



NEW ISSUE – BOOK-ENTRY-ONLY

## OFFICIAL STATEMENT

Rating: Standard & Poor's "AA (Stable Outlook)"

AGM Insured

Standard & Poor's "A (Stable Outlook)" Underlying

See "RATING" and "MUNICIPAL BOND INSURANCE" herein

*In the opinion of Bond Counsel, under existing law and assuming continuing compliance by the School District with certain covenants intended to assure continuing compliance with the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable regulations thereunder, interest on the Bonds (including any original issue discount properly allocable to the owner of a Bond) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. For the purpose of rendering such opinion, Bond Counsel has assumed compliance by the School District with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes.*

*In the opinion of Bond Counsel, under the law of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds are exempt from Pennsylvania personal property taxes and the interest on the Bonds is exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax. See "TAX MATTERS" herein.*

**\$9,995,000**

**New Castle Area School District  
(Lawrence County, Pennsylvania)  
General Obligation Bonds, Series of 2017**

**Dated:** Date of Delivery

**Interest Due:** March 1 and September 1

**Principal Due:** September 1, as shown on inside cover

**First Interest Payment:** March 1, 2018

The New Castle Area School District's General Obligation Bonds, Series of 2017 in the aggregate principal amount of \$9,995,000 (the "Bonds" or "2017 Bonds") will be issued as fully registered securities. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, the Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein. The principal of the Bonds will be paid to the registered owners or assigns, when due, upon presentation and surrender of the Bonds to The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), acting as paying agent and sinking fund depository, at its designated corporate trust office in Pittsburgh, Pennsylvania. Interest on the Bonds is payable initially on March 1, 2018, and thereafter, semiannually, on March 1 and September 1 of each year, until the principal sum thereof is paid. Payment of interest on the Bonds will be made to the registered owners of the Bonds as of the Record Date. (See "THE BONDS" herein.)

**The Bonds are subject to optional redemption prior to maturity (See "REDEMPTION OF BONDS" herein).**

The Bonds are general obligations of the New Castle Area School District, a public school district located in Lawrence County, Pennsylvania (the "School District" or "District"), payable from local taxes, state subsidy and other general revenues. The School District has covenanted in the Resolution authorizing the Bonds, as adopted by the Board of School Directors on August 21, 2017 (the "Resolution"), that it will budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution, or any other of its legally available revenues or funds, the principal of every Bond, and the interest thereon, on the dates, at the place and in the manner stated in the Bonds and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and available taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable real property within the School District, to the extent available by law. (See "SECURITY FOR THE BONDS" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS", including the description of the Taxpayer Relief Act ("Act 1") and other legislation described herein.)

The proceeds to be derived by the School District from the issuance and sale of the Bonds will be used to provide funds to: (1) refund, on a current refunding basis, all of the District's outstanding General Obligation Bonds, Series of 2010 in the principal amount of \$1,265,000 plus accrued interest (the "2010 Bonds"); (2) refund, on a current refunding basis, a portion of the District's outstanding General Obligation Bonds, Series of 2012 currently outstanding in the principal amount of \$8,840,000, of which \$8,345,000 will be refunded, plus accrued interest (the "Refunded 2012 Bonds"); and (3) pay all costs and expenses incident to the issuance of the Bonds. (See "PURPOSE OF THE ISSUE" herein.)

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



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

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to prior sale and subject to the approving legal opinion of Bruce E. Dice & Associates, of Pittsburgh, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon for the School District by the Charles P. Sapienza, Jr., Esquire, of New Castle, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC of Harrisburg, Pennsylvania, will act as the School District's Financial Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about November 8, 2017.

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**BOENNING & SCATTERGOOD INC.**

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**Dated:** October 4, 2017

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "Appendix C - Specimen Municipal Bond Insurance Policy".

