $300 for each 5 years of service ($300 after 5 yrs, $600 after 10 yrs, etc.)	N/A
Sick Leave Cash Out	At retirement, paid $50/day for 1- 75 days, $75/day for 76-150 days, $100/day for 151+ days	At retirement, paid 35% of accumulated sick leave, up to 100 days (rate not specified)	At retirement, unused days paid at 25% of current per diem rate
Overtime	Members required to perform duties beyond specified teaching responsibilities shall be additionally compensated on a pro rata basis; preapproval needed $30.50/hour for 2010-11 for before or after-school activities not covered by supplemental contracts	Time and a half for hours in excess of 8/day or 40/wk; double for any hours in excess of 12/day or 60/wk	N/A
Tuition Reimburse-ment	Up to 9 credits per year, with preapproval, and 3 additional at Superintendent's discretion, at PSU cost for graduate credits; must earn B or above	Up to 6 credits/fiscal year with prior approval	Advance reimbursement of credits toward graduate degree, at PSU rate; courses must be pre-approved

The key insurance benefits of the three current contracts are as follows:

	Harrisburg Education Association (HEA)	AFSCME, DC 90	Act 93 Administrative/ Supervisory
Medical Plan	Choice of Highmark PPO or HMO	Choice of Highmark PPO or HMO (EPO)	Choice of Highmark PPO or HMO
Med. Premium Contribution	5% of premium	March 2008: 0.5% of base wage July 2009: 1% of base July 2010: 1.5% of base	5% of premium
Medical plan notes	Buy-up option for pre-1998 hires was phased out effective 10/1/2007 HMO and PPO have $20 office copays and $10/$35/$50 Rx	Medical and Rx limited to employees scheduled to work 7.5+ hr/day; dental for those scheduled 6 hr/day+ HMO and EPO have $20 office copays and $10/$35/$50 Rx	District offers 125 Plan for pre-tax contribution toward medical & child care expenses
Dental Plan	Unspecified; same since 1989	Unspecified, district pays full premium	Unspecified; same coverage as HEA
Life Insurance	Maintained to employee's salary	FT who work at least 7.5 hrs/day will have policy maintained to employee's salary	Unclear
Retiree Health Coverage	Not specified	Regular retirees who are COBRA-eligible receive PPO or EPO coverage (whichever is less costly); coverage for retiree only; district pays premium net of any amount contributed by PSERS or other third party; coverage ends with Medicare eligibility	Not specified; same as HEA unit

The key leave benefit terms of the three group agreements are as follows:

	Harrisburg Education Association (HEA)	AFSCME, DC 90	Act 93 Administrative/ Supervisory
Vacation	N/A	After 1 YOS: 5 days/yr. 2-5 YOS: 10 days/yr. 6-15 YOS: 15 days/yr. 16-25 YOS: 20 days/yr. 26+ YOS: 25 days/yr.	1-9 YOS: 15 days/yr. 10-19 YOS: 20 days/yr. 20+ YOS: 25 days/yr. Paid yearly for up to 10 days over the accrual cap of 40 days
Sick Leave	11 days per year, cumulative	<260 day employees: 11 days per year; 260 day employees: 13 days per year Both cumulative	15 days per year, cumulative
Personal Leave	3 days/yr.; may accrue up to 5 days, with excess converted into sick leave	3 days/yr.;may accrue up to 5 days, with excess converted into sick leave	4 days/yr.
Maternity Leave	Per PHRC guidelines	FLMA minimum leave plus up to 12 months unpaid leave	Unpaid leave
Sabbatical Leave	After 10 YOS, then after 7 yrs; leave at 50% pay	N/A	“As provided by law”
Holidays	Not specified; student calendar	13 paid holidays per year for FT 260 day employees	Not specified

Other key terms of the three current group agreements are as follows:

	Harrisburg Education Association (HEA)	AFSCME, DC 90	Act 93 Administrative/ Supervisory
Work Year	189 days (180 student days, 7 prof. dev. days, 2 clerical days)	-Aides, Food Service, Safety Monitor: 189 days -Office Asst, Parent Coordinator: 214 days -Secretaries, Custodians, etc.: 260 days	Not specified; full time considered to be at least 185 days/yr.
Work Day	7 h, 30 min, including 30 min. duty free lunch	7.5 or 8.0 depending on title; 2 to 6 hour shifts for food service worker, lead food service worker, and cafeteria monitor	Not specified; most appear to be full-time
Probationary period	Not specified	45 work days	N/A
Layoffs	"No employee shall be furloughed without just cause which shall be defined as those reasons and methods set forth in the applicable laws, regulations, rulings and opinions." p.18	"Layoffs or furloughs of full-time employees shall be made in reverse order of seniority within the job classification…" Recall in reverse order; recall rights for 2 years. Bump back into previously held job classification; 7 union officers have "super seniority"	Silent
Just cause	"No employee shall be disciplined, discharged, suspended, reprimanded in writing or reduced in position or compensation without just cause." p.8	"The employer shall not demote, suspend, discharge or take any disciplinary action against any employee without just cause." p. 22	Silent
Temporary Staff & Outsourcing	Silent	Temporary if hired for up to 5 months; after 5 mos., employee becomes member of unit with credited seniority to initial date of hire Article 32: "The employer agrees that it will not contract out any bargaining unit work that would result in the layoff of any regular bargaining unit employee."	Silent

Areas of focus for change

As described in the introduction to this Recovery Plan, the District's current and projected budget gaps are too large to close without reductions in personnel costs. If enrollment continues to drop substantially as it has for the past few years, the District must reduce the staffing complement to adjust to enrollment levels. However, if implementation of the Recovery Plan is successful and students begin to return to District-operated schools, the District may begin to adjust headcount commensurate with growth.

As the District prepares for negotiations with its three bargaining units in 2013, it shall seek to reduce salary and benefit costs in the near term and limit the growth of personnel costs over the next contract cycle. Because health care insurance premiums are the primary driver of employee benefits costs for the District, seeking reductions in the District's premium costs and reducing the rate of cost growth in the out years must be a priority.

Baseline Assessment

The Recovery Plan's baseline forecast assumes that student-to-instructional staff ratios will remain constant through 2017-18, and that wages per employee will not increase. Instructional staff includes Teachers, Counselors, Psychologists, Teacher Aides and Librarians. Health benefit inflation is assumed to be at the recent historical experience of 10 percent per year, and PSERS pension contribution rates are assumed to be 16.93 percent in 2013-14, increasing to 29.15 percent by 2017-18 (based on the 2011-12 actuarial valuation). The baseline wage and benefit expenditures in the table below are shown without the annual state revenue to the District for PSERS and Social Security, which partially offset those expenditures.

Projected Baseline Salary and Benefit Expenditures
Assumes Current Ratio of Students to Instructional Staff

Category	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Salaries	46,351,249	44,184,199	43,129,420	42,004,585	40,962,406	40,028,147
Medical Benefits	16,822,635	17,659,434	18,946,695	20,264,667	21,711,928	23,276,334
Social Security Contributions	3,407,208	3,245,254	3,159,973	3,068,874	2,983,594	2,906,014
PSERS	5,504,476	6,828,788	8,141,956	9,271,392	9,570,922	9,301,110
All Other	4,415,338	4,288,297	4,231,316	3,689,611	3,275,026	2,954,523
Total Wages and Benefits	**76,500,906**	**76,205,972**	**77,609,361**	**78,299,129**	**78,503,876**	**78,466,129**

Initiatives

The following initiatives and related savings estimates assume that all other initiatives in the plan are successfully implemented. These initiatives will serve to guide collective bargaining for new contracts beginning in 2013. Some initiatives may impact the District's workforce during the current school year, depending on the timetable for implementation.

Section 642-A of 141 provides the authority to implement the initiatives in this section. In particular, section 642(A)(6) authorizes the portions of these initiatives related to dispensing with the services of non-professional employees not needed for economical operation of the District; section 642-A(9) allows the appointment of professional and senior management employees needed to carry out these initiatives; section 642-A(10) allows the District to enter into alternative service agreements when three-year cost comparisons show savings; section 642-A(11) allows the closing or reconstituting of schools and reassignment, suspension or dismissal of employees when required by these initiatives; section 642-A(13) provides the authority to reallocate resources, amend school procedures and take other steps required by these initiatives; section 642-A(14) authorizes the District to supervise and direct professional staff when required by these initiatives; and section 642-A(15) authorizes the negotiation of new collective bargaining agreements to comply with these initiatives.

If overall personnel costs are to be held within affordable parameters, it is critical that management flexibility be retained to achieve efficient and effective staffing levels, work processes, use of technology, and governance approaches.

WF01.	Reduce Wages in 2013-14; Wage Freeze Until 2016-17	
	Target outcome:	Reduce workforce expenditures to affordable levels
	Five year financial impact:	$26.5 million
	Responsible party:	District Human Resources Department and Administration

Overview

Before any significant reductions to overall workforce costs, and assuming all other initiatives in this plan are implemented, the District's projected 2013-14 deficit is $6.2 million, and the cumulative fund balance deficit would reach $41.1 million by 2017-18. Even after other changes in the Plan, maintaining wages and benefits at current levels simply is not sustainable given the District's current financial condition. Therefore, the District shall reduce employee wages by five percent in 2013-14 and an additional five percent in 2014-15 to yield the savings shown below.

Wages shall be frozen at the reduced 2014-15 levels in 2015-16.

Provided all other savings targets are met and the District achieves or performs better than the annual financial results assumed in the Plan, in 2016-17 and 2017-18 the District may provide wage increases as shown in initiative WF03.

Classroom Size and Pupil Teacher Ratios

The chart below shows the pupil teacher ratios at various grade levels for the 2012-13 school year. Maintaining appropriate classroom size is important to accomplishing the educational goals outlined in this plan. The workforce recommendations provided in this plan were designed to maintain pupil teacher ratios at approximately the current levels and these levels should be retained by the district in the course of achieving the salary and benefit savings enumerated in initiative WF01.

Student/Teacher Ratios (2012-13)

Grade	Student/Teacher Ratio
K	18:1
1-3	24:1
4-6	24:1
7-8	24:1
9-12	30:1

Provisions Related to Represented Employees

The reduction of wages for represented employees is subject to collective bargaining. Other options to reduce wages without reducing headcount may be implemented if mutually agreed upon, provided those options yield the same savings shown below. These alternatives may include a mix of wage reductions, retirements with or without position backfilling, and mandatory days off or short-term furloughs. If an agreement to reduce employee wages is not reached, the District shall reduce employee headcount to yield the wage and benefit savings shown in initiatives WF01 and WF02.

A reduction in wages without headcount reductions will allow the District to maintain current student to teacher ratios and existing programs. Given the challenges identified in the Education chapter of this Plan, the preference is to minimize the impact on class sizes and education programs. If an agreement cannot be reached and layoffs are necessary to achieve the savings shown below, there would likely be some impact on class sizes.

The District has already started to identify positions that may be reduced for the 2013-14 budget year. While these have not yet been fully evaluated because they are still in development, any reductions made beyond those identified elsewhere in this plan shall be counted towards the overall reductions shown below.

Provisions Related to Non-Represented Employees

Approximately ten percent of the required overall reduction shown below would come from wages for non-represented employees. While such a reduction can be imposed in most cases, the District may propose other wage reduction options as described above to meet the portion of the reduction applicable to non-represented employees.

CRO to Validate Savings

Since the overall reduction in wage costs is critical to the District's financial recovery, the Chief Recovery Officer shall determine whether the budget wage reductions have been successfully achieved. The District shall provide full analysis of the proposed mix of reductions to the CRO in form and content acceptable to the CRO as soon as possible for the CRO's review and approval. The District shall also provide the CRO with a written description of the reductions and how they will be successfully achieved.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$2,456,227	$5,493,608	$6,117,572	$6,213,636	$6,193,450	$26,474,493

WF02.	**Flexible health insurance cost containment**	
	Target outcome:	Reduce workforce expenditures to affordable levels
	Five year financial impact:	$24.8 million
	Responsible party:	District Human Resources Department and Administration

In 2013-14, the District shall reduce its share of premium contributions by the amount shown below. This amount equals a five percent reduction in per-employee premium costs. This decrease shall be achieved by increasing employee contributions and/or plan design changes if an agreement with the unions can be reached prior to the start of the 2013-14 fiscal year. If an agreement cannot be reached, the District shall reduce employee headcount to yield at least the level of savings shown below (and wage reduction targets, see Initiative WF01).

In 2014-15 through 2017-18, the District's per-employee contribution for healthcare shall not increase by more than five percent. Any annual increase in excess of five percent shall be paid by the employees through premium contributions and/or adjustments to plan design as necessary.

The District's premium rates for employee medical insurance have increased by more than 66 percent since 2008-09, an average annual rate of 13.6 percent. Budgeted 2012-13 health insurance expenditures are $16.8 million, more than 12 percent of the total General Fund budget. With escalating health care costs as a key driver of employer-paid benefits, if costs continue to increase beyond affordable levels it is imperative that District employees contribute to insurance coverage or that changes in plan design are implemented.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$2,402,453	$3,652,908	$4,862,109	$6,193,473	$7,661,895	24,772,839

WF03.	Compensation Flexibility	
	Target outcome:	Allow some growth in employee compensation in the out years of the Plan, assuming all other initiatives implemented
	Five year financial impact:	($3.1 million)
	Responsible party:	District Human Resources Department and Administration

Provided all other initiatives in this Plan are implemented successfully, the District shall allow limited compensation growth in the final two years of the Plan (2016-17 and 2017-18). Specific, maximum allocations for each bargaining unit and the non-represented employees have been established as shown in the chart below. These allocated amounts shall be the maximum dollars available for each bargaining unit and the non-represented employees in each year for increases and improvements to all components of employee compensation other than health benefits, and include PSERS and FICA costs and the associated offsetting state revenue impact.

For the represented employees, their bargaining units and the District may agree to expend the annual maximum allocation on various compensation components within their collective bargaining agreements as they see fit (except for specific limitations and requirements otherwise set forth in this Plan). However, in no case shall the annual total cost exceed the maximum allocation in the chart below. Further, compensation adjustments that would have disproportionate long-term costs shall be avoided.

Compensation – Maximum Allocations (Cumulative)

Union	2013-14	2014-15	2015-16	2016-17	2017-18
HEA	$0	$0	$0	$504,055	$1,761,654
AFSCME	$0	$0	$0	$101,745	$355,596
Act 93/Non-Rep	$0	$0	$0	$74,857	$261,624

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$0	$0	$0	($680,657)	($2,378,874)	($3,059,531)

Required cost projections

For any proposed changes to compensation in place at the expiration of the current collective bargaining agreement or any new compensation components proposed, the District shall conduct a full cost analysis of those changes for each year of the proposed collective bargaining agreement (or annually for non-represented employees) to determine and assure that the maximum allocations shown above are not exceeded. The District shall provide the full cost analysis information to the CRO in form and content acceptable to the CRO as soon as possible for the CRO's review and approval.

If the CRO determines that the proposals exceed the maximum allocated amounts, the proposals shall be returned to the bargaining units or employees and the District for modification. The CRO will not approve any cost analysis if the CRO determines that inadequate information is provided to verify the cost analysis or if the analysis is not provided in a timely manner. The intent of this provision is that the CRO is the final decision maker as to the cost of any proposed change to a compensation component, whether those proposed changes occur during labor agreement negotiations or during arbitration of any such agreement or at any other time.

WF04.	**Right-size District staffing to match the student population**	
	Target outcome:	Maintain current student to teacher ratios, reducing headcount as enrollment declines
	Five year financial impact:	Included in baseline
	Responsible party:	District Human Resources Department and Administration

The District's current student to teacher ratios (approximately 26 to 1 in elementary and middle schools, and approximately 30 to 1 in high schools) shall be maintained as enrollment continues to decline. Class sizes shall not be decreased unless the District's financial condition improves and reduced class sizes become affordable, or unless the cost of such decreases can be offset with other savings initiatives.

WF05.	**Eliminate the Health Insurance Opt-Out**	
	Target outcome:	Eliminate excessive cost
	Five year financial impact:	$1.7 million
	Responsible party:	District Human Resources Department and Administration

The District's collective bargaining agreements currently provide payments to employees who opt to not use District health benefit coverage. HEA members who opt out of coverage receive half of the annual premium savings to the District, and AFSCME members receive $50 per month for each consecutive month the employee waives coverage. The amounts provided are more than is needed to create an incentive to opt out, and because employees already contribute to premium costs an incentive to opt out already exists. The savings estimates below assume that some members who would otherwise opt out will instead elect to take the District-provided coverage.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$300,000	$315,000	$330,750	$347,288	$364,652	$1,657,689

WF06.	Remove impediments to outsourcing from collective bargaining agreements	
	Target outcome:	Allow for the outsourcing of certain district operations if the District cannot afford to maintain service in-house
	Five year financial impact:	N/A
	Responsible party:	District Human Resources Department and Administration

In anticipation of considering outsourcing of cafeteria and custodial services and potentially other services over the life of the Plan, any impediments to outsourcing must be removed from collective bargaining agreements. The District shall have full authority to outsource services where cost advantages and/or service improvements can be achieved.

WF07.	Other Changes to Collective Bargaining Agreements	
	Target outcome:	Maximize instructional time and productivity, enhance ability to implement Plan initiatives
	Five year financial impact:	N/A
	Responsible party:	District Human Resources Department and Administrationjlh.4

The District and Unions shall negotiate around issues that may impact the amount of classroom instructional time, worker productivity, and quality of work, including but not limited to:

- Establishment of Management Rights clause, including recognizance of the District's unilateral authority in the field of educational policy and development and the right to manage all operations including the direction of the work force except as modified by agreement
- Rights of assignment after furloughs and downsizing
- Time permitted to union officials for conducting union business (currently 50 days per year)

Appendix 1

Harrisburg School District
Chief Recovery Officer
Advisory Committee

Under the terms of Act 141, an Advisory Committee to the Chief Recovery Officer must be appointed, with certain *ex officio* appointments and others nominated by the School District and the Intermediate Unit. Members of the Advisory Committee for the Harrisburg School District are:

Dr. Rachelle Bonfield, Educator
Donna Cheatham, Principal, Scott School, Act 93 Chair
M. Nichelle Chivis, Representative, AFSCME District Council 90
Dr. Mary Jane Gales, Executive Director, CAIU
Dr. Sybil Knight-Burney, Superintendent, Harrisburg School District
Mark Leidy, Superintendent, Mechanicsburg SD
Lisa Lyles, Director of Human Resources
Sherri Magnusson, President, Harrisburg Education Association
Merry-Grace Majors, Resident
Terry Mathis, Representative, AFSCME District Council 90
Debra Miller, Business Manager
Dr. Kevin Moran, Director, Sylvan Heights Charter School
Karl Singleton, Resident
Jennifer Smallwood, President, Harrisburg School Board
James Thompson, Member, Harrisburg School Board; Chair, Budget and Finance Committee

Appendix 2

District		2012 AYP	AYP Status
Harrisburg SD		No	Corrective Action 2 (tenth year)
Schools	**Schools (NCLB)**		**Status**
Ben Franklin	BENJAMIN FRANKLIN SCHOOL	No	Corrective Action 2 (second year)
Ben Franklin	MATH SCIENCE ACADEMY @ BENJAMIN FRANKLIN	Yes	Made AYP
Camp Curtin	CAMP CURTIN SCH	No	Corrective Action 2 (seventh year)
Downey	DOWNEY SCH	No	School Improvement 2
Foose	FOOSE SCH	No	Corrective Action 2 (eighth year)
John Harris	HARRISBURG HS	No	Corrective Action 2 (ninth year)
Marshall	MARSHALL SCH	No	Corrective Action 2 (third year)
Melrose	MELROSE SCH	No	Warning
Rowland	ROWLAND SCHOOL	No	Corrective Action 2 (third year)
Scott	SCOTT SCHOOL	No	School Improvement 2
SciTech	HARRISBURG HS - SCITECH CMP	No	Warning

HSD Facilities

Building	Address	Alt. Address*	Zip Code	Original	Additions Construction	Renovations	Square Footage	Approx. Acres w/ Grass	Active/ Inactive
Annex	2291 N. 7th Street		19110	1930	1950	2005	23,000	0.1	Active
Ben Franklin	1205 N. 6th Street		17102	1960	2001/2005	2001/2005	56,305	0.5	Active
Camp Curtin	2900 N. 6th Street		17110	1952	1979/2005	1990/2005	121,793	25	Active
Downey	1313 Monroe Street		17103	1953	1960	2004	41,168	1.4	Active
						2004	95,168		Active
Foose	1301 Sycamore Street		17104	1953	1960	2001	111,611	4.1	Active
						2005	133,611		Active
Hamilton	1701 N. 6th Street		17102	1904	1954	1998	63,792	0.2	Inactive
John Harris	2451 Market Street		17103	1922	1962	1990	189,000	20	Active
					2005	2005	279,000		Active
Lincoln	1601 State Street		17103	1891	1958		46,587	2	Inactive
					2003	2003	82,275		Inactive
Marshall	2041 Hale Street	310 Hale Street	17104	1950	2002	2002	44,144	20	Active
Melrose	2041 Berryhill Street		17104	1961	2002	2002	49,809	0.4	Active
Rowland	1832 Derry Street	1842 Derry Street	17104	1947	1972/1999	1999	122,745	2.5	Active
Scott	1900 Derry Street		17104	1947	2005	2000	67,233	0.7	Active
SciTech	215 Market Street		17101	1946		2004	68,500		Active
Shimmell	548 S. 17th Street		17104	1914	1960	1998	37,783	0.7	Inactive
Steele	2537 N. 5th Street		17110	1914	1955/1960	1998	55,890	0.9	Inactive
William Penn/CTA	2915 N. 3rd Street		17110	1922	1981		222,446	25	Inactive
Woodward	1801 N. 18th and Herr Streets	1001 N. 18th Street	17103	1911	1955		58,446	0.1	Inactive

Harrisburg School District

Facilities Department Review

CUSTOMER SURVEY

(Please complete as much information as possible and return to PHM.)