**\$9,995,000**  
**New Castle Area School District**  
**(Lawrence County, Pennsylvania)**  
**General Obligation Bonds, Series of 2017**

**Dated:** Date of Delivery

**Interest Due:** March 1 and September 1

**Principal Due:** March 1, as shown below

**First Interest Payment:** March 1, 2018

**BOND MATURITY SCHEDULE**

<b>Maturity</b>	<b>Principal</b>				<b>CUSIP</b>
<b>Date</b>	<b>Amount</b>	<b>Coupon</b>	<b>Yield</b>	<b>Price</b>	<b>643442<sup>(1)</sup></b>
3/1/2019	\$65,000	2.000%	1.200%	101.039%	MQ6
3/1/2020	\$140,000	4.000%	1.350%	106.015%	MR4
3/1/2021	\$150,000	2.000%	1.500%	101.609%	MS2
3/1/2022	\$155,000	2.000%	1.700%	101.241%	MT0
3/1/2023	\$160,000	2.000%	1.900%	100.502%	MU7
3/1/2024	\$155,000	2.000%	2.080%	99.527%	MV5
3/1/2025	\$165,000	2.125%	2.280%	98.959%	MW3
3/1/2026	\$170,000	2.300%	2.430%	99.025%	MX1
3/1/2027	\$170,000	2.450%	2.580%	98.927%	MY9
3/1/2028	\$210,000	2.600%	2.750%	98.658%	MZ6
3/1/2029	\$255,000	2.700%	2.850%	98.555%	NA0
3/1/2030	\$265,000	2.800%	2.950%	98.458%	NB8
3/1/2031	\$270,000	3.000%	3.050%	99.453%	NC6
3/1/2032	\$2,475,000	3.000%	3.100%	98.848%	ND4
3/1/2033	\$2,555,000	3.050%	3.200%	98.192%	NE2
3/1/2034	\$2,635,000	3.100%	3.250%	98.109%	NF9

<sup>(1)</sup> The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District 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.

**New Castle Area School District**  
Lawrence County, Pennsylvania  
420 Fern Street  
New Castle, PA 16101  
Phone: (724) 656-4774  
[www.ncasd.org](http://www.ncasd.org)

**BOARD OF SCHOOL DIRECTORS**

<b>Name</b>	<b>Office</b>	<b>Term</b>
Mr. George Gabriel	President	2017
Mrs. Stacey Fleo	Vice President	2019
Dr. Marilyn Berkely	Member	2017
Mr. Steve Fornataro	Member	2017
Mrs. Karen Humphrey	Member	2019
Mr. Allen Joseph	Member	2017
Mr. Mark Panella	Member	2017
Ms. Anna Pascarella	Member	2019
Mr. Anthony Ross	Member	2019
Ms. Abbie Betley	Secretary*	
Mr. Jack Camerot	Treasurer*	

\*Non Voting-Member

**SUPERINTENDENT**

JOHN SARANDREA

**DIRECTOR OF BUSINESS AFFAIRS**

JOSEPH AMBROSINI

**SCHOOL DISTRICT SOLICITOR**

CHARLES P. SAPIENZA, JR., ESQUIRE  
New Castle, Pennsylvania

**BOND COUNSEL**

BRUCE E. DICE & ASSOCIATES  
Pittsburgh, Pennsylvania

**PAYING AGENT**

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
Pittsburgh, Pennsylvania

**DISSEMINATION AGENT**

DIGITAL ASSURANCE CERTIFICATION L.L.C. (DAC)  
Orlando, Florida

**FINANCIAL ADVISOR**

PFM FINANCIAL ADVISORS LLC  
Harrisburg, Pennsylvania

**UNDERWRITER**

BOENNING & SCATTERGOOD INC.  
Pittsburgh, Pennsylvania

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

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

THE ORDER AND PLACEMENT OF THE 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.

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.

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

THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES REFERRED TO HEREIN, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES AT ANY TIME IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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

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

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

## SUMMARY STATEMENT

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

<b>Issuer</b> .....	New Castle Area School District, Lawrence County, Pennsylvania (the "School District" or "District").
<b>The Bonds</b> .....	General Obligation Bonds, Series of 2017 (the "Bonds" or the "2017 Bonds"), in the aggregate principal amount of \$9,995,000. The Bonds are initially dated the Date of Delivery, and will mature as shown in the <b>BOND MATURITY SCHEDULE</b> shown on Page ii of this Official Statement. Interest on the Bonds will begin to accrue on the Date of Delivery, and is payable initially on March 1, 2018, and on each March 1 and September 1 thereafter. (See " <b>THE BONDS</b> " herein.)
<b>Redemption Provisions</b> .....	The Bonds are subject to optional redemption prior to their stated dates of maturity. (See " <b>REDEMPTION OF THE BONDS</b> " herein.)
<b>Form of Bonds</b> .....	Book-entry form only.
<b>Purpose of the Issue</b>	The proceeds to be derived by the School District from the issuance and sale of the Bonds will be used to provide funds to: (1) refund, on a current refunding basis, all of the District's outstanding General Obligation Bonds, Series of 2010 in the principal amount of \$1,265,000 plus accrued interest (the "2010 Bonds"); (2) refund, on a current refunding basis, a portion of the District's outstanding General Obligation Bonds, Series of 2012 currently outstanding in the principal amount of \$8,840,000, of which \$8,345,000 will be refunded, plus accrued interest (the "Refunded 2012 Bonds"); and (3) pay all costs and expenses incident to the issuance of the Bonds. (See " <b>PURPOSE OF THE ISSUE</b> " herein.)
<b>Security for the Bonds</b>	<b>THE 2017 BONDS ARE GENERAL OBLIGATIONS OF THE NEW CASTLE AREA SCHOOL DISTRICT, A PUBLIC SCHOOL DISTRICT LOCATED IN LAWRENCE COUNTY, PENNSYLVANIA, PAYABLE FROM LOCAL TAXES, STATE SUBSIDY AND OTHER GENERAL REVENUES. THE SCHOOL DISTRICT HAS COVENANTED IN THE RESOLUTION AUTHORIZING THE BONDS, AS ADOPTED BY THE BOARD OF SCHOOL DIRECTORS ON AUGUST 21, 2017 (THE "RESOLUTION") THAT IT WILL BUDGET IN EACH YEAR, AND WILL APPROPRIATE FROM ITS GENERAL REVENUES IN EACH SUCH YEAR, THE AMOUNT OF THE DEBT SERVICE DUE ON THE BONDS FOR SUCH YEAR AND WILL DULY AND PUNCTUALLY PAY OR CAUSE TO BE PAID FROM THE SINKING FUND ESTABLISHED UNDER THE RESOLUTION OR ANY OTHER OF ITS LEGALLY AVAILABLE REVENUES OR FUNDS THE PRINCIPAL OF EVERY BOND AND THE INTEREST THEREON ON THE DATES, AT THE PLACE AND IN THE MANNER STATED IN THE BONDS, AND FOR SUCH BUDGETING, APPROPRIATION AND PAYMENT THE SCHOOL DISTRICT HAS IRREVOCABLY PLEDGED ITS FULL FAITH, CREDIT AND AVAILABLE TAXING POWER, WHICH TAXING POWER INCLUDES THE POWER TO LEVY AD VALOREM TAXES ON ALL TAXABLE REAL PROPERTY WITHIN THE SCHOOL DISTRICT, TO THE EXTENT AVAILABLE BY LAW. (SEE "SECURITY FOR THE BONDS" AND "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS" INCLUDING THE DESCRIPTION OF THE TAXPAYER RELIEF ACT ("ACT 1") AND OTHER LEGISLATION DESCRIBED HEREIN.)</b>
<b>Credit Enhancement</b> .....	The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (See " <b>MUNICIPAL BOND INSURANCE</b> " herein.)
<b>Bond Rating</b> .....	The Bonds are expected to receive a credit rating of "AA (Stable Outlook)" from S&P Global Ratings, New York, New York, ("S&P") with the understanding that the above-described municipal bond insurance policy will be issued at the time of settlement of the Bonds. S&P has also assigned its underlying rating of "A (Stable Outlook)" to the Bonds. (See " <b>RATING</b> " herein.)
<b>Continuing Disclosure Undertaking</b> .....	The District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities and Exchange Act of 1934, as amended and interpreted (the "Rule"). (See " <b>CONTINUING DISCLOSURE UNDERTAKING</b> " herein.)