School:__________________________________ Year built/addt'n./renov.:_____________

Enrollment:_______ Grades:_______ # Teachers:_______ Size/Area:_______ (s.f.)

Customer name:__________________________ (Optional)
Position:______________________

Ranking scale/terms: 5 = excellent

4 = very good

3 = satisfactory

2 = needs improvement

1 = unacceptable

0 = totally lacking

A. Central Building Maintenance:

1. **Promptness of response to routine work requests.** _____
2. **Promptness of response to emergency work requests.** _____
3. **Thoroughness, job completion efficiency** _____
4. **Effectiveness, work done correctly** _____
5. **Neatness, services completed in a workmanlike manner** _____
6. **Cooperative attitude** _____
7. **Communications, feedback** _____
8. **Mechanic skills** _____
9. **Overall department effectiveness** _____
10. **Overall department efficiency** _____

Comments:____

B. Internal Building Maintenance (Head Custodian):

1. **Promptness of response to routine work requests.** _____
2. **Promptness of response to emergency work requests.** _____
3. **Thoroughness, job completion efficiency** _____
4. **Effectiveness, work done correctly** _____
5. **Neatness, services completed in a workmanlike manner** _____
6. **Cooperative attitude** _____
7. **Communications, feedback** _____
8. Mechanic skills _____
9. **Overall effectiveness of internal building maintenance** _____
10. **Overall efficiency of internal building maintenance** _____

Comments:____

C. Central Grounds Maintenance:

1. **Promptness of response to turfgrass/site work requests.** _____
2. **Promptness of response to snow/ice work requests.** _____
3. **Thoroughness, job completion efficiency** _____
4. **Effectiveness, work done correctly** _____
5. **Neatness, services completed in a workmanlike manner** _____
6. **Cooperative attitude** _____
7. **Communications, feedback** _____
8. **Mechanic skills** _____
9. **Overall department effectiveness – turfgrass-site/snow-ice services** __/__
10. **Overall department efficiency – turfgrass-site/snow-ice services** __/__

Comments:____

D. Custodial/Cleaning Services (day shift / night shift in each case):

1. Promptness of response to work requests. __/__
2. Promptness of response to emergency work requests. __/__
3. Thoroughness, cleaning efficiency __/__
4. Effectiveness, work done correctly __/__
5. Neatness, services completed in a workmanlike manner __/__
6. Cooperative attitude __/__
7. Communications, feedback __/__
8. Mechanic skills – minor maintenance __/__
9. Overall department effectiveness __/__
10. Overall department efficiency __/__

Comments:____

D. Building Conditions:

1. Heating system _____
2. Cooling system _____
3. Temperature control system _____
4. Electric power system _____
5. Plumbing system/fixtures _____
6. Building envelope – windows, walls _____
7. Building envelope – roofs _____
8. Flooring: carpet, tile, etc. _____
9. Auxiliary systems – communications, T.V., fire alarm, etc. _____
10. ADA, handicapped accessibility _____

Comments:____

Appendix 3

SCENARIO - Baseline

General Fund Revenues

Fiscal Year Ending:		2013	2014	2015	2016	2017	2018
Baseline Data		**Budget**	**Projected**	**Projected**	**Projected**	**Projected**	**Projected**
REVENUES							
Revenues From Local Sources							
6111	Current Real Estate Taxes	33,781,801	34,534,692	34,880,039	35,228,839	35,581,128	35,936,939
6113	Public Utility Realty Tax	50,000	54,000	54,000	54,000	54,000	54,000
6114	Payment in Lieu State & Local	900,000	870,000	870,000	870,000	870,000	870,000
6142	Current Act 511 Occupation Taxes-Flat Rate	800,000	785,000	788,925	792,870	796,834	800,818
6143	Current Act 511 Local Services Taxes	235,000	195,000	195,975	196,955	197,940	198,929
6151	Current Act 511 Earned Income Taxes	3,000,000	3,340,000	3,356,700	3,373,484	3,390,351	3,407,303
6153	Current Act 511 Real Estate Transfer Taxes	325,000	345,000	346,725	348,459	350,201	351,952
6154	Current Act 511 Amusement Taxes	250,000	260,000	261,300	262,607	263,920	265,239
6155	Current Act 511 Business Privilege Taxes	800,000	800,000	804,000	808,020	812,060	816,120
6157	Current Act 511 Mercantile Taxes	800,000	750,000	753,750	757,519	761,306	765,113
6411	Delinquent Real Estate Taxes	4,000,000	4,800,000	4,906,977	4,956,047	5,005,607	5,055,663
6442	General Fund District Wid	1,500,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
6510	Interest on Investments and Interest-Bearing Checking Acc	35,000	25,667	25,667	25,667	25,667	25,667
6530	Investment Earnings	600,000	440,000	440,000	440,000	440,000	440,000
6710	Interest Earnings	50,500	60,000	60,000	60,000	60,000	60,000
6832	Federal IDEA Revenue Received as Pass Through	1,900,000	1,562,312	1,562,312	1,562,312	1,562,312	1,562,312
6910	Rentals	35,000	25,000	25,000	25,000	25,000	25,000
6920	Contributions and Donations From Private Sources I Capita	627,381	86,686	86,686	86,686	86,686	86,686
6941	Regular Day School Tuition	20,000	10,000	10,000	10,000	10,000	10,000
6944	Receipts from Other LEAs in PA - Education	300,000	285,000	285,000	285,000	285,000	285,000
	Revenues From Local Sources Subtotal	**50,009,682**	**50,428,357**	**50,913,056**	**51,343,463**	**51,778,011**	**52,216,741**
Revenue From State Sources							
7110	Basic Ed	43,797,685	44,287,990	45,505,910	46,871,087	48,394,398	49,967,215
7160	Tuition for Orphans & Children Placed in Private Homes	100,000	100,000	100,000	100,000	100,000	100,000
7240	Driver Education - Student	70	70	70	70	70	70
7271	Special Education Funding for School Aged Pupils	5,128,254	5,102,605	5,191,901	5,282,759	5,375,207	5,469,273
7299	Program Revenues not Listed Previously	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
7310	Transportation (Regular and Additional)	1,242,972	1,585,377	2,701,841	2,701,841	2,701,841	2,701,841
7320	Rental & Sinking Fund Payments / Building Reimbursemen	1,500,000	2,790,619	3,294,396	3,317,587	3,319,624	3,386,652
7330	Health Services (Medical, Dental, Nurse, Act 25)	175,000	175,000	175,000	175,000	175,000	175,000
7340	State Property Tax Reduction Allocation	2,773,436	2,773,436	2,773,436	2,773,436	2,773,436	2,773,436
7501	PA Accountability Grants	964,822	964,822	964,822	964,822	964,822	964,822
7599	Other State revenue not listed elsewhere	82,839	82,839	82,839	82,839	82,839	82,839
7810	State Share of Social Security & Medicare Taxes	2,246,169	2,139,402	2,083,182	2,023,126	1,966,905	1,915,761
7820	State Share of Retirement Contributions	2,805,400	4,508,366	5,375,320	6,120,973	6,318,723	6,140,593
	Revenues From State Sources Subtotal	**62,816,648**	**66,510,527**	**70,248,716**	**72,413,540**	**74,172,866**	**75,677,503**
Revenues From Federal Sources							
8110	Payments for Federally Impacted Areas	200,000	175,000	147,455	137,365	128,070	118,763
8391	ROTC	70,000	60,000	50,556	47,096	43,910	40,719
8514	NCLB, Title I - Improving the Academic Achievement of the	8,569,662	7,219,658	6,083,302	5,667,005	5,283,568	4,899,577
8515	NCLB, Title II - Preparing, Training and Recruiting High Qua	1,786,002	1,224,846	1,032,058	961,432	896,380	831,234
8516	NCLB, Title III - Language Instruction for Limited English Pr	438,310	270,590	228,000	212,397	198,026	183,634
8690	Other Restricted Federal Grants-in-Aid Through the Comm	1,683,249	905,085	182,699	170,197	158,681	147,149
8704	ARRA -Title I, School Improvement	6,946,401	3,156,288	0	0	0	0
8732	Qscb Subsidy ARRA	444,070	0	0	0	0	0
8810	Medical Assistance Reimbursements (ACCESS)	200,000	160,000	134,816	125,591	117,093	108,583
8820	Medical Assistance Reimbursement for Health Related Tra	100,000	100,000	84,260	78,494	73,183	67,864
	Revenues From Federal Sources Subtotal	**20,437,694**	**13,271,467**	**7,943,148**	**7,399,576**	**6,898,911**	**6,397,523**
Revenues From Other Sources							
9340	Debt Service Fund Transfers	0	444,070	444,070	444,070	444,070	444,070
	Revenues From Other Sources Subtotal	**0**	**444,070**	**444,070**	**444,070**	**444,070**	**444,070**
	Total Revenues	***$136,556,518***	***$130,654,420***	***$129,548,990***	***$131,600,649***	***$133,293,858***	***$134,735,838***

SCENARIO - Baseline

General Fund Expenditures

	Fiscal Year Ending:	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Baseline Data		**Budget**	**Projected**	**Projected**	**Projected**	**Projected**	**Projected**
EXPENDITURES							
Personnel Services - Salaries & Wages							
105	Sick Reimbursement	400,000	250,000	250,000	250,000	250,000	250,000
106	Health Insurance Opt Out	500,000	600,000	660,000	726,000	798,600	878,460
110	Official / Administrative	3,843,316	3,843,316	3,843,316	3,843,316	3,843,316	3,843,316
120	Professional - Instructional Staff	30,430,713	28,438,431	27,377,123	26,257,584	25,196,276	24,253,453
130	Professional - Other	3,475,127	3,475,127	3,475,127	3,475,127	3,475,127	3,475,127
140	Technical	995,687	995,687	995,687	995,687	995,687	995,687
150	Office / Clerical	1,425,682	1,425,682	1,425,682	1,425,682	1,425,682	1,425,682
160	Crafts and Trades	199,580	199,580	199,580	199,580	199,580	199,580
170	Operative and Laborer	414,232	414,232	414,232	414,232	414,232	414,232
180	Service Work	2,480,792	2,480,792	2,480,792	2,480,792	2,480,792	2,480,792
190	Instructional Assistant	2,186,120	2,061,353	2,007,881	1,936,586	1,883,114	1,811,818
	Personnel Services Subtotal	**46,351,249**	**44,184,199**	**43,129,420**	**42,004,585**	**40,962,406**	**40,028,147**
Employee Benefits							
210	Group Insurance	16,822,635	17,659,434	18,946,695	20,264,667	21,711,928	23,276,334
213	Life Insurance	113,420	110,727	110,482	109,896	109,503	109,175
220	Social Security Contributions	3,407,208	3,245,254	3,159,973	3,068,874	2,983,594	2,906,014
230	Retirement Contributions	5,504,476	6,828,788	8,141,956	9,271,392	9,570,922	9,301,110
240	Tuition Reimbursement	600,000	600,000	600,000	600,000	600,000	600,000
250	Unemployment Compensation	1,922,525	1,922,525	1,922,525	1,441,894	1,081,420	811,065
260	Workers' Compensation	1,259,794	1,145,445	1,088,708	1,028,221	974,503	924,683
290	Other Employee Benefits	510,000	500,000	500,000	500,000	500,000	500,000
291	Vehicle Allowance	9,600	9,600	9,600	9,600	9,600	9,600
	Employee Benefits Subtotal	**30,149,657**	**32,021,773**	**34,479,941**	**36,294,544**	**37,541,471**	**38,437,981**
Purchased Professional and Technical Services							
320	Professional - Educational Services	4,047,968	3,597,181	3,679,916	3,764,554	3,851,139	3,939,715
330	Other Professional Services	6,561,229	4,954,736	5,068,695	5,185,275	5,304,536	5,426,541
340	Technical Services	490,183	417,500	427,103	436,926	446,975	457,256
390	Other Purchased Prof & Tech	20,206	21,000	21,483	21,977	22,483	23,000
	Purchased Professional and Technical Services	**11,119,585**	**8,990,417**	**9,197,196**	**9,408,732**	**9,625,133**	**9,846,511**
Purchased Property Services							
411	Cleaning Services	565,750	117,550	120,254	123,019	125,849	128,743
421	Utility Services	1,937,000	1,872,300	1,915,363	1,959,416	2,004,483	2,050,586
431	Repairs and Maintenance	778,500	805,950	824,487	843,450	862,849	882,695
441	Rentals	1,203,000	1,320,100	1,350,462	1,381,523	1,413,298	1,445,804
	Purchased Property Services	**4,484,250**	**4,115,900**	**4,210,566**	**4,307,409**	**4,406,479**	**4,507,828**
Other Purchased Services							
560	Tuition	**14,095,000**	**24,046,689**	**28,462,115**	**33,016,264**	**38,441,703**	**44,957,074**
561	*Tuition to Other School Districts*	*3,810,000*	*4,310,000*	*4,310,000*	*4,310,000*	*4,310,000*	*4,310,000*
562	*Tuition to PA Charter Schools*	*6,650,000*	*14,952,388*	*19,348,520*	*23,882,931*	*29,288,179*	*35,782,894*
569	*Tuition to Other Non Publics & Other Costs*	*3,635,000*	*4,784,301*	*4,803,595*	*4,823,332*	*4,843,524*	*4,864,180*
511	Student Transportation	2,505,009	3,802,865	3,890,331	3,979,809	4,071,344	4,164,985
521	Insurance - General	691,900	707,814	724,093	740,748	757,785	775,214
538	Communications	277,993	284,387	290,928	297,619	304,464	311,467
540	Advertising	11,100	11,355	11,616	11,884	12,157	12,437
550	Printing and Binding	757,700	775,127	792,955	811,193	829,850	848,937
581	Travel	94,121	96,285	98,500	100,765	103,083	105,454
591	Services Purchased Locally	301,314	308,244	315,333	322,586	330,006	337,596
	Other Purchased Services	**18,734,136**	**30,032,766**	**34,585,871**	**39,280,867**	**44,850,392**	**51,513,163**
Supplies							
618	Other Supplies	4,289,393	2,202,111	2,252,760	2,304,573	2,357,578	2,411,802
620	Energy	1,079,500	1,063,300	1,087,756	1,112,774	1,138,368	1,164,551
635	Food	58,935	79,561	81,391	83,263	85,178	87,137
640	Books and Periodicals	1,515,756	742,968	760,056	777,537	795,420	813,715
648	Educational Software	55,405	98,118	100,374	102,683	105,045	107,461
650	Supplies & Fees - Tech Related	449,543	102,061	104,408	106,810	109,266	111,779
	Supplies	**7,448,532**	**4,288,118**	**4,386,744**	**4,487,640**	**4,590,855**	**4,696,445**
Property							
750	Equipment - Original & Additional	1,091,249	256,400	262,297	268,330	274,502	280,815
760	Equipment - Replacement	392,996	337,220	344,976	352,911	361,027	369,331
	Property Subtotal	**1,484,246**	**593,620**	**607,273**	**621,241**	**635,529**	**650,146**
Other Objects							
810	Dues and Fees	152,450	152,450	152,450	152,450	152,450	152,450
830	Interest	175,000	175,000	175,000	175,000	175,000	175,000
840	Contingency	300,000	300,000	300,000	300,000	300,000	300,000
880	Refunds for PY Receipts	75,000	75,000	75,000	75,000	75,000	75,000
890	Misc. Expenditures	2,007,700	2,007,700	2,007,700	2,007,700	2,007,700	2,007,700
	Other Objects Subtotal	**2,710,150**	**2,710,150**	**2,710,150**	**2,710,150**	**2,710,150**	**2,710,150**
Other Use of Funds							
930	Fund Transfers	16,042,004	18,069,114	21,214,767	21,359,115	21,371,794	21,788,994
990	Misc. Other Uses of Funds	(802,146)	0	0	0	0	0
	Other Use of Funds Subtotal	**15,239,857**	**18,069,114**	**21,214,767**	**21,359,115**	**21,371,794**	**21,788,994**
	Total Expenditures	***136,860,979***	***145,006,057***	***154,521,929***	***160,474,282***	***166,694,209***	***174,179,365***