This Table of Contents is for convenience of reference only and does not list all of the subjects in this Official Statement. In all instances reference should be made to the complete Official Statement to determine the subjects discussed in it. The order and placement of material in the Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance and this Official Statement including Appendices must be considered in its entirety.

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## OFFICIAL STATEMENT

**\$9,995,000**

**New Castle Area School District  
Lawrence County, Pennsylvania  
General Obligation Bonds, Series of 2017**

### INTRODUCTION

This Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by the New Castle Area School District (the "School District" or "District"), a public school district located in Lawrence County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2017 in the aggregate principal amount of \$9,995,000 (the "Bonds" or the "2017 Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on August 21, 2017 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. A. §8001 et seq., as amended (the "Act").

The Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2018. Subject to the applicable provisions for Book-Entry payment of the Bonds, interest on any Bond is payable to the registered owner which appears on the registration books of the Paying Agent on the appropriate Record Date as described below. The principal of the Bonds is payable at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. located in Pittsburgh, Pennsylvania (the "Paying Agent" or "Sinking Fund Depository"). The Bonds are only transferable on the registration books maintained by the Paying Agent upon presentation and surrender thereof (see "**THE BONDS**" herein). The Bonds are subject to optional redemption as stated herein.

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

**Neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that thereafter there have been no changes in the affairs of the School District since the date of this Official Statement or the earliest date as of which certain information contained herein is given.**

### PURPOSE OF THE ISSUE

The proceeds to be derived by the School District from the issuance and sale of the Bonds will be used to provide funds to: (1) refund, on a current refunding basis, all of the District's outstanding General Obligation Bonds, Series of 2010 in the principal amount of \$1,265,000 plus accrued interest (the "2010 Bonds"); (2) refund, on a current refunding basis, a portion of the District's outstanding General Obligation Bonds, Series of 2012 currently outstanding in the principal amount of \$8,840,000, of which \$8,345,000 will be refunded, plus accrued interest (the "Refunded 2012 Bonds"); and (3) pay all costs and expenses incident to the issuance of the Bonds.

## Sources and Uses of Bond Proceeds

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

Sources of Funds		Total
Bond Principal Amount		\$9,995,000.00
Net Original Issue Premium/(Discount)		(128,296.20)
<b>Total</b>		<b>\$9,866,703.80</b>
Uses of Funds		
Amount to retire the 2010 Bonds		\$1,273,757.69
Amount to retire the Refunded 2012 Bonds		8,400,543.47
Cost of Issuance (1)		184,476.04
Miscellaneous Expenses/Rounding		\$7,926.60
<b>Total</b>		<b>\$9,866,703.80</b>

<sup>(1)</sup>Includes, but not limited to: legal, bond discount, financial advisor, printing, rating, CUSIP, paying agent, dissemination agent, bond insurance premium and miscellaneous costs.

## Future Financing

The School District may issue approximately \$2,000,000 for a variety of repair and renovation projects within the next 3 years.

## THE BONDS

### Description: Payment of Principal and Interest

The Bonds will be issued in registered form, without coupons, in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$9,995,000 and will be dated the date of delivery, when interest begins to accrue. The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on each of the Bonds will be payable initially on March 1, 2018, and thereafter, semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

*When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of Bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. Each Beneficial Owner of a Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. See "BOOK – ENTRY ONLY SYSTEM" herein.*

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

The principal of certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office (or to any successor paying agent or alternate designated office(s)). Interest on each of the Bonds will be payable initially on March 1, 2018, and thereafter, semiannually, on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. Interest shall be computed on the basis of a 30-day month and a 360-day year.