SCENARIO - Recovery Plan

General Fund Revenues

	Fiscal Year Ending:	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Baseline Data		**Budget**	**Projected**	**Projected**	**Projected**	**Projected**	**Projected**
REVENUES							
Revenues From Local Sources							
6111	Current Real Estate Taxes	33,781,801	34,908,518	36,130,316	37,485,203	38,984,611	39,374,457
6113	Public Utility Realty Tax	50,000	54,000	54,000	54,000	54,000	54,000
6114	Payment in Lieu State & Local	900,000	970,000	1,320,000	1,420,000	1,520,000	1,620,000
6142	Current Act 511 Occupation Taxes-Flat Rate	800,000	785,000	788,925	792,870	796,834	800,818
6143	Current Act 511 Local Services Taxes	235,000	195,000	195,975	196,955	197,940	198,929
6151	Current Act 511 Earned Income Taxes	3,000,000	3,540,000	3,606,700	3,673,484	3,690,351	3,707,303
6153	Current Act 511 Real Estate Transfer Taxes	325,000	345,000	346,725	348,459	350,201	351,952
6154	Current Act 511 Amusement Taxes	250,000	260,000	261,300	262,607	263,920	265,239
6155	Current Act 511 Business Privilege Taxes	800,000	800,000	804,000	808,020	812,060	816,120
6157	Current Act 511 Mercantile Taxes	800,000	750,000	753,750	757,519	761,306	765,113
6411	Delinquent Real Estate Taxes	4,000,000	5,050,000	5,156,977	5,328,721	5,519,173	5,729,940
6442	General Fund District Wid	1,500,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
6510	Interest on Investments and Interest-Bearing Checking Acc	35,000	25,667	25,667	25,667	25,667	25,667
6530	Investment Earnings	600,000	440,000	440,000	440,000	440,000	440,000
6710	Interest Earnings	50,500	60,000	60,000	60,000	60,000	60,000
6832	Federal IDEA Revenue Received as Pass Through	1,900,000	1,562,312	1,562,312	1,562,312	1,562,312	1,562,312
6910	Rentals	35,000	25,000	25,000	25,000	25,000	25,000
6920	Contributions and Donations From Private Sources I Capita	627,381	86,686	86,686	86,686	86,686	86,686
6941	Regular Day School Tuition	20,000	10,000	10,000	10,000	10,000	10,000
6944	Receipts from Other LEAs in PA - Education	300,000	285,000	285,000	285,000	285,000	285,000
	Revenues From Local Sources Subtotal	**50,009,682**	**51,352,183**	**53,113,333**	**54,822,501**	**56,645,060**	**57,378,536**
Revenue From State Sources							
7110	Basic Ed	43,797,685	44,287,990	45,505,910	46,871,087	48,394,398	49,967,215
7140	Charter Schools	0	259,157	202,858	206,674	0	0
7160	Tuition for Orphans & Children Placed in Private Homes	100,000	100,000	100,000	100,000	100,000	100,000
7240	Driver Education - Student	70	70	70	70	70	70
7271	Special Education Funding for School Aged Pupils	5,128,254	5,102,605	5,191,901	5,282,759	5,375,207	5,469,273
7299	Program Revenues not Listed Previously	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
7310	Transportation (Regular and Additional)	1,242,972	2,701,841	2,701,841	2,701,841	2,701,841	2,701,841
7320	Rental & Sinking Fund Payments / Building Reimbursemen	1,500,000	2,933,619	3,437,396	3,460,587	3,462,624	3,529,652
7330	Health Services (Medical, Dental, Nurse, Act 25)	175,000	175,000	175,000	175,000	175,000	175,000
7340	State Property Tax Reduction Allocation	2,773,436	2,773,436	2,773,436	2,773,436	2,773,436	2,773,436
7501	PA Accountability Grants	964,822	964,822	964,822	964,822	964,822	964,822
7599	Other State revenue not listed elsewhere	82,839	3,332,839	1,282,839	282,839	82,839	82,839
7810	State Share of Social Security & Medicare Taxes	2,246,169	2,042,880	1,879,491	1,829,028	1,836,355	1,888,533
7820	State Share of Retirement Contributions	2,805,400	4,332,916	4,933,634	5,688,289	6,190,484	6,509,402
	Revenues From State Sources Subtotal	**62,816,648**	**71,007,176**	**71,149,197**	**72,336,432**	**74,057,077**	**76,162,084**
Revenues From Federal Sources							
8110	Payments for Federally Impacted Areas	200,000	175,000	151,864	145,184	140,660	136,787
8391	ROTC	70,000	60,000	52,068	49,777	48,226	46,898
8514	NCLB, Title I - Improving the Academic Achievement of the	8,569,662	7,219,658	6,265,195	5,989,607	5,802,935	5,643,164
8515	NCLB, Title II - Preparing, Training and Recruiting High Qua	1,786,002	1,224,846	1,062,917	1,016,162	984,493	957,387
8516	NCLB, Title III - Language Instruction for Limited English Pro	438,310	270,590	234,817	224,488	217,492	211,504
8690	Other Restricted Federal Grants-in-Aid Through the Comm	1,683,249	905,085	188,162	179,885	174,279	169,481
8704	ARRA -Title I, School Improvement	6,946,401	3,306,288	250,000	300,000	400,000	500,000
8732	Qscb Subsidy ARRA	444,070	0	0	0	0	0
8810	Medical Assistance Reimbursements (ACCESS)	200,000	410,000	438,847	482,740	478,603	475,062
8820	Medical Assistance Reimbursement for Health Related Tra	100,000	100,000	86,780	82,962	80,377	78,164
	Revenues From Federal Sources Subtotal	**20,437,694**	**13,671,467**	**8,730,651**	**8,470,808**	**8,327,064**	**8,218,447**
Revenues From Other Sources							
9340	Debt Service Fund Transfers	0	444,070	444,070	444,070	444,070	444,070
	Revenues From Other Sources Subtotal	**0**	**444,070**	**444,070**	**444,070**	**444,070**	**444,070**
	Total Revenues	***$136,556,518***	***$136,474,896***	***$133,437,251***	***$136,073,811***	***$139,473,271***	***$142,203,137***

SCENARIO - Recovery Plan

General Fund Expenditures

	Fiscal Year Ending:	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
Baseline Data		**Budget**	**Projected**	**Projected**	**Projected**	**Projected**	**Projected**
EXPENDITURES							
Personnel Services - Salaries & Wages							
105	Sick Reimbursement	400,000	250,000	250,000	250,000	250,000	250,000
106	Health Insurance Opt Out	500,000	300,000	315,000	330,750	347,288	364,652
110	Official / Administrative	3,843,316	3,715,141	3,432,584	3,432,584	3,484,613	3,607,834
120	Professional - Instructional Staff	30,430,713	27,112,096	23,913,864	22,961,884	23,054,791	23,661,911
130	Professional - Other	3,475,127	3,381,371	3,216,302	3,216,302	3,263,347	3,374,764
140	Technical	995,687	945,903	898,608	898,608	912,087	944,010
150	Office / Clerical	1,425,682	1,354,398	1,286,678	1,286,678	1,305,978	1,351,687
160	Crafts and Trades	199,580	189,601	180,121	180,121	182,823	189,222
170	Operative and Laborer	414,232	393,520	373,844	373,844	379,452	392,733
180	Service Work	2,480,792	2,128,776	2,010,938	2,010,938	2,044,522	2,124,059
190	Instructional Assistant	2,186,120	1,969,870	1,744,558	1,708,910	1,702,857	1,755,123
	Personnel Services Subtotal	**46,351,249**	**41,740,676**	**37,622,497**	**36,650,620**	**36,927,756**	**38,015,995**
Employee Benefits							
210	Group Insurance	16,822,635	15,233,433	15,389,220	15,879,860	16,504,537	17,194,631
213	Life Insurance	113,420	110,597	109,803	110,323	111,642	113,248
220	Social Security Contributions	3,407,208	3,086,295	2,766,992	2,690,445	2,701,560	2,780,708
230	Retirement Contributions	5,504,476	6,535,273	7,279,846	8,415,555	9,172,126	9,653,794
240	Tuition Reimbursement	600,000	600,000	600,000	600,000	600,000	600,000
250	Unemployment Compensation	1,922,525	1,922,525	1,885,160	1,404,529	1,044,055	773,700
260	Workers' Compensation	1,259,794	1,152,116	1,086,951	1,046,866	1,023,168	1,004,919
290	Other Employee Benefits	510,000	500,000	500,000	500,000	500,000	500,000
291	Vehicle Allowance	9,600	9,600	9,600	9,600	9,600	9,600
	Employee Benefits Subtotal	**30,149,657**	**29,149,840**	**29,627,573**	**30,657,176**	**31,666,688**	**32,630,600**
Purchased Professional and Technical Services							
310	Official / Administrative Services	0	250,000	200,000	200,000	200,000	200,000
320	Professional - Educational Services	4,047,968	3,597,181	3,679,916	3,764,554	3,851,139	3,939,715
330	Other Professional Services	6,561,229	5,064,736	4,007,279	4,123,859	4,253,120	4,365,124
340	Technical Services	490,183	417,500	427,103	436,926	446,975	457,256
390	Other Purchased Prof & Tech	20,206	21,000	21,483	21,977	22,483	23,000
	Purchased Professional and Technical Services	**11,119,585**	**9,350,417**	**8,335,780**	**8,547,316**	**8,773,716**	**8,985,095**
Purchased Property Services							
411	Cleaning Services	565,750	117,550	120,254	123,019	125,849	128,743
421	Utility Services	1,937,000	1,837,300	1,632,558	1,670,107	1,708,519	1,747,815
431	Repairs and Maintenance	778,500	913,150	935,252	959,598	984,646	1,010,418
441	Rentals	1,203,000	1,320,100	1,095,250	1,000,441	1,023,451	1,046,991
	Purchased Property Services	**4,484,250**	**4,188,100**	**3,783,314**	**3,753,166**	**3,842,465**	**3,933,967**
Other Purchased Services							
560	Tuition	**14,095,000**	**22,168,078**	**22,798,828**	**22,639,928**	**22,150,771**	**21,645,180**
561	*Tuition to Other School Districts*	*3,810,000*	*4,310,000*	*4,310,000*	*4,310,000*	*4,310,000*	*4,310,000*
562	*Tuition to PA Charter Schools*	*6,650,000*	*12,923,777*	*13,235,233*	*12,831,596*	*12,097,247*	*11,346,000*
569	*Tuition to Other Non Publics & Other Costs*	*3,635,000*	*4,934,301*	*5,253,595*	*5,498,332*	*5,743,524*	*5,989,180*
511	Student Transportation	2,505,009	3,802,865	4,001,977	4,091,455	4,182,991	4,276,632
521	Insurance - General	691,900	707,814	724,093	740,748	757,785	775,214
538	Communications	277,993	284,387	290,928	297,619	304,464	311,467
540	Advertising	11,100	11,355	11,616	11,884	12,157	12,437
550	Printing and Binding	757,700	775,127	792,955	811,193	829,850	848,937
581	Travel	94,121	96,285	98,500	100,765	103,083	105,454
591	Services Purchased Locally	301,314	308,244	315,333	322,586	330,006	337,596
	Other Purchased Services	**18,734,136**	**28,154,155**	**29,034,231**	**29,016,178**	**28,671,106**	**28,312,915**
Supplies							
618	Other Supplies	4,289,393	2,202,111	2,028,807	2,080,621	2,133,626	2,187,850
620	Energy	1,079,500	1,063,300	1,087,756	1,112,774	1,138,368	1,164,551
635	Food	58,935	79,561	81,391	83,263	85,178	87,137
640	Books and Periodicals	1,515,756	742,968	561,538	579,020	596,903	615,198
648	Educational Software	55,405	98,118	100,374	102,683	105,045	107,461
650	Supplies & Fees - Tech Related	449,543	102,061	104,408	106,810	109,266	111,779
	Supplies	**7,448,532**	**4,288,118**	**3,964,275**	**4,065,170**	**4,168,385**	**4,273,975**
Property							
750	Equipment - Original & Additional	1,091,249	256,400	262,297	268,330	274,502	280,815
760	Equipment - Replacement	392,996	337,220	344,976	352,911	361,027	369,331
	Property Subtotal	**1,484,246**	**593,620**	**607,273**	**621,241**	**635,529**	**650,146**
Other Objects							
810	Dues and Fees	152,450	152,450	152,450	152,450	152,450	152,450
830	Interest	175,000	175,000	175,000	175,000	175,000	175,000
840	Contingency	300,000	300,000	300,000	300,000	300,000	300,000
880	Refunds for PY Receipts	75,000	75,000	75,000	75,000	75,000	75,000
890	Misc. Expenditures	2,007,700	2,007,700	2,007,700	2,007,700	2,007,700	2,007,700
	Other Objects Subtotal	**2,710,150**	**2,710,150**	**2,710,150**	**2,710,150**	**2,710,150**	**2,710,150**
Other Use of Funds							
930	Fund Transfers	16,042,004	17,687,695	20,683,348	20,777,696	20,790,375	20,707,575
990	Misc. Other Uses of Funds	(802,146)	(50,000)	230,916	251,201	171,869	171,869
	Other Use of Funds Subtotal	**15,239,857**	**17,637,695**	**20,914,264**	**21,028,897**	**20,962,244**	**20,879,444**
	Total Expenditures	***136,860,979***	***137,812,771***	***136,599,357***	***137,049,913***	***138,358,041***	***140,392,288***

Chief Recovery Officer/Technical Assistance Team

Chief Recovery Officer: Gene G. Veno

Public Financial Management, Inc.: Matthew Eckes, John Frey, Blair Gearhart, David Hoskins, Dean Kaplan, Anne Kapoor, Karolina Pater, Janet Razler, Brad Remig, Virginia Rutledge, David Sallack, Nicole Westerman, Christopher Wheeler

Other Team Members: Dr. Francis V. Barnes, Melissa Charry, George Crawford, Tresta Delater, Gina Giarratana, Barbara Kucsan, Debra Lemeshow, J. Drue Miles, Philip Mowry, Andrew Reilly, James J. Snell, Linda Stein, Becky Taylor, Thomas Tracy, Jr.

The CRO and the Technical Assistance Team gratefully acknowledge the assistance of Dr. Sybil Knight-Burney, Debra Miller, the School Board and other staff of the Harrisburg School District and their outside professional advisors, as well as the Secretary and staff of the Pennsylvania Department of Education.

May 31, 2013 Update to April 26, 2013 Recovery Plan

RV05.	**Develop a strategy for marketing the District's vacant and unneeded properties and maximizing short-term (sales proceeds) and long-term (real estate tax) revenues.**	
	Target outcome:	Generate immediate sales proceeds and ongoing real estate tax revenue and avoid costs of maintaining the properties.
	Five year financial impact:	$10.0 million
	Responsible party:	Board/Superintendent/Business Manager

The District has multiple properties that are not currently being used. In addition, projections based on live births and other available information suggests that the District will continue to lose student enrollment over the next five years. Since it is not likely that they will be needed by the District, a thorough and comprehensive feasibility study of all of the District's properties should be done to develop a long-range plan for their use, including an identification of any that should be put up for sale. Professional consultants working in conjunction with the District would be able to consider all aspects of these decisions, including the need to preserve sufficient collateral for current outstanding debt.

The financial impact of this item will depend heavily on which buildings are sold, when they are sold, and what the overall real estate market is at the time of the sales. It is impossible to predict with any precision at this time, but the following table is meant to illustrate a pattern of revenue that might reasonably be expected to be realized over a multiple-year period. The cumulative estimate for proceeds is much more important than the precise timing of the revenues.

The District shall ensure that a feasibility study and enrollment projection are done to determine the future building needs for the District, the buildings which best serve those needs, the marketability of the excess buildings and land, and a plan for disposing of those facilities based on district needs and the market values. The study shall, among other things, contain information that clearly demonstrates that the District has legal authority to enter into a valid agreement of sale for any buildings or land. Such plan shall take into consideration economic development initiatives being undertaken by the City and other government and non-for-profit agencies. The proceeds of any property sales shall be deposited in the District's capital fund and their future use restricted to capital construction, renewal or rehabilitation projects.

Financial Impact

2013-14	2014-15	2015-16	2016-17	2017-18	Total
$0	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$10,000,000

Amended Recovery Plan

Harrisburg School District

Dauphin County Pennsylvania

Prepared by the

Chief Recovery Officer

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Harrisburg School District
Amended Act 141 Recovery Plan
April 21, 2014

An Act 141 Recovery Plan for the Harrisburg School District (District) was presented to the Harrisburg School Board on April 26, 2013. The plan was approved by the School Board on May 17, 2013 and by the Commonwealth's Department of Education on May 31, 2013. The School Board, the Chief Recovery Officer (CRO) and the District administration have operated under the provisions of the plan since its adoption.

In the period since May 2013, there have been a number of changes in financial circumstances facing the District and several of the requirements of the Act 141 Recovery Plan have been clarified. The purpose of this document is twofold:

1. To revise certain initiatives of the Recovery Plan to address the current financial circumstances and projections of the District.
2. To provide clarifying language for aspects of the Recovery Plan including a new calendar of events related to academic improvement.
3. Provide new academic improvement benchmarks for the District that are tied to the school performance profile process adopted by the Department of Education

Unless changed or amended by this document, all other aspects of the Act 141 Recovery Plan as presented on April 26, 2013 and approved by the Harrisburg School Board and the Department of Education in May 2013 remain in effect.

Amended Plan Initiatives

Subsequent to the development and approval of the Recovery Plan, it was concluded that the District achieved better financial results in the 2012-13 year than forecast in the Plan. These financial results were confirmed by the 2012-13 audit, which was received in late December 2013 and approved by the School Board in January 2014. In addition, the CRO and his consultants, Public Financial Management (PFM), have worked with the District's CFO to review the District's 2013-14 budget. Based on 2012-13 financial results and information on 2013-14 year-to-date revenues and expenses, it was concluded that the estimated actual revenues and expenses for 2013-14 should be revised from the adopted budget.

Discussion Regarding the Change in the Financial Results for 2012-13 and the Use of Fund Balance to Fund Ongoing Operations of School Districts

The determination that the financial condition of the Harrisburg School District in the 2012-13 year was better than estimated in the original Recovery Plan has been the source of much discussion and a good deal of misinformation. In order to understand the recommendations of the amended plan it is important to discuss the realities of Harrisburg's financial situation and put the issue of the use of fund balance or reserves in perspective in relation to the long term fiscal stability of the District.

In summary, Harrisburg school district does not have sufficient annual revenue to cover its annual expenses. Revenue sources to the District are essentially flat. Local tax revenues will only change based on real estate millage rate increases. State revenues are substantial but only grow at a historic rate of about 2% per year. Federal revenues are actually declining based on federal program cut backs. On the other hand, there are a number of factors driving the cost side of the District budget including: health care costs, pension increases and charter school costs. As a result without significant actions by the District per the Act 141 Plan, ongoing expenses will exceed ongoing revenues by $5 million per year in just four years.

It is true that the District has reserves (commonly referred to as fund balance). It is also true that the amounts of the reserves increased in 2012-13 and are projected to increase in 2013-14. The unreserved fund balance at the end of 2012-13 was $20.9 million and it is projected to grow to $33.8 million. It is also the fact that the recent increases in reserve, with the exception of the 5% salary and benefit reduction that was part of the Recovery plan for 2013-14, did not result from District actions to control expenses but rather they resulted from poor budgeting and financial control practices. The District has left vital instructional positions vacant and has not expended budgeted funds for instructional materials and supplies that are needed to improve academic performance. The need for these expenditures is evidenced by the fact that for the 2014-15 school year, the District must fill these vacant positions and ensure that students have the necessary instructional materials and supplies and therefore will need to incur the costs deferred from 2012-13 and 2013-14.

Some have argued that the District should use reserves to support ongoing operation of the District including the restoration of the 5% salary reduction that occurred in 2013-14. If the District would solely use reserves to pay for ongoing operating expenses, it will eventually spend all its reserves and have to either drastically cut programs and staff or drastically increase taxes to support its operations. Harrisburg School District has been through this scenario before and it should be a first priority of the recovery plan to not repeat history. Dramatic cuts in school operations are detrimental to the academic operation of the school system and are ultimately detrimental to student performance.

In relation to Harrisburg School District's financial situation, the following are important facts:

- Fund balance is not a recurring revenue source -- it can only be spent once.
- Every creditable source on school finance recommends that a district should retain sufficient fund balance to allow it to operate without significant disruption from short term unexpected decreases in revenue or increases in expenses. In addition best practices in school finance recommend having "designated fund balance" to address known future expenses and "undesignated fund balance" to address the unexpected expenses or revenue decreases. Pennsylvania state law restricts undesignated reserves for school districts at 8% of budgeted revenue. For Harrisburg School District in 2013-14 this limit equates to $10.5 million. There is no limit on designated fund balance. The designation of fund balance is set by school board policy.
- Using fund balance reserves to fund operating expenses is the equivalent of an individual using savings to pay for a mortgage expense that is larger than the annual household income can support. The savings can only be spent once and the mortgage payment will last for 20 or 30 years. If you do not balance your annual mortgage expense with your household income, when the savings are gone you either have

increase your salary, cut something else from your budget or sell your house. This is an exact parallel to the notion of the District paying ongoing salary expenses with reserves. The fact of the matter is that Harrisburg's annual revenue is not sufficient to cover its current annual expenses. Unless it increases long term revenue or decreases long term expenses it will have an annual operating deficit. If the District uses its reserves to fund annual operating expenses including salaries and other program expenses, as some would propose, when the reserves are gone the District will have to cut programs and staff or raise taxes to cover its costs or both. The amount of the program cuts or tax increases will be the sum of all the reserves that have been used to support operating expenses.

As a result of the foregoing this Amended Recover plan incorporates the following principals:

1. Fund balance will not be used regularly to finance ongoing operating expenses. Ongoing operating expenses must be funded with ongoing operating revenue.
2. The fiscal stability of the Harrisburg School District will be measured in relation to the ability to match annual revenues with annual expenses and not by the size of the fund balance.
3. The District will maintain a fund balance and the total fund balance will be composed of a designated portion that is set by board policy and by an undesignated portion that the District should target to maintain at 8% of budgeted revenue.

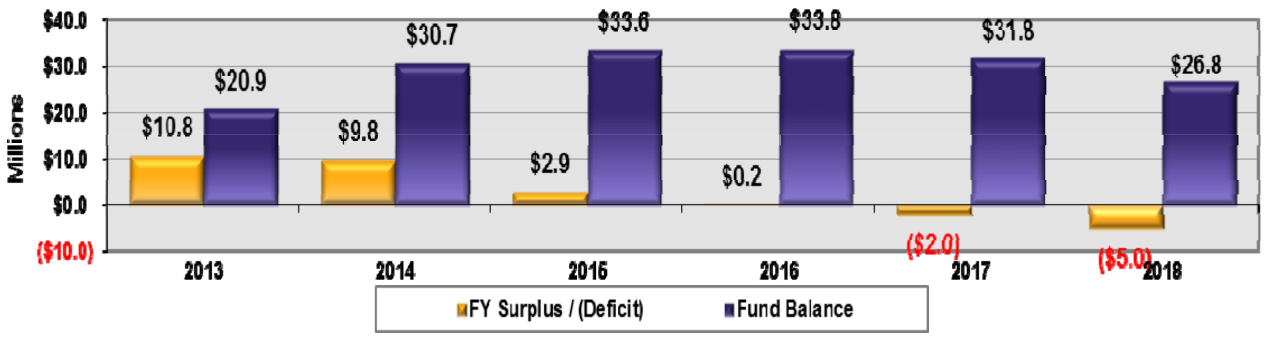
Revised Baseline Forecast

A critical measurement of the financial viability of the District is the comparison of the ongoing revenues of the District versus the ongoing expenses. As consultants to the CRO, PFM has developed a new baseline forecast, intended to indicate the District's financial position if current trends and policies are maintained. The new baseline forecast uses the revised 2012-13 and 2013-14 information provided by the District and validated by PFM and applied the following assumptions:

- Charter school enrollment for the District will continue to grow by 13.7% annually from the 2013-14 school year to the 2017-18 school year.
- The 5% salary reduction for District staff that was implemented in July 2013 will remain in place, but the Recovery Plan's initiative to achieve an additional 5% salary reduction for July 2014 will be eliminated. The baseline forecast assumes salaries for all staff will be frozen at the 2013-14 level.
- There will be no District tax increases for the period 2014-15 to 2017-18.
- The District will not achieve any of the revenue enhancement or expenditure reduction initiatives contained in the Recovery Plan.
  The District will not take the Act 141 Transitional Loan as proposed in the Recovery Plan.

Chart 1 below shows the revised baseline forecast based on these assumptions. The yellow or light gray bar on the left shows the positive or negative operating result for each year and the blue or dark gray bar on the right show the cumulative fund balance based on the annual operating results. The forecast fund balance excludes any portion of the fund balance that is not available for expenditure.

Chart 1
Baseline Forecast 2012-13 to 2017-18
Harrisburg School District



Act 141 requires the CRO to submit a Recovery Plan that attains longer term fiscal stability for the District while improving academic performance. This Amended Plan is intended to meet this requirement while addressing interests of the District's students, taxpayers, employers and the staff and administration of the District.

As can be seen in Chart 1 above, the baseline forecast does not meet the financial stability requirements of Act 141 even given higher-than-expected reserves. Although the District has a fund balance in each of the projection years, the baseline forecast also shows declining performance each year and a worsening structural operating deficit in the years 2017 to 2018. The gap is caused by growing expenditures for such items as benefits and charter schools, while revenue sources are flat or growing only slightly.

As a result, the Board, the Administration and staff of the District must continue to take actions to attain and maintain financial stability. If the District successfully implements a number of cost saving and revenue enhancement initiatives, finances can improve and there will also be resources to provide for some academic program enhancements and to address employee salary and benefits. If the initiatives are not implemented, however, the enhancements are not affordable.

Recognizing that longer term forecasts are subject to change based on District actions and external factors, the Amended Plan provides a process for achieving enhancements if there are sufficient financial resources. The Amended Plan proposes a "shared savings" approach to future positive financial results.

Amended Act 141 Financial Recovery Plan and Initiatives

The key elements of this Amended Act 141 Recovery Plan for Harrisburg are as follows:

- Improve financial performance compared to the baseline, reversing the trend of growing annual shortfalls.
- Fund academic enhancements that will help the District's academic performance and increase its ability to compete with charter schools for students.
- Specify a new set of academic performance benchmarks for the District based on new performance profile metrics developed by the Pennsylvania Department of Education.
- Focus the entire District on improving its performance by establishing a new calendar for actions related to academic improvement.
- Limit increases in the tax burden on Harrisburg taxpayers.
- Restore salary cuts incurred by Harrisburg District staff to the degree such restoration is funded by increased annual revenue and consistent with the requirement for long term fiscal stability.
- Provide a mechanism for revising the financial initiatives of the Plan based on changes in the financial conditions of the District.

The Amended Plan outlines a series of near term actions and provides for a "shared savings" approach in the longer term should the financial results of the District's operation be better than the forecast.

Specific Initiatives of the Amended Act 141 Plan

The following are the specific initiatives of the Amended Recovery Plan, the year of expected implementation of the initiative and the anticipated financial impact.

Initiative: Restore Full Day Kindergarten (increased expenditure)

This initiative would fund an additional 15 teachers and related costs to expand kindergarten to the full school day for all students beginning in the 2014-15 school year.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Financial Impact	$0	$1,125,000	$1,125,000	$1,125,000	$1,125,000	**$4,500,000**

Initiative: Repay the 5% Salary Decrease from July 2013 and Restore the Salary Base by the 2015-16 Fiscal Year (increased expenditure)

The Act 141 Recovery Plan called for a 5% reduction in employee salary, wages and benefits for the 2013-14 year and for an additional 5% cut in salary, wages and benefits for the 2014-15 fiscal year.

The amended Act 141 plan seeks to restore by lump sum payments the 5% salary cut from the 2013-14 year, to eliminate the additional salary cut for 2014-15, to restore the salary cut to the base if fiscally supported and to increase salaries by up to 2.5% as soon as 2015-16 if the resources are available.

A fundamental premise of this initiative is that restoring 5% salary and wage cut to the base and therefore creating an ongoing obligation cannot be done until it is certain that sustainable resources are available to support the salary and wage restoration. This amended plan contains the steps shown in the table below to achieve this goal through the combination of immediate action and implementing the shared saving approach as outlined below.

Amended Recovery Plan Implications for Employees Salaries and Wages

Fiscal Year	Action in Relation to Employee Salaries and Wages
2013-14	Before June 30, District provides lump sum payment of 5% salary and wage cut to active employees. Base salary and wages not increased for the 2014-15 fiscal year.
2014-15	Lump sum payment of 5% salary cut from base, after January 1, 2015 if audited financial statements from 2013-14 fiscal year show a positive operating result (current year revenues over current year expenses) of greater than $5 million.
2015-16	• 5% cut may be restored to salary and wage base if the 2014-15 fiscal year audited results are better than forecast by this amended plan or if the School Board provides sustainable revenue sources or reduces spending to fund the cost of restoring the base salary and wages • The salary and wages may be further increased by up to 2.5% above the restoration amount if the financial results warrant under the shared savings approach

This initiative will restore the full 5.0% salary reduction that District employees incurred at the beginning of 2013-14 through a lump sum payment to active employees to be paid before the end of the 2013-14 fiscal year. It will also restore the full 5.0% salary reduction for 2014-15 as a lump sum payment if the District meets the conditions described above. The lump sum payment will not become part of the salary base for 2013-14 or 2014-15.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Financial Impact	$1,324,725	$1,941,533	$1,941,533	$1,941,533	$1,941,533	**$9,090,855**

Initiative: Cap District Health Insurance Cost Increase at 5% Beginning in 2016-17 (reduced expenditure)

See initiative WF02 of the Recovery Plan for details. This initiative is intended to reduce the District's cost of employee health insurance. As outlined in initiative WF02 of the Recovery Plan, the growth in the District's cost of health care would be capped at 5% with employees absorbing any additional cost. If the health care plan is adjusted or the District's health care cost experience is such that health care costs grow at 5% or less, the District will continue to assume this cost.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Financial Impact				($641,112)	($1,386,075)	**($2,027,186)**

Initiative: Reduce Health Insurance Opt-Out to Save $130,000 Annually Beginning in 2016-17 (reduced expenditure)

As described in the Recovery Plan, the District currently pays a bonus to employees who opt out of the District's health care plan. At present, the opt-out bonus is exorbitant and outside the norm for districts in the Harrisburg region. This initiative requires the renegotiation of the opt-out provision to cut the District's cost by 50%.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Financial Impact				($130,000)	($130,000)	**($260,000)**

Initiative: Improve District Education and Limit Growth in Charter School Enrollment (net reduced expenditure)

Harrisburg School District faces a challenging competitive environment with local charter schools. The Recovery Plan focused on competition from cyber charter schools, but recently brick-and-mortar charter schools have emerged with faster enrollment growth. It is vital that the entire Harrisburg school community focus on improving its academic performance and present itself in a manner that will retain students in the face of the alternatives offered by charter schools. This initiative sets target growth rates for charter school enrollment and shows the financial impact of achieving the growth target versus the base case assumption of 13.7% per year charter school enrollment growth. The effect is a lower payment to charter schools and increased District direct education spending compared to the baseline, for a net reduced expenditure each year.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Growth Target		11%	8%	5%	3%	
Financial Impact		($268,457)	($987,074)	($2,380,661)	($4,410,931)	**($8,047,123)**

Initiative: Increase Property Tax to Act 1 Index in 2016-17 and 2017-18 and as Deemed Necessary by the School Board (increased revenue)

This initiative calls for the School Board to raise District real estate tax millage to the Act 1 index limit in 2016-17 and 2017-18 fiscal years unless off set by better than projected financial performance under the shared saving approach. The Act 1 index shown below is an estimate. If the actual Act 1 index is lower than shown below, the District shall apply for exceptions to allow the District to increase millage rate by the amount shown.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Percentage Increase in Tax Rate				3.1%	3.35%	
Financial Impact		$0	$0	$359,704	$1,489,533	**$1,645,153**

Initiative: Eliminate Food Service Fund Transfer from the General Fund (reduced expenditure)

See the Food Service Chapter of Recovery Plan initiatives FS01, FS02 and FS03 for details.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Financial Impact		($100,000)	($200,000)	($300,000)	($300,000)	**($900,000)**

Initiative: Increase Delinquent Real Estate, Earned Income and Occupation Tax Collection (revenue increase)

See initiatives RV01 and RV02 of Recovery Plan for details.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Financial Impact		$250,000	$500,000	$550,000	$550,000	**$1,850,000**

Initiative: Optimize ACCESS Utilization (revenue increase)

See initiative RV06 of Recovery Plan for details.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Financial Impact			$250,000	$300,000	$350,000	**$900,000**

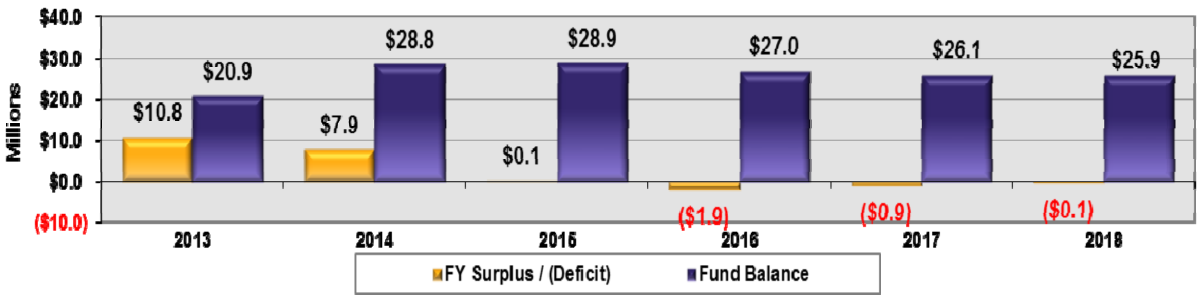
Initiative: Increase Energy Efficiency of District through Reduced Energy Consumption and Increased Building Efficiency (decreased expenditure)

See FA04, FA05, FA06 and FA07 of Recovery Plan for details.

Year	2013-14	2014-15	2015-16	2016-17	2017-18	**Total**
Financial Impact			($35,000)	($282,000)	($289,000)	**($606,000)**

Based upon the expected financial impact of the above initiatives, it is projected that the District's financial performance will be as shown in Chart 2 below. In contrast to the baseline forecast, which had declining annual results with negative operating balances for 2015-16 and subsequent years, this projection shows a near-balance position in all years and an improving annual operating trend after 2015-16. The forecast indicates a trend toward long-term fiscal stability as required by Act 141 and also retains adequate reserves to allow the District to operate without dramatic swings in operation from year to year.

Chart 2
Forecast with Initiatives 2012-13 to 2017-18
Harrisburg School District



Adapting to Changing Financial Results

As presented above, the Amended Act 141 Recovery Plan for the Harrisburg School District accomplishes a number of long term goals for the District while moving toward the long-term fiscal stability required by Act 141. However, there are also a number of other goals put forward by various District constituencies – including additional expenditures for academic improvement and elimination of <u>all</u> future tax increases – that have not been included in the Amended Plan. In the view of the CRO and his consultants, these other goals are not achievable within the currently forecast finances of the District.

It is also understood that the long term forecasts can be changed by District actions and outside forces, resulting in actual financial performance that is better or worse than expected. The CRO, the Board, the Harrisburg community and District administration and staff must be prepared for periodic reassessments of the Plan based on these changes in circumstances. Viewed optimistically, it may be the case that not all the expenditure reductions or revenue increases outlined above will need to take place and as a result additional District goals can be achieved. Recognizing this circumstance, the Amended Act 141 Recovery Plan includes a shared savings approach for managing variances in District financial performance from the Amended Plan.

Shared Savings Approach Defined

To the extent that the District improves academic performance and has better financial results than projected, there will be opportunities to fund programs or activities related to educational enrichment, and to also address employee salary and benefit issues and tax initiatives of the Amended Recovery Plan. As additional dollars are available, it is the intention of this Amended Plan to allocate a portion of these dollars for enhancements as follows:

- Supporting curriculum, training and technology investments
- Eliminating tax increases otherwise required in 2016-17 and 2017-18
- Increasing employee salaries (which are otherwise frozen through the forecast period)
- Eliminating or moderating changes to employee health care provisions

Alternatively, if the District fails to meet its academic and financial goals, no dollars will be available for enhancements. Instead, further cost control efforts will have to be implemented as deemed necessary by the CRO, and this Amended Plan will be revised accordingly.

In order to share savings if results are better than anticipated in this Amended Recovery Plan, the District will assess its financial situation within 30 days of completion of the annual audit of the School District as required by 24 PS 24-2401. If the District has a positive fund balance, and if there is a positive annual operating result (revenues less expenditures for the year are positive), a sum up to the amount of the positive annual operating result may be used in the developing the subsequent year's budget allocated in the following manner.

Positive Financial Result

Objective	2014-15	2015-16	2016-17	2017-18
Support curriculum, training and technology investments or fund balance	Not Applicable	50% (or more if full 50% is not needed for salary increase)	If tax and benefit goals are met, and funds remain, half may be used for these purposes	If tax and benefit goals are met, and funds remain, half may be used for these purposes
Eliminate tax increases*	Not Applicable	Not Applicable	Up to 50% of any available positive operating result	Up to 50% of any available positive operating result
Adjust employee salaries and benefits	If audited operation balance from 2013-14 is greater than a $5 million, funds may be used to make a lump sum payment to employees equal to the 5% cut from salaries	Up to 50% of any available positive operating result may be used to permanently restore the 5% salary cut, and fund and additional salary increase of up to 2.5%	If tax and benefit goals are met, and funds remain, half may be used for a salary increase of up to 2.5% if Plan academic goals are also met	If tax and benefit goals are met, and funds remain, half may be used for a salary increase of up to 2.5% if Plan academic goals are also met

Objective	2014-15	2015-16	2016-17	2017-18
Moderating employee health care changes (capping District health care growth at 5% and reducing size of opt-out benefit by ½)	Not Applicable	Not Applicable	Up to 50% of any available positive operating result may be used to moderate or eliminate the required 5% cap on District spending for employee health care and/or eliminate or moderate the reduction in the opt-out benefit	Up to 50% of any available positive operating result may be used to moderate or eliminate the required 5% cap on District spending for employee health care and/or eliminate or moderate the reduction in the opt-out benefit

*Note that the final determination of whether shared savings are available to abate the 2016-17 tax increase will be made after receipt of the 2014-15 audit and with the knowledge of the likely results for 2015-16. Therefore, the District may need to approve an increase in its preliminary budget proceedings to maintain its options as it moves through the budget process. A similar process will be necessary to abate the 2017-18 tax increase otherwise required in the Plan.

**Note that final audited results for each year will not be available until mid-year, so changes to pay and benefit provisions will be approved by the Board in January and retroactive to the previous July 1.

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Notwithstanding any other provisions of this Plan, no portion of positive annual financial results shall be allocated to objectives other than increasing fund balance if they would cause the District's fund balance to be negative or the overall fund balance to drop below 5.0% of annual revenues. So that the District's annual financial performance is not overstated, the calculation of a positive annual operating result shall also exclude any revenue from an unfunded debt loan, Commonwealth Transitional Loan under Act 141, or other borrowing that the District uses to eliminate accumulated deficits. Note that for certain shared savings, the District must also meet its academic performance goals under the Plan.

Negative Financial Result

As noted above, if the District reports or projects to report a negative annual operating result (annual expenditures exceed annual revenues), no shared savings expenditures may be made. Moreover, the District is required under the Plan to take action to eliminate the deficit, considering all options including tax increases, other revenue enhancements, and expenditure cuts including salary and benefit reductions. This situation may also require the CRO to modify the Amended Recovery Plan.