Interest will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding March 1, 2018, in which event such Bond shall bear interest from the date of delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15<sup>th</sup>) day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such certificated Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5<sup>th</sup>) day preceding the date of mailing.

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

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

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

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

Neither the School District nor the Paying Agent shall be required (a) to register the transfer of or exchange of any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15<sup>th</sup>) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date or (c) to register the transfer of or to exchange any Bond during the period beginning at the close of business on the fifteenth day preceding the date of maturity of the Bond and ending at the close of business on the date of maturity. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

## SECURITY FOR THE BONDS

### General Obligation Pledge

The Bonds are general obligations of the School District and are payable from its local taxes, state subsidies and other general revenues. The School District has covenanted in the Resolution that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and available taxing power, which taxing power presently includes *ad valorem* taxes on all taxable property within the School District, within limitations provided by law. (See **“TAXING POWERS AND LIMITS”** and **“PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS”** herein.) The Debt Act presently provides for enforcement of debt service payments as hereinafter described (see **“Actions in the Event of Default on the Bonds”** herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see **“State Subsidy Intercept Under Section 633 of the Pennsylvania School Code”** herein).

### Sinking Fund

A sinking fund for the payment of debt service on the Bonds, which may be designated New Castle Area School District “Sinking Fund, General Obligation Bonds, Series of 2017” (the “Sinking Fund”), has been created in accordance with the Resolution and will be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds (or such earlier date as may be required by the Bond Insurer) so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and principal then due on the Bonds.

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

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

### State Subsidy Intercept under Section 633 of the Pennsylvania School Code

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 154 of 1998 (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

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

### Pennsylvania Budget Adoption

Over the past several years the Commonwealth of Pennsylvania has, from time to time, started its fiscal year without a fully adopted state budget. In the State’s 2015-16 fiscal year, a final budget was not enacted until 270 days following the beginning of the fiscal year on March 27, 2016 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on March 17, 2016.

For the 2016-17 fiscal year, the state budget became law, known as Act 16A of 2016, on July 12, 2016 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on July 1, 2016. On July 13, 2016, the General Assembly adopted and the Governor signed into law an additional tax and revenue package, known as Act 85 of 2016, which was needed to balance the 2016-17 state budget.

During a state budget impasse, school districts in Pennsylvania cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. **Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code, as described above. However recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses (see “Act 85 of 2016” hereinafter).**

For the 2017-18 fiscal year, the state budget became law, known as Act 1A of 2017, on July 11, 2017 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on June 30, 2017. Since that time, the General Assembly has considered, but has not yet adopted, any tax and revenue package, as the same is needed in order to balance the 2017-18 state budget. In light of this failure, the Governor has made various public pronouncements of the impending need to defer or eliminate budgeted expenditures in order to achieve a balanced budget. No assurances can be provided as to when or if the General Assembly will adopt a tax and revenue package as is necessary to balance the state budget, or as to the effect on the School District’s financial condition of further delays or a continuing failure to balance the state budget.

### **Act 85 of 2016**

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

Act 85 of 2016 includes in the definition of “intercept statutes” Section 633 of the Public School Code. The School District’s general obligation bonds, including the Bonds, are subject to Section 633 of the Public School Code.

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

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school district; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated and paid to the paying agent on the day the scheduled payment for principal and interest is due, but not earlier than the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

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

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

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation. Act 85 is recent legislation. No assurances can be provided regarding the timeliness and manner of PDE application and enforcement of Act 85’s provisions in the event of a budget impasse. Given Act 85’s requirements for the presentation of a justification to leadership chairs in the General Assembly, and their generation of comment, no assurances can be given regarding the timeliness of payments, even if funds are available for the same.