Other Provisions of Recovery Plan Dated April 26, 2013

In addition to the above amendments and additions to the Harrisburg School District Act 141 Recovery Plan Dated April 26, 2013, the following amendments are made:

In regard to the Education Chapter of the April 26, 2013 plan, subsequent to the completion and adoption of the recovery plan for Harrisburg, the Department of Education released a new standard set of performance measures for Pennsylvania school districts. The Pennsylvania School Performance Profile provides and single score by school building that can be used to measure the performance of that building on multiple criteria. The Profile can also be used to monitor progress over time. In order to align the academic performance measures to those being used by the Department of Education, the academic performance benchmarks found on pages 32 and 33 of the Recovery Plan are to be replaced with the building by building School Performance Profile measures. Appendix A of this report shows a summary of the School Performance Profile Targets for the entire Harrisburg school district on a building by building basis as well as the detailed components of the profile for each building through the 2015-16 school year. At a later date, the same methodology will be used to provide performance profile targets for the 2016-17, 2017-18 academic years. In addition, the Recovery plan is specifically amended as follows:

ED04 Implement a Standards Based Curriculum

By August 11, 2014 the District shall insure that all students served have access to curriculum, instruction and assessments aligned to Pennsylvania's academic standards and related exams. Specific required steps and timelines include:

a) By June 1, 2014 the District shall have identified and contracted with a qualified outside agency that will evaluate the new curriculum and assessments.
b) By July 21, 2014 Unit 1 for the Core Areas of ELA, Mathematics, Science and Social Studies (Kindergarten through Grade 12) will be submitted to the identified qualified outside agency for evaluation.
c) By July 21, 2014 a detailed Professional Development Calendar will be completed that outlines how the teaching staff will be trained on the implementation of the new curriculum and assessments. The Professional Development Calendar will be presented to the Board of School Directors for approval at the July 21, 2014 monthly meeting.
d) At the August 18, 2014 Board of School Directors meeting the Central Office staff will submit a detailed schedule for the finalization/implementation/approval of the remainder of the Core Curriculum and electives. Each phase of the curriculum and assessments shall be evaluated by qualified outside agency prior to implementation. The schedule must coincide with the Professional Development Calendar that is also submitted for Board approval on July 21, 2014
e) On August 11, 2014 the Unit 1 Core Curriculum, completed electives and assessments will be presented to the staff on the first teacher day with implementation/use to begin on the first student day of the 2014 – 2015 school year.
f) At the April, 2015 Board of Directors meeting the designated Central Office staff will present the Harrisburg School District completed curriculum complete with assessments in its entirety for Board approval. The curriculum and assessments will be evaluated by the designated qualified outside agency.

ED06 Plan and Structure District Wide Professional Development Initiative

By July 21, 2014 the Central Office staff will have completed a detailed Professional Development Calendar which specifies the activities that will occur throughout the 2014-2015 school year for all staff to include the Principals and Central Office. The Professional

Development Calendar will be submitted to the Board of School Directors for approval at their monthly meeting on July 21, 2014.

AF01 Create and Staff the Position of Chief Financial Officer for the District

The April 26, 2013 Recovery Plan defined the new position of CEO and outlined duties and responsibilities for that position as well as the reporting relationship of the CEO to the Harrisburg School Board. The Plan is amended to substitute the title CFO (Chief Financial Officer) for any reference to CEO or COO (Chief Operating Officer). Further, the Recovery Plan is amended as shown below to clarify the role of the CFO in relation to the Superintendent of Schools and the School Board.

The District's Chief Financial Officer is responsible to manage the financial and all non-academic affairs of the District, and will report to the Superintendent. The CFO is responsible for reporting to the Superintendent and the School Board regarding the status of any Act 141 initiatives relate to finance and or operation that fall under the responsibility of the CFO.
The School Board may direct the CFO to produce any financial or operational analysis or report that it would deem necessary to carry out its role in overseeing the District and its compliance with the Act 141 plan.

The CFO shall be responsible for all areas of District finance and operation included in the job description for the position as developed by the school district. In relation to the Act 141 plan the CFO is specifically responsible for the following:

1. Development of annual budgets.
2. Preparation of monthly annual financial reports.
3. Management of the District's human resources department and payroll office.
4. Management of the business office and transportation, food service and facilities department.
5. Management of fiscal aspects of federal grants.
6. Liaison with the District's foundation and other outside donors of funds and services.
7. Implementation of new revenue initiatives.
8. Oversight of debt and debt issuance.
9. Management of the collective bargaining process.

Based on recent academic results, including the School Performance Profiles released in December 2013, there is a specific concern that the Superintendent of Schools still does not have sufficient time to spend on the academic improvement required by the plan and therefore the original intent of the Recovery Plan to have a CFO to focus on finance and operation and a Superintendent of Schools to focus on academics is to be implemented with fidelity. A critical part of the entire Recovery Plan is the fact that both the Superintendent of Schools and the CFO keep the School Board fully informed regarding the operation of the District and the implementation of the Recovery Plan.

All other provisions of the plan in so far as they are not in conflict with the initiatives outlined above remain in place and are part of Amended Recovery Plan of the Harrisburg School District.

Appendix

Appendix A: Academic Performance Standards

Summary Performance Profile Benchmarks by Building

District	School	2012-13	2013-14 PR	2013-14	2014-15	2015-16	3 Year Expected SPP Improvement	Comments
Harrisburg City	**NA**	**57.8**	**NA**	**62.0**	**69.3**	**73.9**	**16.1**	**District Level**
Harrisburg City	Scott School	60.0	62.4	65.1	69.2	73.6	13.6	K-4 School
Harrisburg City	Foose School	53.7	56.2	59.8	63.6	68.6	14.9	K-6 to K-4 School in 2013-14
Harrisburg City	Benjamin Franklin School	58.1	63.5	65.6	71.0	75.3	17.2	K-8 to K-4 School in 2013-14
Harrisburg City	Downey School	61.4	65.5	67.5	71.4	75.6	14.2	K-8 to K-4 School in 2013-14
Harrisburg City	Melrose School	64.5	67.8	69.7	73.5	77.6	13.1	K-8 to K-4 School in 2013-14
Harrisburg City	Camp Curtin School	56.6	57.8	60.3	68.6	73.1	16.5	K-8 to 5-8 School in 2013-14
Harrisburg City	Marshall School	57.2	59.1	61.4	68.3	72.9	15.7	K-8 to 5-8 School in 2013-14
Harrisburg City	Rowland School	49.7	52.2	56.5	65.0	69.9	20.2	5-8 School
Harrisburg City	Harrisburg HS	52.5	NA	57.6	63.0	68.2	15.7	9-12 School
Harrisburg City	Harrisburg HS SciTech Cmp	69.9	NA	72.3	79.8	83.5	13.6	9-12 School
High Performing School								
Harrisburg City	Math Science Academy	92.2	92.4	94.2	94.3	95.2	3.0	5-8 School

Expectation Guidelines

1) Improvement expectations for all performance measures (except graduation rate) were based upon closing the gap between the performance measure and 100 by half over 6 years. For 2013-14, the expectation was to meet 70% of this annual requirement; 2014-15, 85% of this annual requirement; 2015-16, 100% of this annual requirement. The exception is Math Science Academy, a high performing school - their expectation will be 100% of the annual requirement for each of the 3 years.
2) The expectation increase from 70% to 100% is designed to give schools a fair opportunity to work with ARLs and implement interventions over 3 years.
3) The expectation for improving graduation rate is to reduce the gap between the rate for the previous year and 100 by 10%. This is in line and slightly more stringent than required for the ESEA AMO.
4) Extra credit expectations remained constant for 2013-14 (from 2012-13 performance). For extra credit measures except AP 3 or higher, the expectation for 2014-15 is 20% of the percent proficient or advanced; 2015-16, 25% of the percent proficient or advanced.
5) Extra credit for AP 3 or higher for 2014-15 is an increase of 20% from the previous year; 2015-16, an increase of 25% from the previous year. If the previous year is zero, a fixed value of 10% is used.
6) For schools with promotion rate, the impact of that promotion rate added in for 2013-14 is calculated and displayed independent of improvement expectations for all other performance measures. This value was set at 95% for all schools.
7) Five schools were closed in 2012-13 and reopened for 2013-14 with the same school name but requiring the use of a different formula based on the new school configuration. For these schools, closing the achievement gap measures will reset with 2013-14 as the baseline year.
8) Each school has a worksheet with multiple tabs showing each performance measure expectation for each year.

Academic Score Simulation: Harrisburg City SD (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	37.65	x	7.50%	=	2.82	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.78	x	7.50%	=	2.61	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	28.76	x	7.50%	=	2.16	7.50
Writing - Percent Proficient or Advanced on PSSA	100.00	34.09	x	7.50%	=	2.56	7.50
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	2.50%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	40.46	x	2.50%	=	1.01	2.50
SAT/ACT College Ready Benchmark	100.00	13.89	x	5.00%	=	0.69	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	96.83	x	10.00%	=	9.68	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	54.00	x	10.00%	=	5.40	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	63.50	x	10.00%	=	6.35	10.00

Other Academic Indicators							
Cohort Graduation Rate	100.00	51.16	x	2.50%	=	1.28	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	89.13	x	2.50%	=	2.23	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	75.00	x	2.50%	=	1.88	2.50
PSAT/Plan Participation	100.00	63.74	x	2.50%	=	1.59	2.50
				Total Points	=	50.26	87.50
				Calculated Score	=	57.44	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	11.57	x	1.00%		0.12	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	8.05	x	1.00%		0.08	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	4.12	x	1.00%		0.04	
Percent PSSA Advanced - Writing	100.00	0.95	x	1.00%	=	0.01	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	7.35	x	2.00%	=	0.15	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	57.8	

Academic Score Simulation: Harrisburg City SD (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	41.29	x	7.50%	=	3.10	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	38.58	x	7.50%	=	2.89	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	32.92	x	7.50%	=	2.47	7.50
Writing - Percent Proficient or Advanced on PSSA	100.00	37.93	x	7.50%	=	2.85	7.50
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	2.50%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	43.93	x	2.50%	=	1.10	2.50
SAT/ACT College Ready Benchmark	100.00	18.91	x	5.00%	=	0.95	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	97.01	x	10.00%	=	9.70	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	56.68	x	10.00%	=	5.67	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	65.63	x	10.00%	=	6.56	10.00

Other Academic Indicators		5.83					
Cohort Graduation Rate	100.00	56.04	x	2.50%	=	1.40	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	89.76	x	2.50%	=	2.24	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	100.00	x	2.50%	=	2.50	2.50
PSAT/Plan Participation	100.00	65.86	x	2.50%	=	1.65	2.50
				Total Points	=	60.07	97.50
				Calculated Score	=	61.61	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	11.57	x	1.00%		0.12	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	8.05	x	1.00%		0.08	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	4.12	x	1.00%		0.04	
Percent PSSA Advanced - Writing	100.00	0.95	x	1.00%	=	0.01	
Percent Advanced - Industry Standards-Based Competency Assessments	100.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	7.35	x	2.00%	=	0.15	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	62.0	

Academic Score Simulation: Harrisburg City SD (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.70	x	7.50%	=	3.43	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	43.20	x	15.00%	=	6.48	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	37.96	x	7.50%	=	2.85	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	2.50%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	48.15	x	2.50%	=	1.20	2.50
SAT/ACT College Ready Benchmark	100.00	25.01	x	5.00%	=	1.25	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	97.24	x	20.00%	=	19.45	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	59.94	x	10.00%	=	5.99	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	100.00	60.44	x	2.50%	=	1.51	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	90.53	x	2.50%	=	2.26	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	100.00	x	2.50%	=	2.50	2.50
PSAT/Plan Participation	100.00	68.42	x	2.50%	=	1.71	2.50
				Total Points	=	67.14	97.50
				Calculated Score	=	68.86	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	9.14	x	1.00%		0.09	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	8.64	x	2.00%		0.17	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	7.59	x	1.00%		0.08	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	8.82	x	2.00%	=	0.18	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	69.3	

Academic Score Simulation: Harrisburg City SD (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	50.90	x	7.50%	=	3.82	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	48.64	x	15.00%	=	7.30	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	43.90	x	7.50%	=	3.29	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	2.50%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	53.11	x	2.50%	=	1.33	2.50
SAT/ACT College Ready Benchmark	100.00	32.19	x	5.00%	=	1.61	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	97.50	x	20.00%	=	19.50	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	63.77	x	10.00%	=	6.38	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	100.00	64.40	x	2.50%	=	1.61	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	91.44	x	2.50%	=	2.29	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	100.00	x	2.50%	=	2.50	2.50
PSAT/Plan Participation	100.00	71.45	x	2.50%	=	1.79	2.50
				Total Points	=	71.40	97.50
				Calculated Score	=	73.23	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	12.72	x	1.00%		0.13	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	12.16	x	2.00%		0.24	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	10.97	x	1.00%		0.11	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	11.03	x	2.00%	=	0.22	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	73.9	

Academic Score Simulation: Scott School (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	40.94	x	7.50%	=	3.07	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.46	x	7.50%	=	2.58	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	36.92	x	7.50%	=	2.77	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	41.67	x	10.00%	=	4.17	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	87.00	x	10.00%	=	8.70	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	82.00	x	10.00%	=	8.20	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	64.00	x	10.00%	=	6.40	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	0.00	0.00	x	5.00%	=	0.00	0.00

Attendance Rate	100.00	90.86	x	5.00%	=	4.54	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**40.43**	**67.50**
	Calculated Score				=	**59.90**	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	7.38	x	1.00%		0.07
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	3.38	x	1.00%		0.03
Percent PSSA/Keystone Advanced - Science/Biology	100.00	6.15	x	1.00%		0.06
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	60.0

Academic Score Simulation: Scott School (2013-14 PR)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	40.94	x	7.50%	=	3.07	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.46	x	7.50%	=	2.58	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	36.92	x	7.50%	=	2.77	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	41.67	x	10.00%	=	4.17	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	87.00	x	10.00%	=	8.70	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	82.00	x	10.00%	=	8.20	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	64.00	x	10.00%	=	6.40	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00

Attendance Rate	100.00	90.86	x	5.00%	=	4.54	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	45.18	72.50
	Calculated Score				=	62.32	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	7.38	x	1.00%		0.07	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	3.38	x	1.00%		0.03	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	6.15	x	1.00%		0.06	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	62.4	

Academic Score Simulation: Scott School (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	44.39	x	7.50%	=	3.33	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	38.28	x	7.50%	=	2.87	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	40.60	x	7.50%	=	3.04	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	45.07	x	10.00%	=	4.51	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	87.76	x	10.00%	=	8.78	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	83.05	x	10.00%	=	8.30	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	66.10	x	10.00%	=	6.61	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	91.39	x	5.00%	=	4.57	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	52.01	80.00
				Calculated Score	=	65.02	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	7.38	x	1.00%		0.07	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	3.38	x	1.00%		0.03	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	6.15	x	1.00%		0.06	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**65.1**	

Academic Score Simulation: Scott School (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	48.57	x	7.50%	=	3.64	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	42.93	x	15.00%	=	6.44	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.07	x	7.50%	=	3.38	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	49.20	x	10.00%	=	4.92	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	88.68	x	10.00%	=	8.87	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	84.32	x	20.00%	=	16.86	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	68.65	x	10.00%	=	6.86	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.35	x	5.00%	=	4.77	5.00
Attendance Rate	100.00	92.04	x	5.00%	=	4.60	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	68.85	100.00
				Calculated Score	=	68.85	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	9.71	x	1.00%		0.10	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	8.59	x	2.00%		0.17	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	9.01	x	1.00%		0.09	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	69.2	

Academic Score Simulation: Scott School (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	53.49	x	7.50%	=	4.01	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	48.39	x	15.00%	=	7.26	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	50.32	x	7.50%	=	3.77	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	54.07	x	10.00%	=	5.41	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	89.76	x	10.00%	=	8.98	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	85.82	x	20.00%	=	17.16	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	71.65	x	10.00%	=	7.16	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.77	x	5.00%	=	4.79	5.00
Attendance Rate	100.00	92.80	x	5.00%	=	4.64	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	73.19	100.00
				Calculated Score	=	73.19	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	13.37	x	1.00%		0.13
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	12.10	x	2.00%		0.24
Percent PSSA/Keystone Advanced - Science/Biology	100.00	12.58	x	1.00%		0.13
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	73.6

Academic Score Simulation: Foose School (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	28.36	x	7.50%	=	2.13	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	22.26	x	7.50%	=	1.67	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	28.98	x	7.50%	=	2.17	7.50
Writing - Percent Proficient or Advanced on PSSA	100.00	27.87	x	7.50%	=	2.09	7.50
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	33.33	x	10.00%	=	3.33	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.00	x	10.00%	=	9.60	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	74.00	x	10.00%	=	7.40	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	50.00	x	10.00%	=	5.00	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	76.00	x	10.00%	=	7.60	10.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	0.00	0.00	x	5.00%	=	0.00	0.00
Attendance Rate	100.00	91.50	x	5.00%	=	4.58	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**45.57**	**85.00**
	Calculated Score				=	**53.61**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	6.91	x	1.00%		0.07	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	4.38	x	1.00%		0.04	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	7.25	x	1.00%		0.07	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**53.7**	

Academic Score Simulation: Foose School (2013-14 PR)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	28.36	x	7.50%	=	2.13	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	22.26	x	7.50%	=	1.67	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	28.98	x	7.50%	=	2.17	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	33.33	x	10.00%	=	3.33	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.00	x	10.00%	=	9.60	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	74.00	x	10.00%	=	7.40	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	50.00	x	10.00%	=	5.00	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	91.50	x	5.00%	=	4.58	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	40.63	72.50
				Calculated Score	=	56.04	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	6.91	x	1.00%		0.07	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	4.38	x	1.00%		0.04	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	7.25	x	1.00%		0.07	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	56.2	

Academic Score Simulation: Foose School (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	32.54	x	7.50%	=	2.44	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	26.79	x	7.50%	=	2.01	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	33.12	x	7.50%	=	2.48	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	37.22	x	10.00%	=	3.72	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.23	x	10.00%	=	9.62	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	75.52	x	10.00%	=	7.55	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	52.92	x	10.00%	=	5.29	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	92.00	x	5.00%	=	4.60	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	47.72	80.00
				Calculated Score	=	59.65	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	6.91	x	1.00%		0.07	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	4.38	x	1.00%		0.04	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	7.25	x	1.00%		0.07	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	59.8	

Academic Score Simulation: Foose School (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	37.61	x	7.50%	=	2.82	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	32.30	x	15.00%	=	4.85	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	38.15	x	7.50%	=	2.86	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	41.94	x	10.00%	=	4.19	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.52	x	10.00%	=	9.65	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	77.36	x	20.00%	=	15.47	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	56.46	x	10.00%	=	5.65	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.35	x	5.00%	=	4.77	5.00
Attendance Rate	100.00	92.60	x	5.00%	=	4.63	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	63.39	100.00
				Calculated Score	=	63.39	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	7.52	x	1.00%		0.08	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	6.46	x	2.00%		0.13	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	7.63	x	1.00%		0.08	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	63.6	

Academic Score Simulation: Foose School (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	43.58	x	7.50%	=	3.27	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	38.78	x	15.00%	=	5.82	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	44.07	x	7.50%	=	3.31	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	47.50	x	10.00%	=	4.75	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.85	x	10.00%	=	9.68	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	79.52	x	20.00%	=	15.90	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	60.62	x	10.00%	=	6.06	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.77	x	5.00%	=	4.79	5.00
Attendance Rate	100.00	93.31	x	5.00%	=	4.67	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	68.25	100.00
				Calculated Score	=	68.25	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	10.90	x	1.00%		0.11	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	9.69	x	2.00%		0.19	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	11.02	x	1.00%		0.11	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	68.6	

Academic Score Simulation: Ben Franklin School (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.72	x	7.50%	=	2.30	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.21	x	7.50%	=	2.27	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.36	x	7.50%	=	2.28	7.50
Writing - Percent Proficient or Advanced on PSSA	100.00	21.57	x	7.50%	=	1.62	7.50
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	35.00	x	10.00%	=	3.50	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	95.83	x	10.00%	=	9.58	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	66.00	x	10.00%	=	6.60	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	65.50	x	10.00%	=	6.55	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	0.00	0.00	x	5.00%	=	0.00	0.00
Attendance Rate	100.00	92.54	x	5.00%	=	4.63	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**49.32**	**85.00**
	Calculated Score				=	**58.03**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	6.33	x	1.00%		0.06	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	9.06	x	1.00%		0.09	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	4.46	x	1.00%		0.04	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**58.2**	

Academic Score Simulation: Ben Franklin School (2013-14 PR)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.72	x	7.50%	=	2.30	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.21	x	7.50%	=	2.27	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.36	x	7.50%	=	2.28	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	35.00	x	10.00%	=	3.50	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	95.83	x	10.00%	=	9.58	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	66.00	x	10.00%	=	6.60	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	92.54	x	5.00%	=	4.63	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**45.91**	**72.50**
	Calculated Score				=	**63.32**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	6.33	x	1.00%		0.06	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	9.06	x	1.00%		0.09	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	4.46	x	1.00%		0.04	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**63.5**	

Academic Score Simulation: Ben Franklin School (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.76	x	7.50%	=	2.61	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.28	x	7.50%	=	2.57	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.42	x	7.50%	=	2.58	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	38.79	x	10.00%	=	3.88	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.07	x	10.00%	=	9.61	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	67.98	x	10.00%	=	6.80	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	92.98	x	5.00%	=	4.65	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				**=**	**47.44**	**72.50**
	Calculated Score				**=**	**65.44**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	6.33	x	1.00%		0.06	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	9.06	x	1.00%		0.09	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	4.46	x	1.00%		0.04	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**65.6**	

Academic Score Simulation: Ben Franklin School (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	39.67	x	7.50%	=	2.98	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	39.22	x	15.00%	=	5.88	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	39.36	x	7.50%	=	2.95	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	43.40	x	10.00%	=	4.34	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.37	x	10.00%	=	9.64	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	20.00%	=	20.00	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	70.39	x	10.00%	=	7.04	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.35	x	5.00%	=	4.77	5.00
Attendance Rate	100.00	93.50	x	5.00%	=	4.68	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	70.77	100.00
				Calculated Score	=	70.77	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	7.93	x	1.00%		0.08	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	7.84	x	2.00%		0.16	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	7.87	x	1.00%		0.08	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	71.0	

Academic Score Simulation: Ben Franklin School (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.44	x	7.50%	=	3.41	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.04	x	15.00%	=	6.76	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.16	x	7.50%	=	3.39	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	48.81	x	10.00%	=	4.88	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.72	x	10.00%	=	9.67	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	20.00%	=	20.00	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	73.22	x	10.00%	=	7.32	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.77	x	5.00%	=	4.79	5.00
Attendance Rate	100.00	94.13	x	5.00%	=	4.71	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	74.92	100.00
				Calculated Score	=	74.92	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	11.36	x	1.00%		0.11
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	11.26	x	2.00%		0.23
Percent PSSA/Keystone Advanced - Science/Biology	100.00	11.29	x	1.00%		0.11
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	75.3

Academic Score Simulation: Downey School (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	44.71	x	7.50%	=	3.35	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	37.05	x	7.50%	=	2.78	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	37.89	x	7.50%	=	2.84	7.50
Writing - Percent Proficient or Advanced on PSSA	100.00	35.16	x	7.50%	=	2.64	7.50
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	53.52	x	10.00%	=	5.35	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.33	x	10.00%	=	9.63	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	83.00	x	10.00%	=	8.30	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	61.00	x	10.00%	=	6.10	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	67.50	x	10.00%	=	6.75	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	0.00	0.00	x	5.00%	=	0.00	0.00
Attendance Rate	100.00	85.81	x	5.00%	=	4.29	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**52.04**	**85.00**
	Calculated Score				=	**61.22**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	11.78	x	1.00%		0.12	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	6.93	x	1.00%		0.07	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	3.16	x	1.00%		0.03	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**61.4**	

Academic Score Simulation: Downey School (2013-14 PR)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	44.71	x	7.50%	=	3.35	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	37.05	x	7.50%	=	2.78	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	37.89	x	7.50%	=	2.84	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	53.52	x	10.00%	=	5.35	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.33	x	10.00%	=	9.63	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	83.00	x	10.00%	=	8.30	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	61.00	x	10.00%	=	6.10	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	85.81	x	5.00%	=	4.29	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**47.40**	**72.50**
	Calculated Score				=	**65.38**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	11.78	x	1.00%		0.12	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	6.93	x	1.00%		0.07	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	3.16	x	1.00%		0.03	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**65.5**	

Academic Score Simulation: Downey School (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	47.94	x	7.50%	=	3.60	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	40.72	x	7.50%	=	3.05	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	41.51	x	7.50%	=	3.11	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	56.23	x	10.00%	=	5.62	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.54	x	10.00%	=	9.65	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	83.99	x	10.00%	=	8.40	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	63.27	x	10.00%	=	6.33	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	86.64	x	5.00%	=	4.33	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**48.85**	**72.50**
	Calculated Score				=	**67.38**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	11.78	x	1.00%		0.12	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	6.93	x	1.00%		0.07	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	3.16	x	1.00%		0.03	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**67.5**	

Academic Score Simulation: Downey School (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	51.85	x	7.50%	=	3.89	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.18	x	15.00%	=	6.78	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.91	x	7.50%	=	3.44	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	59.52	x	10.00%	=	5.95	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	96.80	x	10.00%	=	9.68	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	85.20	x	20.00%	=	17.04	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	66.04	x	10.00%	=	6.60	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.35	x	5.00%	=	4.77	5.00
Attendance Rate	100.00	87.64	x	5.00%	=	4.38	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	71.04	100.00
				Calculated Score	=	71.04	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	10.37	x	1.00%		0.10
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	9.04	x	2.00%		0.18
Percent PSSA/Keystone Advanced - Science/Biology	100.00	9.18	x	1.00%		0.09
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	71.4

Academic Score Simulation: Downey School (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	56.46	x	7.50%	=	4.23	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	50.43	x	15.00%	=	7.56	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	51.09	x	7.50%	=	3.83	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	63.40	x	10.00%	=	6.34	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	97.11	x	10.00%	=	9.71	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	86.61	x	20.00%	=	17.32	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	69.29	x	10.00%	=	6.93	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.77	x	5.00%	=	4.79	5.00
Attendance Rate	100.00	88.83	x	5.00%	=	4.44	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	75.16	100.00
				Calculated Score	=	75.16	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	14.11	x	1.00%		0.14
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	12.61	x	2.00%		0.25
Percent PSSA/Keystone Advanced - Science/Biology	100.00	12.77	x	1.00%		0.13
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	75.6

Academic Score Simulation: Melrose School (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	41.88	x	7.50%	=	3.14	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	32.19	x	7.50%	=	2.41	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	51.61	x	7.50%	=	3.87	7.50
Writing - Percent Proficient or Advanced on PSSA	100.00	35.85	x	7.50%	=	2.69	7.50
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	48.48	x	10.00%	=	4.85	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	95.00	x	10.00%	=	9.50	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	59.00	x	10.00%	=	5.90	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	77.00	x	10.00%	=	7.70	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	0.00	0.00	x	5.00%	=	0.00	0.00
Attendance Rate	100.00	92.33	x	5.00%	=	4.62	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**54.68**	**85.00**

	Calculated Score				=	**64.33**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	11.54	x	1.00%		0.12	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	4.29	x	1.00%		0.04	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	9.68	x	1.00%		0.10	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**64.5**	

Academic Score Simulation: Melrose School (2013-14 PR)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	41.88	x	7.50%	=	3.14	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	32.19	x	7.50%	=	2.41	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	51.61	x	7.50%	=	3.87	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	48.48	x	10.00%	=	4.85	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	95.00	x	10.00%	=	9.50	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	59.00	x	10.00%	=	5.90	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	92.33	x	5.00%	=	4.62	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**49.04**	**72.50**
	Calculated Score				=	**67.64**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	11.54	x	1.00%		0.12	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	4.29	x	1.00%		0.04	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	9.68	x	1.00%		0.10	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**67.8**	

Academic Score Simulation: Melrose School (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.27	x	7.50%	=	3.40	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	36.15	x	7.50%	=	2.71	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	54.43	x	7.50%	=	4.08	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	51.49	x	10.00%	=	5.15	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	95.29	x	10.00%	=	9.53	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	61.39	x	10.00%	=	6.14	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	92.78	x	5.00%	=	4.64	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				**=**	**50.39**	**72.50**
	Calculated Score				**=**	**69.51**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	11.54	x	1.00%		0.12	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	4.29	x	1.00%		0.04	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	9.68	x	1.00%		0.10	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**69.7**	

Academic Score Simulation: Melrose School (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	49.39	x	7.50%	=	3.70	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	40.95	x	15.00%	=	6.14	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	57.86	x	7.50%	=	4.34	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	55.13	x	10.00%	=	5.51	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	95.65	x	20.00%	=	19.13	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	64.30	x	10.00%	=	6.43	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.35	x	5.00%	=	4.77	5.00
Attendance Rate	100.00	93.32	x	5.00%	=	4.67	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	73.19	100.00
				Calculated Score	=	73.19	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	9.88	x	1.00%		0.10
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	8.19	x	2.00%		0.16
Percent PSSA/Keystone Advanced - Science/Biology	100.00	11.57	x	1.00%		0.12
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	73.5

Academic Score Simulation: Melrose School (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	54.23	x	7.50%	=	4.07	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	46.60	x	15.00%	=	6.99	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	61.89	x	7.50%	=	4.64	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	100.00	59.43	x	10.00%	=	5.94	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	96.06	x	20.00%	=	19.21	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	67.71	x	10.00%	=	6.77	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.77	x	5.00%	=	4.79	5.00
Attendance Rate	100.00	93.96	x	5.00%	=	4.70	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	77.11	100.00
				Calculated Score	=	77.11	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	13.56	x	1.00%		0.14	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	11.65	x	2.00%		0.23	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	15.47	x	1.00%		0.15	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	77.6	

Academic Score Simulation: Camp Curtin (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.59	x	7.50%	=	2.59	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.63	x	7.50%	=	2.30	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.43	x	7.50%	=	2.28	7.50
Writing - Percent Proficient or Advanced on PSSA	100.00	21.24	x	7.50%	=	1.59	7.50
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	37.50	x	10.00%	=	3.75	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	94.33	x	10.00%	=	9.43	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	87.00	x	10.00%	=	8.70	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	66.50	x	10.00%	=	6.65	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	62.00	x	10.00%	=	6.20	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	0.00	0.00	x	5.00%	=	0.00	0.00
Attendance Rate	100.00	90.40	x	5.00%	=	4.52	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**48.02**	**85.00**
	Calculated Score				=	**56.49**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	9.85	x	1.00%		0.10	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	5.82	x	1.00%		0.06	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	2.17	x	1.00%		0.02	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**56.6**	

Academic Score Simulation: Camp Curtin (2013-14 PR)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.59	x	10.00%	=	3.46	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.63	x	10.00%	=	3.06	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.43	x	10.00%	=	3.04	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	21.24	x	10.00%	=	2.12	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	94.33	x	10.00%	=	9.43	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	87.00	x	10.00%	=	8.70	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	66.50	x	10.00%	=	6.65	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	62.00	x	10.00%	=	6.20	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	90.40	x	5.00%	=	4.52	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**51.94**	**90.00**
	Calculated Score				=	**57.71**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	9.85	x	1.00%		0.10	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	5.82	x	1.00%		0.06	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	2.17	x	1.00%		0.02	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**57.8**	

Academic Score Simulation: Camp Curtin (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	38.41	x	10.00%	=	3.84	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.68	x	10.00%	=	3.47	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.49	x	10.00%	=	3.45	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	25.83	x	10.00%	=	2.58	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	94.66	x	10.00%	=	9.47	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	87.76	x	10.00%	=	8.78	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	68.45	x	10.00%	=	6.85	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	64.22	x	10.00%	=	6.42	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	90.96	x	5.00%	=	4.55	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**54.15**	**90.00**
	Calculated Score				=	**60.16**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	9.85	x	1.00%		0.10	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	5.82	x	1.00%		0.06	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	2.17	x	1.00%		0.02	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**60.3**	

Academic Score Simulation: Camp Curtin (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	43.04	x	10.00%	=	4.30	10.00
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	39.59	x	20.00%	=	7.92	20.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	39.42	x	10.00%	=	3.94	10.00
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	95.06	x	10.00%	=	9.51	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	88.68	x	20.00%	=	17.74	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	70.83	x	10.00%	=	7.08	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.35	x	5.00%	=	4.77	5.00
Attendance Rate	100.00	91.64	x	5.00%	=	4.58	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	68.34	100.00
				Calculated Score	=	68.34	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	8.61	x	1.00%		0.09	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	7.92	x	2.00%		0.16	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	7.88	x	1.00%		0.08	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	68.6	

Academic Score Simulation: Camp Curtin (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	48.49	x	10.00%	=	4.85	10.00
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.37	x	20.00%	=	9.07	20.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	45.21	x	10.00%	=	4.52	10.00
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	95.53	x	10.00%	=	9.55	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	89.76	x	20.00%	=	17.95	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	73.62	x	10.00%	=	7.36	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.77	x	5.00%	=	4.79	5.00
Attendance Rate	100.00	92.44	x	5.00%	=	4.62	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	72.72	100.00
				Calculated Score	=	72.72	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	12.12	x	1.00%		0.12	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	11.34	x	2.00%		0.23	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	11.30	x	1.00%		0.11	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	73.1	

Academic Score Simulation: Marshall School (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	38.55	x	7.50%	=	2.89	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	27.82	x	7.50%	=	2.09	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	25.00	x	7.50%	=	1.88	7.50
Writing - Percent Proficient or Advanced on PSSA	100.00	34.92	x	7.50%	=	2.62	7.50
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	100.00	34.15	x	10.00%	=	3.42	10.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	81.67	x	10.00%	=	8.17	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	97.00	x	10.00%	=	9.70	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	61.50	x	10.00%	=	6.15	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	68.50	x	10.00%	=	6.85	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	0.00	0.00	x	5.00%	=	0.00	0.00
Attendance Rate	100.00	94.03	x	5.00%	=	4.70	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**48.46**	**85.00**
	Calculated Score				=	**57.01**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	12.85	x	1.00%		0.13	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	9.27	x	1.00%		0.09	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	6.25	x	1.00%		0.06	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**57.2**	

Academic Score Simulation: Marshall School (2013-14 PR)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	38.55	x	10.00%	=	3.86	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	27.82	x	10.00%	=	2.78	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	25.00	x	10.00%	=	2.50	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	34.92	x	10.00%	=	3.49	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	81.67	x	10.00%	=	8.17	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	97.00	x	10.00%	=	9.70	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	61.50	x	10.00%	=	6.15	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	68.50	x	10.00%	=	6.85	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	94.03	x	5.00%	=	4.70	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**52.95**	**90.00**
	Calculated Score				=	**58.83**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	12.85	x	1.00%		0.13	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	9.27	x	1.00%		0.09	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	6.25	x	1.00%		0.06	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**59.1**	

Academic Score Simulation: Marshall School (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	42.13	x	10.00%	=	4.21	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	32.03	x	10.00%	=	3.20	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	29.37	x	10.00%	=	2.94	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	38.72	x	10.00%	=	3.87	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	82.74	x	10.00%	=	8.27	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	97.17	x	10.00%	=	9.72	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	63.75	x	10.00%	=	6.37	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	70.34	x	10.00%	=	7.03	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	94.38	x	5.00%	=	4.72	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**55.09**	**90.00**
	Calculated Score				=	**61.22**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	12.85	x	1.00%		0.13	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	9.27	x	1.00%		0.09	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	6.25	x	1.00%		0.06	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**61.4**	

Academic Score Simulation: Marshall School (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	46.49	x	10.00%	=	4.65	10.00
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	37.14	x	20.00%	=	7.43	20.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.69	x	10.00%	=	3.47	10.00
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	84.04	x	10.00%	=	8.40	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	97.39	x	20.00%	=	19.48	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	66.47	x	10.00%	=	6.65	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.35	x	5.00%	=	4.77	5.00
Attendance Rate	100.00	94.80	x	5.00%	=	4.74	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	68.08	100.00
				Calculated Score	=	68.08	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	9.30	x	1.00%		0.09
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	7.43	x	2.00%		0.15
Percent PSSA/Keystone Advanced - Science/Biology	100.00	6.94	x	1.00%		0.07
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	68.3

Academic Score Simulation: Marshall School (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	51.61	x	10.00%	=	5.16	10.00
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	43.16	x	20.00%	=	8.63	20.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	40.94	x	10.00%	=	4.09	10.00
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	85.57	x	10.00%	=	8.56	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	97.64	x	20.00%	=	19.53	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	69.68	x	10.00%	=	6.97	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.77	x	5.00%	=	4.79	5.00
Attendance Rate	100.00	95.30	x	5.00%	=	4.76	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	72.49	100.00
				Calculated Score	=	72.49	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	12.90	x	1.00%		0.13	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	10.79	x	2.00%		0.22	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	10.23	x	1.00%		0.10	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	72.9	

Academic Score Simulation: Rowland School (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	24.66	x	10.00%	=	2.47	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	26.68	x	10.00%	=	2.67	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	8.93	x	10.00%	=	0.89	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	22.82	x	10.00%	=	2.28	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	78.00	x	10.00%	=	7.80	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	56.00	x	10.00%	=	5.60	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	59.50	x	10.00%	=	5.95	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	0.00	0.00	x	5.00%	=	0.00	0.00
Attendance Rate	100.00	89.85	x	5.00%	=	4.49	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**42.15**	**85.00**
	Calculated Score				=	**49.59**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	4.70	x	1.00%		0.05	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	4.94	x	1.00%		0.05	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	2.38	x	1.00%		0.02	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**49.7**	

Academic Score Simulation: Rowland School (2013-14 PR)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	24.66	x	10.00%	=	2.47	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	26.68	x	10.00%	=	2.67	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	8.93	x	10.00%	=	0.89	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	22.82	x	10.00%	=	2.28	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	78.00	x	10.00%	=	7.80	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	56.00	x	10.00%	=	5.60	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	59.50	x	10.00%	=	5.95	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	89.85	x	5.00%	=	4.49	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**46.90**	**90.00**
	Calculated Score				=	**52.11**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	4.70	x	1.00%		0.05	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	4.94	x	1.00%		0.05	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	2.38	x	1.00%		0.02	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**52.2**	

Academic Score Simulation: Rowland School (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	29.05	x	10.00%	=	2.91	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.96	x	10.00%	=	3.10	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	14.24	x	10.00%	=	1.42	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	27.32	x	10.00%	=	2.73	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	79.28	x	10.00%	=	7.93	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	58.57	x	10.00%	=	5.86	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	61.86	x	10.00%	=	6.19	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	90.44	x	5.00%	=	4.52	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**56.40**	**100.00**
	Calculated Score				=	**56.40**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	4.70	x	1.00%		0.05	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	4.94	x	1.00%		0.05	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	2.38	x	1.00%		0.02	
Percent PSSA Advanced - Writing	100.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**56.5**	

Academic Score Simulation: Rowland School (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	34.39	x	10.00%	=	3.44	10.00
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	36.15	x	20.00%	=	7.23	20.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	20.69	x	10.00%	=	2.07	10.00
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	80.84	x	10.00%	=	8.08	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	20.00%	=	20.00	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	61.68	x	10.00%	=	6.17	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.35	x	5.00%	=	4.77	5.00
Attendance Rate	100.00	91.16	x	5.00%	=	4.56	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	64.82	100.00
				Calculated Score	=	64.82	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	6.88	x	1.00%		0.07
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	7.23	x	2.00%		0.14
Percent PSSA/Keystone Advanced - Science/Biology	100.00	4.14	x	1.00%		0.04
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	65.0

Academic Score Simulation: Rowland School (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	40.67	x	10.00%	=	4.07	10.00
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	42.26	x	20.00%	=	8.45	20.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	28.28	x	10.00%	=	2.83	10.00
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	82.67	x	10.00%	=	8.27	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	20.00%	=	20.00	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	65.35	x	10.00%	=	6.53	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.77	x	5.00%	=	4.79	5.00
Attendance Rate	100.00	92.01	x	5.00%	=	4.60	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	69.54	100.00
				Calculated Score	=	69.54	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	10.17	x	1.00%		0.10
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	10.57	x	2.00%		0.21
Percent PSSA/Keystone Advanced - Science/Biology	100.00	7.07	x	1.00%		0.07
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	69.9

Academic Score Simulation: Harrisburg High School (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	12.21	x	7.50%	=	0.92	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	27.48	x	7.50%	=	2.06	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	10.45	x	7.50%	=	0.78	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	5.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	100.00	18.32	x	5.00%	=	0.92	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	72.00	x	10.00%	=	7.20	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	70.00	x	10.00%	=	7.00	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	100.00	45.10	x	2.50%	=	1.13	2.50

Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	79.19	x	2.50%	=	1.98	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	50.00	x	2.50%	=	1.25	2.50
PSAT/Plan Participation	100.00	84.07	x	2.50%	=	2.10	2.50
	Total Points				=	**35.34**	**67.50**
	Calculated Score				=	**52.35**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	0.76	x	1.00%		0.01	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	1.53	x	1.00%		0.02	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	0.00	x	1.00%		0.00	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	9.70	x	2.00%	=	0.19	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**52.5**	

Academic Score Simulation: Harrisburg High School (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	17.33	x	7.50%	=	1.30	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	31.71	x	7.50%	=	2.38	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	15.67	x	7.50%	=	1.18	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	5.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	100.00	23.08	x	5.00%	=	1.15	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	73.63	x	10.00%	=	7.36	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	71.75	x	10.00%	=	7.17	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00

Other Academic Indicators		5.83					
Cohort Graduation Rate	100.00	50.59	x	2.50%	=	1.26	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	80.40	x	2.50%	=	2.01	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	75.00	x	2.50%	=	1.88	2.50
PSAT/Plan Participation	100.00	85.00	x	2.50%	=	2.12	2.50
				Total Points	=	43.07	75.00
				Calculated Score	=	57.43	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	0.76	x	1.00%		0.01	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	1.53	x	1.00%		0.02	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	0.00	x	1.00%		0.00	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	9.70	x	2.00%	=	0.19	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	57.6	

Academic Score Simulation: Harrisburg High School (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	23.55	x	7.50%	=	1.77	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	36.85	x	15.00%	=	5.53	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	22.02	x	7.50%	=	1.65	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	5.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	100.00	28.87	x	5.00%	=	1.44	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	75.62	x	20.00%	=	15.12	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	73.87	x	10.00%	=	7.39	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	100.00	55.53	x	2.50%	=	1.39	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	81.88	x	2.50%	=	2.05	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	100.00	x	2.50%	=	2.50	2.50
PSAT/Plan Participation	100.00	86.13	x	2.50%	=	2.15	2.50
				Total Points	=	59.49	95.00
				Calculated Score	=	62.62	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	4.71	x	1.00%		0.05
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	7.37	x	2.00%		0.15
Percent PSSA/Keystone Advanced - Science/Biology	100.00	4.40	x	1.00%		0.04
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	100.00	11.64	x	2.00%	=	0.23
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	63.0

Academic Score Simulation: Harrisburg High School (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	30.87	x	7.50%	=	2.31	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	42.89	x	15.00%	=	6.43	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	29.48	x	7.50%	=	2.21	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	5.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	100.00	35.68	x	5.00%	=	1.78	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	77.95	x	20.00%	=	15.59	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	76.37	x	10.00%	=	7.64	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	100.00	59.98	x	2.50%	=	1.50	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	83.61	x	2.50%	=	2.09	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	100.00	x	2.50%	=	2.50	2.50
PSAT/Plan Participation	100.00	87.46	x	2.50%	=	2.19	2.50
				Total Points	=	64.25	95.00
				Calculated Score	=	67.63	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	7.72	x	1.00%		0.08
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	10.72	x	2.00%		0.21
Percent PSSA/Keystone Advanced - Science/Biology	100.00	7.37	x	1.00%		0.07
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	100.00	14.55	x	2.00%	=	0.29
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	68.2

Academic Score Simulation: Harrisburg SciTech (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	77.01	x	7.50%	=	5.78	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	93.10	x	7.50%	=	6.98	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	43.68	x	7.50%	=	3.28	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	5.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	100.00	0.00	x	5.00%	=	0.00	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	92.00	x	10.00%	=	9.20	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	52.00	x	10.00%	=	5.20	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00
Other Academic Indicators							
Cohort Graduation Rate	100.00	93.59	x	2.50%	=	2.34	2.50

Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	94.41	x	2.50%	=	2.36	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	75.00	x	2.50%	=	1.88	2.50
PSAT/Plan Participation	100.00	0.00	x	2.50%	=	0.00	2.50
	Total Points				=	**47.01**	**67.50**
	Calculated Score				=	**69.64**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	25.29	x	1.00%		0.25	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	8.04	x	1.00%		0.08	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	0.00	x	1.00%		0.00	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	0.00	x	2.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**69.9**	

Academic Score Simulation: Harrisburg SciTech (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	78.35	x	7.50%	=	5.88	7.50
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	93.50	x	7.50%	=	7.01	7.50
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	46.97	x	7.50%	=	3.52	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	7.50%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	5.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	100.00	5.83	x	5.00%	=	0.29	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	70.00	x	1.25%	=	0.88	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	92.47	x	10.00%	=	9.25	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	54.80	x	10.00%	=	5.48	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	10.00%	=	0.00	0.00

Other Academic Indicators		5.83					
Cohort Graduation Rate	100.00	94.23	x	2.50%	=	2.36	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	94.74	x	2.50%	=	2.37	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	100.00	x	2.50%	=	2.50	2.50
PSAT/Plan Participation	100.00	5.83	x	2.50%	=	0.15	2.50
				Total Points	=	54.05	75.00
				Calculated Score	=	72.07	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	25.29	x	1.00%		0.25	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	8.04	x	1.00%		0.08	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	0.00	x	1.00%		0.00	
Percent PSSA Advanced - Writing	0.00	0.00	x	1.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	0.00	x	2.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	72.3	

Academic Score Simulation: Harrisburg SciTech (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	79.98	x	7.50%	=	6.00	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	93.99	x	15.00%	=	14.10	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	50.95	x	7.50%	=	3.82	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	5.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	100.00	12.92	x	5.00%	=	0.65	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	85.00	x	2.50%	=	2.13	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	85.00	x	1.25%	=	1.06	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	93.03	x	20.00%	=	18.61	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	58.20	x	10.00%	=	5.82	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	100.00	94.81	x	2.50%	=	2.37	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	95.13	x	2.50%	=	2.38	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	100.00	x	2.50%	=	2.50	2.50
PSAT/Plan Participation	100.00	12.92	x	2.50%	=	0.32	2.50
				Total Points	=	75.06	95.00
				Calculated Score	=	79.01	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	16.00	x	1.00%		0.16	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	18.80	x	2.00%		0.38	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	10.19	x	1.00%		0.10	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	10.00	x	2.00%	=	0.20	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	79.8	

Academic Score Simulation: Harrisburg SciTech (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	81.90	x	7.50%	=	6.14	7.50
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	94.57	x	15.00%	=	14.18	15.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	55.65	x	7.50%	=	4.17	7.50
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	5.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	100.00	21.25	x	5.00%	=	1.06	5.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	93.70	x	20.00%	=	18.74	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	62.20	x	10.00%	=	6.22	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	100.00	95.33	x	2.50%	=	2.38	2.50
Promotion Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Attendance Rate	100.00	95.60	x	2.50%	=	2.39	2.50
Advanced Placement, International Baccalaureate, or College Credit	100.00	100.00	x	2.50%	=	2.50	2.50
PSAT/Plan Participation	100.00	21.25	x	2.50%	=	0.53	2.50
				Total Points	=	78.33	95.00
				Calculated Score	=	82.45	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	20.47	x	1.00%		0.20	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	23.64	x	2.00%		0.47	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	13.91	x	1.00%		0.14	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	1.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	100.00	12.50	x	2.00%	=	0.25	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	83.5	

Academic Score Simulation: Math Science Academy (2012-13)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	92.39	x	10.00%	=	9.24	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	85.33	x	10.00%	=	8.53	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	65.96	x	10.00%	=	6.60	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	97.75	x	10.00%	=	9.78	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	84.00	x	10.00%	=	8.40	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00

Promotion Rate	0.00	0.00	x	5.00%	=	0.00	0.00
Attendance Rate	100.00	96.04	x	5.00%	=	4.80	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**77.35**	**85.00**
	Calculated Score				=	**90.99**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	55.98	x	1.00%		0.56	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	41.85	x	1.00%		0.42	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	17.02	x	1.00%		0.17	
Percent PSSA Advanced - Writing	100.00	8.99	x	1.00%	=	0.09	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**92.2**	

Academic Score Simulation: Math Science Academy (2013-14 PR)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	92.39	x	10.00%	=	9.24	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	85.33	x	10.00%	=	8.53	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	65.96	x	10.00%	=	6.60	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	97.75	x	10.00%	=	9.78	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Reading/Literature - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Science/Biology - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	1.25%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	84.00	x	10.00%	=	8.40	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Other Academic Indicators							

Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	96.04	x	5.00%	=	4.80	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**82.10**	**90.00**
	Calculated Score				=	**91.22**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	55.98	x	1.00%		0.56	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	41.85	x	1.00%		0.42	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	17.02	x	1.00%		0.17	
Percent PSSA Advanced - Writing	100.00	8.99	x	1.00%	=	0.09	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**92.4**	

Academic Score Simulation: Math Science Academy (2013-14)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	93.02	x	10.00%	=	9.30	10.00
Reading/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	86.55	x	10.00%	=	8.66	10.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	68.80	x	10.00%	=	6.88	10.00
Writing - Percent Proficient or Advanced on PSSA	100.00	97.94	x	10.00%	=	9.79	10.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 Reading - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Reading/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Reading/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	85.33	x	10.00%	=	8.53	10.00
Writing - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.00	x	5.00%	=	4.75	5.00
Attendance Rate	100.00	96.37	x	5.00%	=	4.82	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
	Total Points				=	**92.73**	**100.00**
	Calculated Score				=	**92.73**	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	59.65	x	1.00%		0.60	
Percent PSSA/Keystone Advanced - Reading/Literature	100.00	46.70	x	1.00%		0.47	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	23.93	x	1.00%		0.24	
Percent PSSA Advanced - Writing	100.00	16.57	x	1.00%	=	0.17	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
Final Score = Calculated Score + Extra Credit for Advanced Achievement					=	**94.2**	

Academic Score Simulation: Math Science Academy (2014-15)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	93.66	x	10.00%	=	9.37	10.00
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	87.77	x	20.00%	=	17.55	20.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	71.63	x	10.00%	=	7.16	10.00
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	20.00%	=	20.00	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	86.67	x	10.00%	=	8.67	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.42	x	5.00%	=	4.77	5.00
Attendance Rate	100.00	96.70	x	5.00%	=	4.83	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	92.36	100.00
				Calculated Score	=	92.36	
Extra Credit for Advanced Achievement							
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	63.32	x	1.00%		0.63	
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	51.54	x	2.00%		1.03	
Percent PSSA/Keystone Advanced - Science/Biology	100.00	30.85	x	1.00%		0.31	
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00	
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00	
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00	
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	94.3	

Academic Score Simulation: Math Science Academy (2015-16)

Data Element	Maximum Measure	Performance Measure	x	Factor Value	=	Earned Points	Possible Points
Indicators of Academic Achievement							
Mathematics/Algebra I - Percent Proficient or Advanced on PSSA/Keystone	100.00	94.29	x	10.00%	=	9.43	10.00
ELA/Literature - Percent Proficient or Advanced on PSSA/Keystone	100.00	89.00	x	20.00%	=	17.80	20.00
Science/Biology - Percent Proficient or Advanced on PSSA/Keystone	100.00	74.47	x	10.00%	=	7.45	10.00
Writing - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
Industry Standards-Based Competency Assessments - Percent Competent or Advanced	0.00	0.00	x	0.00%	=	0.00	0.00
Grade 3 ELA - Percent Proficient or Advanced on PSSA	0.00	0.00	x	0.00%	=	0.00	0.00
SAT/ACT College Ready Benchmark	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - All Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Closing the Achievement Gap - Historically Underperforming Students*							
Mathematics/Algebra I - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
ELA/Literature - Percent of Required Gap Closure Met	100.00	100.00	x	2.50%	=	2.50	2.50
Science/Biology - Percent of Required Gap Closure Met	100.00	100.00	x	1.25%	=	1.25	1.25
Writing - Percent of Required Gap Closure Met	0.00	0.00	x	0.00%	=	0.00	0.00
Indicators of Academic Growth/PVAAS							
Mathematics/Algebra I - Meeting Annual Academic Growth Expectations	100.00	100.00	x	10.00%	=	10.00	10.00
ELA/Literature - Meeting Annual Academic Growth Expectations	100.00	100.00	x	20.00%	=	20.00	20.00
Science/Biology - Meeting Annual Academic Growth Expectations	100.00	88.00	x	10.00%	=	8.80	10.00
Writing - Meeting Annual Academic Growth Expectations	0.00	0.00	x	0.00%	=	0.00	0.00

Other Academic Indicators							
Cohort Graduation Rate	0.00	0.00	x	0.00%	=	0.00	0.00
Promotion Rate	100.00	95.83	x	5.00%	=	4.79	5.00
Attendance Rate	100.00	97.03	x	5.00%	=	4.85	5.00
Advanced Placement, International Baccalaureate, or College Credit	0.00	0.00	x	0.00%	=	0.00	0.00
PSAT/Plan Participation	0.00	0.00	x	0.00%	=	0.00	0.00
				Total Points	=	93.12	100.00
				Calculated Score	=	93.12	

Extra Credit for Advanced Achievement						
Percent PSSA/Keystone Advanced - Mathematics/ Algebra I	100.00	66.98	x	1.00%		0.67
Percent PSSA/Keystone Advanced - ELA/Literature	100.00	56.39	x	2.00%		1.13
Percent PSSA/Keystone Advanced - Science/Biology	100.00	37.76	x	1.00%		0.38
Percent PSSA Advanced - Writing	0.00	0.00	x	0.00%	=	0.00
Percent Advanced - Industry Standards-Based Competency Assessments	0.00	0.00	x	0.00%	=	0.00
Percent 3 or Higher on an Advanced Placement Exam	0.00	0.00	x	0.00%	=	0.00
				Final Score = Calculated Score + Extra Credit for Advanced Achievement	=	95.2

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APPENDIX E

Forms of Bond Counsel Opinions

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Bond Counsel Opinion as to 2014A Bonds

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June 30, 2014

$23,880,000 State Public School Building Authority
Federally Taxable School Revenue Bonds
(The School District of the City of Harrisburg Project) Series A of 2014

TO THE REGISTERED OWNERS OF THE ABOVE-CAPTIONED BONDS:

We have served as Bond Counsel in connection with the issuance by State Public School Building Authority (the "Authority") of its Federally Taxable School Revenue Bonds (The School District of the City of Harrisburg Project) Series A of 2014 (the "Bonds") in the aggregate principal amount of $23,880,000.

The Bonds are being issued under the State Public School Building Authority Act of 1947, P.L. 1217, as amended (the "Act") and pursuant to the provisions of a Trust Indenture dated as of May 1, 2009 (the "Original Indenture") between the Authority and Manufacturers and Traders Trust Company, as trustee (the "Trustee"), as amended and supplemented by a First Supplemental Trust Indenture dated as of November 15, 2013 (the "First Supplemental Indenture") and as further amended and supplemented by a Second Supplemental Trust Indenture dated as of June 15, 2014 (the "Second Supplemental Indenture," and together with the Original Indenture and the First Supplemental Indenture, the "Indenture") for the purpose of financing a project (the "Project") for the benefit of The School District of the City of Harrisburg, Dauphin County, Pennsylvania (the "School District"). The Bonds issued this date mature and bear interest and are subject to redemption prior to maturity upon the terms and conditions stated therein and in the Indenture. The Bonds are issuable as fully registered bonds in denominations of $5,000 or integral multiples of $5,000 in excess thereof.

Concurrently with the issuance of the Bonds: (i) the School District, as lessor, will enter into a Third Amendment to Lease Agreement dated as of June 15, 2014 (the "Third Amendment to Lease"), which amends and supplements that certain Lease Agreement dated as of May 1, 2009 (the "Original Lease"), as previously amended and supplemented by a First Amendment to Lease Agreement dated as of October 7, 2011 (the "First Amendment to Lease") and a Second Amendment to Lease Agreement dated as of November 15, 2013 (the "Second Amendment to Lease," and together with the Original Lease, the First Amendment to Lease and the Third Amendment to Lease, the "Lease"), pursuant to which the School District will lease certain real property and the school buildings, fixtures, improvements, furnishings and equipment situated thereon (the "Property") to the Authority, as lessee; and (ii) the Authority, as sublessor, and the School District, as sublessee, will enter into a Third Amendment to Sublease Agreement dated as of June 15, 2014 (the "Third Amendment to Sublease"), which amends and supplements that certain Sublease Agreement dated as of May 1, 2009 (the "Original Sublease"), as previously amended and supplemented by a First Amendment to Sublease Agreement dated as of October 7, 2011 (the "First Amendment to Sublease") and a Second Amendment to Sublease Agreement dated as of November 15, 2013 (the "Second Amendment to Sublease," and together with the Original Sublease, the First Amendment to Sublease and the Third Amendment to Sublease, the "Sublease"), which subleases the Property.

Pursuant to a Second Amended and Restated State Appropriation Intercept Agreement, dated as of June 15, 2014 (the "Intercept Agreement"), among the Authority, the Treasurer of the Commonwealth of Pennsylvania (the "Commonwealth"), the Pennsylvania Department of Education and the School District, the School District has instructed the Pennsylvania Department of Education to withhold from certain appropriations of the Commonwealth certain amounts due to the School District to assist the School District to make the lease rental payments due from the School District under the Sublease and to pay the same directly to the Trustee, as assignee of the Authority under the Sublease. The execution and delivery of the Third Amendment to Lease, the Third Amendment to Sublease and the Intercept Agreement were authorized by the Board of School Directors of the School District pursuant to a Resolution of the School District dated May 19, 2014 (the "Resolution").

Proceeds of the Bonds will be applied by the Trustee, on behalf of the School District, to finance (i) the current refunding of the Authority's Federally Taxable School Revenue Bonds (The School District of the City of Harrisburg Project) Series of 2013 (the "2013 Bonds"); and (ii) payment of costs and expenses associated with issuance of the Bonds.

Pursuant to the Indenture, all of the Authority's right, title and interest in and to the Sublease (excluding the Authority's rights to payment of its fees and expenses and to indemnification as set forth in the Sublease) are being assigned to the Trustee for the benefit of the holders of the Bonds.

All terms and phrases used herein and not defined shall have the same meanings as in the Indenture.

In our capacity as Bond Counsel, we have reviewed the following:

1. The Act;

2. The Resolution of the Authority dated May 29, 2014;

3. The General Certificate of the Authority and all exhibits thereto;

4. The General Certificate of the School District and all exhibits thereto;

5. The Resolution;

6. The opinion of Hartman Underhill & Brubaker, LLC, in their capacity as counsel to the Authority;

7. The opinion of Dilworth Paxson LLP, in their capacity as counsel to the School District;

8. The Bond Purchase Proposal dated June 11, 2014, among PNC Capital Markets LLC (the "Underwriter"), the Authority and the School District;

9. A specimen copy of the Bond; and

10. Original counterparts or certified copies of the Lease, the Sublease, the Intercept Agreement, the Indenture and the other documents, agreements, certificates and opinions delivered at the closing held this day.

Based and in reliance upon the foregoing and our attendance at the closing held this day, and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that, as of the date hereof, under existing law:

1. The Authority is a body corporate and politic, validly existing under the laws of the Commonwealth, with full power and authority to undertake the Project, execute and deliver the Second Supplemental Indenture, the Third Amendment to Lease, the Third Amendment to Sublease and the Intercept Agreement and issue and sell the Bonds.

2. The Second Supplemental Indenture, the Third Amendment to Lease, the Third Amendment to Sublease and the Intercept Agreement have each been duly authorized, executed and delivered by the Authority and each such document constitutes the valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

3. The issuance of the Bonds has been duly authorized by the Authority. The Bonds have been duly and validly authorized, executed and delivered by the Authority and, when duly authenticated by the Trustee, will constitute valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

4. Under the laws of the Commonwealth, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, 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 connection with providing the foregoing opinions, we call to your attention the following:

A. We have relied upon the representations, statements, expectations and certifications contained in the documents and other certified proceedings reviewed by us (including representations and expectations as to the use of proceeds of the Bonds), without undertaking to verify the same by independent investigation. We have also relied upon the genuineness, authenticity, truthfulness and completeness of all facts, information, representations, and certifications contained in the agreements, certificates, documents, records and other instruments executed and delivered at or in connection with the closing held this day and have assumed compliance with the state and federal securities laws. We have also assumed the genuineness of the signatures (except those of the Authority) appearing upon all the certificates, documents and instruments executed and delivered at the closing held this day.

B. In connection with the opinions set forth in paragraphs 2 and 3 above, we call to your attention that the validity, legality, enforceability and binding nature of the documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles generally affecting creditors' rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.

C. The Bonds are special limited obligations of the Authority, payable only out of amounts that may be held by or available to the Trustee under the Indenture, including amounts payable pursuant to the Sublease. The Bonds do not pledge the credit or taxing power of the Commonwealth or any political subdivision thereof. The Authority has no taxing power.

D. We have not been engaged to verify, nor have we independently verified, nor do we herein express any opinion to the registered owners of the Bonds with respect to, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated June 4, 2014 (the "Preliminary Official Statement"), or in the Official Statement, dated June 11, 2014 (the "Official Statement"), or with respect to any other materials used in connection with the offer and sale of the Bonds.

E. We express no opinion with respect to whether the Authority or the School District, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, not misleading. Further, we have not verified, and express no opinion as to the accuracy of, any “CUSIP” identification number which may be printed on any Bond.

STEVENS & LEE, P.C.

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Bond Counsel Opinion as to 2014B-1 Bonds

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June 30, 2014

$6,740,000 State Public School Building Authority
Federally Taxable School Revenue Bonds
(The School District of the City of Harrisburg Project) Series B-1 of 2014

TO THE REGISTERED OWNERS OF THE ABOVE-CAPTIONED BONDS:

We have served as Bond Counsel in connection with the issuance by State Public School Building Authority (the "Authority") of its Federally Taxable School Revenue Bonds (The School District of the City of Harrisburg Project) Series B-1 of 2014 (the "Bonds") in the aggregate principal amount of $6,740,000.

The Bonds are being issued under the State Public School Building Authority Act of 1947, P.L. 1217, as amended (the "Act") and pursuant to the provisions of a Trust Indenture dated as of June 15, 2014 (the "Indenture"), between the Authority and Manufacturers and Traders Trust Company, as trustee (the "Trustee"), for the purpose of financing a project (the "Project") for the benefit of The School District of the City of Harrisburg, Dauphin County, Pennsylvania (the "School District"). The Bonds issued this date mature and bear interest and are subject to redemption prior to maturity upon the terms and conditions stated therein and in the Indenture. The Bonds are issuable as fully registered bonds in denominations of $5,000 or integral multiples of $5,000 in excess thereof.

The Authority and the School District have entered into a Loan Agreement, dated as of June 15, 2014 (the "Loan Agreement"), pursuant to which the Authority will loan the proceeds of the Bonds to the School District and the School District has agreed to make certain loan payments to the Trustee, as assignee of the Authority, in such amounts and at such times as to permit the Trustee to pay, among other things, the principal of, premium, if any, and interest on the Bonds when due.

Pursuant to the provisions of an Assignment of Loan Agreement and General Obligation Bond (the "Assignment"), the Authority has, among other things, pledged, assigned and granted to the Trustee substantially all of its right, title and interest in and to the (i) Loan Agreement (except for certain indemnification rights and rights to be reimbursed for certain costs and expenses that it may incur as provided in the Loan Agreement), and (ii) General Obligation Bond, Series B-1 of 2014 dated June 30, 2014 (the "General Obligation Bond"), of the School District, which General Obligation Bond evidences the payment obligations of the School District under the Loan Agreement.

Pursuant to a State Appropriation Intercept Agreement, dated as of June 15, 2014 (the "Intercept Agreement"), among the Authority, the Treasurer of the Commonwealth of Pennsylvania (the "Commonwealth"), the Pennsylvania Department of Education and the School District, the School District has instructed the Pennsylvania Department of Education to withhold from certain appropriations of the Commonwealth certain amounts due to the School District to assist the School District to make the loan payments due from the School District under the Loan Agreement and the General Obligation Bond and to pay the same directly to the Trustee, as assignee of the Authority under the Loan Agreement. The execution and delivery of the Loan Agreement and the Intercept Agreement and the issuance of the General Obligation Bond were authorized and approved by the Board of School Directors of the School District pursuant to a Resolution of the School District dated May 19, 2014 (the "Resolution").

Proceeds of the Bonds will be applied by the Trustee, on behalf of the School District, to finance (i) the costs of terminating an interest rate management plan related to the Authority's Amended and Restated Variable Rate School Revenue Bonds (The School District of the City of Harrisburg Project) Series D of 2009; and (ii) payment of costs and expenses associated with issuance of the Bonds.

All terms and phrases used herein and not defined shall have the same meanings as in the Indenture.

In our capacity as Bond Counsel, we have reviewed the following:

1. The Act;

2. The Resolution of the Authority dated May 29, 2014;

3. The General Certificate of the Authority and all exhibits thereto;

4. The General Certificate of the School District and all exhibits thereto;

5. The Resolution;

6. The opinion of Hartman Underhill & Brubaker, LLC, in their capacity as counsel to the Authority;

7. The opinion of Dilworth Paxson LLP, in their capacity as counsel to the School District;

8. The Bond Purchase Proposal dated May 19, 2014, as amended and supplemented by an Addendum to Bond Purchase Proposal dated June 11, 2014, each among PNC Capital Markets LLC (the "Underwriter"), the Authority and the School District;

9. A specimen copy of the Bond; and

10. Original counterparts or certified copies of the Loan Agreement, the General Obligation Bond, the Intercept Agreement, the Indenture and the other documents, agreements, certificates and opinions delivered at the closing held this day.

Based and in reliance upon the foregoing and our attendance at the closing held this day, and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that, as of the date hereof, under existing law:

1. The Authority is a body corporate and politic, validly existing under the laws of the Commonwealth, with full power and authority to undertake the Project, execute and deliver the Indenture, the Loan Agreement, the Assignment and the Intercept Agreement and issue and sell the Bonds.

2. The Indenture, the Loan Agreement, the Assignment and the Intercept Agreement have each been duly authorized, executed and delivered by the Authority and each such document constitutes the valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

3. The issuance of the Bonds has been duly authorized by the Authority. The Bonds have been duly and validly authorized, executed and delivered by the Authority and, when duly authenticated by the Trustee, will constitute valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

4. Under the laws of the Commonwealth, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, 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 connection with providing the foregoing opinions, we call to your attention the following:

A. As to questions of fact material to our opinion, we have relied upon the representations, statements, expectations and certifications contained in the documents and other certified proceedings reviewed by us (including representations and expectations as to the use of proceeds of the Bonds), without undertaking to verify the same by independent investigation. We have also relied upon the genuineness, authenticity, truthfulness and completeness of all facts, information, representations, and certifications contained in the agreements, certificates, documents, records and other instruments executed and delivered at or in connection with the closing held this day and have assumed compliance with the state and federal securities laws. We have also assumed the genuineness of the signatures (except those of the Authority) appearing upon all the certificates, documents and instruments executed and delivered at the closing held this day.

B. In connection with the opinions set forth in paragraphs 2 and 3 above, we call to your attention that the validity, legality, enforceability and binding nature of the documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles generally affecting creditors' rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.

C. The Bonds are special limited obligations of the Authority, payable only out of amounts that may be held by or available to the Trustee under the Indenture, including amounts payable pursuant to the Loan Agreement and the General Obligation Bond. The Bonds do not pledge the credit or taxing power of the Commonwealth or any political subdivision thereof. The Authority has no taxing power.

D. We have not been engaged to verify, nor have we independently verified, nor do we herein express any opinion to the registered owners of the Bonds with respect to, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated June 4, 2014 (the "Preliminary Official Statement"), or in the Official Statement, dated June 11, 2014 (the "Official Statement"), or with respect to any other materials used in connection with the offer and sale of the Bonds.

E. We express no opinion with respect to whether the Authority or the School District, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, not misleading. Further, we have not verified, and express no opinion as to the accuracy of, any "CUSIP" identification number which may be printed on any Bond.

STEVENS & LEE, P.C.

Bond Counsel Opinion as to 2014B-2 Bonds

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June 30, 2014

$20,895,000 State Public School Building Authority
School Revenue Bonds
(The School District of the City of Harrisburg Project) Series B-2 of 2014

TO THE REGISTERED OWNERS OF THE ABOVE-CAPTIONED BONDS:

We have served as Bond Counsel in connection with the issuance by State Public School Building Authority (the "Authority") of its School Revenue Bonds (The School District of the City of Harrisburg Project) Series B-2 of 2014 (the "Bonds") in the aggregate principal amount of $20,895,000.

The Bonds are being issued under the State Public School Building Authority Act of 1947, P.L. 1217, as amended (the "Act") and pursuant to the provisions of a Trust Indenture dated as of June 15, 2014 (the "Indenture"), between the Authority and Manufacturers and Traders Trust Company, as trustee (the "Trustee"), for the purpose of financing a project (the "Project") for the benefit of The School District of the City of Harrisburg, Dauphin County, Pennsylvania (the "School District"). The Bonds issued this date mature and bear interest and are subject to redemption prior to maturity upon the terms and conditions stated therein and in the Indenture. The Bonds are issuable as fully registered bonds in denominations of $5,000 or integral multiples of $5,000 in excess thereof.

The Authority and the School District have entered into a Loan Agreement, dated as of June 15, 2014 (the "Loan Agreement"), pursuant to which the Authority will loan the proceeds of the Bonds to the School District and the School District has agreed to make certain loan payments to the Trustee, as assignee of the Authority, in such amounts and at such times as to permit the Trustee to pay, among other things, the principal of, premium, if any, and interest on the Bonds when due.

Pursuant to the provisions of an Assignment of Loan Agreement and General Obligation Bond (the "Assignment"), the Authority has, among other things, pledged, assigned and granted to the Trustee substantially all of its right, title and interest in and to the (i) Loan Agreement (except for certain indemnification rights and rights to be reimbursed for certain costs and expenses that it may incur as provided in the Loan Agreement), and (ii) General Obligation Bond, Series B-2 of 2014 dated June 30, 2014 (the "General Obligation Bond"), of the School District, which General Obligation Bond evidences the payment obligations of the School District under the Loan Agreement.

Pursuant to a State Appropriation Intercept Agreement, dated as of June 15, 2014 (the "Intercept Agreement"), among the Authority, the Treasurer of the Commonwealth of Pennsylvania (the "Commonwealth"), the Pennsylvania Department of Education and the School District, the School District has instructed the Pennsylvania Department of Education to withhold from certain appropriations of the Commonwealth certain amounts due to the School District to assist the School District to make the loan payments due from the School District under the Loan Agreement and the General Obligation Bond and to pay the same directly to the Trustee, as assignee of the Authority under the Loan Agreement. The execution and delivery of the Loan Agreement and the Intercept Agreement and the issuance of the General Obligation Bond were authorized and approved by the Board of School Directors of the School District pursuant to a Resolution of the School District dated May 19, 2014 (the "Resolution").

Proceeds of the Bonds will be applied by the Trustee, on behalf of the School District, to finance (i) the current refunding of a portion of the Authority's Amended and Restated Variable Rate School Revenue Bonds (The School District of the City of Harrisburg Project) Series D of 2009; and (ii) payment of costs and expenses associated with issuance of the Bonds.

All terms and phrases used herein and not defined shall have the same meanings as in the Indenture.

In our capacity as Bond Counsel, we have reviewed the following:

1. The Act;

2. Sections 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and rulings promulgated thereunder;

3. The Resolution of the Authority dated May 29, 2014;

4. The General Certificate of the Authority and all exhibits thereto;

5. The General Certificate of the School District and all exhibits thereto;

6. The Resolution;

7. The opinion of Hartman Underhill & Brubaker, LLC, in their capacity as counsel to the Authority;

8. The opinion of Dilworth Paxson LLP, in their capacity as counsel to the School District;

9. The Bond Purchase Proposal dated May 19, 2014, as amended and supplemented by an Addendum to Bond Purchase Proposal dated June 11, 2014, each among PNC Capital Markets LLC (the "Underwriter"), the Authority and the School District;

10. A specimen copy of the Bond; and

11. The Nonarbitrage Certificate and Compliance Agreement of the Authority delivered this day;

12. The Confirmation Certificate of the School District delivered this day;

13. The Certificate Regarding Information Contained in Form 8038-G delivered this day;

14. The Certificate of the Underwriter delivered this day;

15. The information return of the Authority on Form 8038-G delivered this day; and

16. Original counterparts or certified copies of the Loan Agreement, the General Obligation Bond, the Intercept Agreement, the Indenture and the other documents, agreements, certificates and opinions delivered at the closing held this day.

Based and in reliance upon the foregoing and our attendance at the closing held this day, and subject to the caveats, qualifications, exceptions and assumptions set forth herein, it is our opinion that, as of the date hereof, under existing law:

1. The Authority is a body corporate and politic, validly existing under the laws of the Commonwealth, with full power and authority to undertake the Project, execute and deliver the Indenture, the Loan Agreement, the Assignment and the Intercept Agreement and issue and sell the Bonds.

2. The Indenture, the Loan Agreement, the Assignment and the Intercept Agreement have each been duly authorized, executed and delivered by the Authority and each such document constitutes the valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

3. The issuance of the Bonds has been duly authorized by the Authority. The Bonds have been duly and validly authorized, executed and delivered by the Authority and, when duly authenticated by the Trustee, will constitute valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

4. Under the laws of the Commonwealth, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, 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.

5. Interest on the Bonds is not includable in gross income under Section 103(a) of the Code.

6. Under the Code, interest on the Bonds held by persons other than corporations (as defined for federal tax purposes) does not constitute an item of tax preference under Section 57 of the Code and thus is not subject to alternative minimum tax for federal income tax purposes.

7. Under the Code, interest on the Bonds held by a corporation (as defined for federal tax purposes) does not constitute an item of tax preference under Section 57 of the Code, however, corporations subject to alternative minimum tax will be required to include, among other things, amounts treated as interest on the Bonds as an adjustment in computing alternative minimum taxable income in the manner provided in Section 56 of the Code.

In connection with providing the foregoing opinions, we call to your attention the following:

A. As to questions of fact material to our opinion, we have relied upon the representations, statements, expectations and certifications contained in the documents and other certified proceedings reviewed by us (including, without limitation, certificates, agreements and representations by the Authority and the School District as to the expected use of the proceeds of the Bonds and as to continuing compliance with Section 148 and Section 141 of the Code to assure that the Bonds do not become “arbitrage bonds” or “private activity bonds”), without undertaking to verify the same by independent investigation. We have also relied upon the genuineness, authenticity, truthfulness and completeness of all facts, information, representations, and certifications contained in the agreements, certificates, documents, records and other instruments executed and delivered at or in connection with the closing held this day and have assumed compliance with the state and federal securities laws. We have also assumed the genuineness of the signatures (except those of the Authority) appearing upon all the certificates, documents and instruments executed and delivered at the closing held this day.

B. In connection with the opinions set forth in paragraphs 2 and 3 above, we call to your attention that the validity, legality, enforceability and binding nature of the documents referred to therein may be limited by: (a) the availability or unavailability of equitable remedies including, but not limited to, specific performance and injunctive relief; (b) the effect of bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws or equitable principles generally affecting creditors' rights or remedies; and (c) the effect of certain laws and judicial decisions limiting on constitutional or public policy grounds any provisions set forth in such documents purporting to waive rights of due process and legal procedure.

C. In providing the opinion set forth in paragraph 5 above, we have assumed continuing compliance by the Authority and the School District with requirements of the Code and the applicable regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon be and remain excluded from gross income for federal income tax purposes. The Authority and the School District have covenanted to comply with such requirements. 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 such Bonds. We further advise you that we have not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

D. In providing the opinions set forth in paragraphs 6 and 7 above, we have assumed continuing compliance by the Authority and the School District with requirements of the Code and applicable regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon not constitute an item of tax preference under Section 57 of the Code. Failure to comply with such requirements could cause the interest on the Bonds to constitute an item of tax preference under Section 57 of the Code retroactive to the date of issuance of the Bonds.

E. Except as specifically set forth above, we express no opinion regarding other federal income tax consequences arising with respect to the Bonds, including, without limitation, the treatment for federal income tax purposes of gain or loss, if any, upon the sale, redemption or other disposition of the Bonds prior to the maturity of the Bonds subject to original issue discount and the effect, if any, of certain other provisions of the Code which could result in collateral federal income tax consequences to certain investors as a result of adjustments in the computation of tax liability dependent on tax-exempt interest.

F. The Bonds are special limited obligations of the Authority, payable only out of amounts that may be held by or available to the Trustee under the Indenture, including amounts payable pursuant to the Loan Agreement and the General Obligation Bond. The Bonds do not pledge the credit or taxing power of the Commonwealth or any political subdivision thereof. The Authority has no taxing power.

G. We have not been engaged to verify, nor have we independently verified, nor do we herein express any opinion to the registered owners of the Bonds with respect to, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated June 4, 2014 (the "Preliminary Official Statement"), or in the Official Statement, dated June 11, 2014 (the "Official Statement"), or with respect to any other materials used in connection with the offer and sale of the Bonds.

H. We express no opinion with respect to whether the Authority or the School District, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, not misleading. Further, we have not verified, and express no opinion as to the accuracy of, any "CUSIP" identification number which may be printed on any Bond.

STEVENS & LEE, P.C.

APPENDIX F

Bond Amortization Schedule

$51,515,000
State Public School Building Authority
(Commonwealth of Pennsylvania)
School Revenue Bonds
(The School District of the City of Harrisburg Project)
$23,880,000 Federally Taxable Series A of 2014
$6,740,000 Federally Taxable Series B-1 of 2014
$20,895,000 Series B-2 of 2014

The table below indicates total debt service on the Bonds.

Period Ending (June 30)	Principal	Interest	Total
2015	-	$1,705,716	$1,705,716
2016	$5,000	1,855,109	1,860,109
2017	210,000	1,853,595	2,063,595
2018	4,830,000	1,804,665	6,634,665
2019	8,585,000	1,653,922	10,238,922
2020	8,775,000	1,426,225	10,201,225
2021	1,720,000	1,273,654	2,993,654
2022	425,000	1,237,978	1,662,978
2023	3,245,000	1,169,219	4,414,219
2024	3,360,000	1,040,617	4,400,617
2025	4,240,000	867,250	5,107,250
2026	4,445,000	650,125	5,095,125
2027	4,405,000	428,875	4,833,875
2028	3,330,000	235,500	3,565,500
2029	415,000	144,988	559,988
2030	425,000	130,022	555,022
2031	445,000	113,975	558,975
2032	455,000	96,816	551,816
2033	475,000	78,500	553,500
2034	495,000	59,100	554,100
2035	1,230,000	24,600	1,254,600
Totals	$51,515,000	$17,850,451	$69,365,451

See Table A-12 of Exhibit A for the debt service requirements for all outstanding debt of the School District.

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