## **Actions in the Event of Default on the Bonds**

Subject to the exclusive representation of Bondholders by a trustee appointed under the Act as described in the following paragraph, if the School District fails or neglects to pay principal or interest on any of the Bonds as it becomes due and payable, and such failure continues for thirty days, the holder of such Bond may bring suit in the Court of Common Pleas of the county in which the School District is located (Lawrence County) and any judgment recovered shall have an appropriate priority upon the money next coming into the treasury of the School District, all as provided in the Act. The Act also provides other remedies to Bondholders to enforce the School District's covenants in respect of payment of the Bonds.

In the event the School District defaults in the payment of the principal of or the interest on any of the Bonds after the same shall become due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Act provides that the holders of 25% in aggregate principal amount of the Bonds then outstanding may, upon appropriate action, appoint a trustee to represent the Bondholders. The trustee may, and upon request of the holders of 25% in principal amount of the Bonds then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Bondholders as is more specifically set forth in the Act. Such representation by the trustee shall be exclusive.

## **MUNICIPAL BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Appendix C 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.

### **Assured Guaranty Municipal Corp.**

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Current Financial Strength Ratings*

On June 26, 2017, S&P issued a research update report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

### *Capitalization of AGM*

At June 30, 2017:

- The policyholders' surplus of AGM was approximately \$2,222 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,289 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves of AGM and its subsidiaries (as described below) were approximately \$1,699 million. Such amount includes (i) 100% of the net unearned premium reserves of AGM and AGM's wholly owned subsidiaries Assured Guaranty (Europe) plc, Assured Guaranty (UK) plc, CIFG Europe S.A. and Assured Guaranty (London) plc (together, the "AGM European Subsidiaries") and (ii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves and net unearned premium reserves of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves of the AGM European Subsidiaries were determined in accordance with accounting principles generally accepted in the United States of America.

### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (filed by AGL with the SEC on February 24, 2017);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 (filed by AGL with the SEC on May 5, 2017); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 (filed by AGL with the SEC on August 3, 2017).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

### *Miscellaneous Matters*

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading "**MUNICIPAL BOND INSURANCE**".

## BOND INSURANCE RISK FACTORS

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

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

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

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

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

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

## BOOK-ENTRY ONLY SYSTEM

***The information in this section has been provided by The Depository Trust Company, New York, New York ("DTC") and is not deemed to be a representation of the School District or the Underwriter.***

DTC, New York, New York, will act as 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 certificate will be issued for each maturity of the Bonds, respectively, 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has

Standard & Poor's highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of 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 system for the Bonds is discontinued.**

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

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

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

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

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

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

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

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

## Disclaimer of Liability for Failures of DTC

The School District and the Underwriter cannot and do not give any assurances that DTC, the Direct and Indirect Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the owner of Bonds, or will distribute any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The School District and the Underwriter are not responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds, or any error or delay relating thereto.

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 (other than under the caption "**TAX MATTERS - Federal Tax Exemption**") shall mean Cede & Co. and shall not mean the beneficial owners of the bonds. Payments made by the paying agent to DTC or its nominee shall satisfy the School District's obligations with respect to the Bonds to the extent of such payments.

## Discontinuance of Book-Entry-Only System

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the School District and the Paying Agent. In addition, the School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). Under either of such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates are required to be printed and delivered, and the following provisions of the Paying Agent Agreement will apply: (i) principal or redemption price of the Bonds will be payable upon surrender of the Bonds at the designated corporate trust office of the Paying Agent located in Pittsburgh, Pennsylvania; (ii) Bonds may be transferred or exchanged for other Bonds of authorized denominations at the designated office of the Paying Agent of the Bonds, without cost to the owner thereof except for any tax or other governmental charge; and (iii) Bonds will be issued in denominations as described above under "**THE BONDS**".

## REDEMPTION OF THE BONDS

### Optional Redemption

The Bonds stated to mature on or after March 1, 2024, are subject to redemption prior to maturity, at the option of the School District, as a whole or in part, from time to time, on March 1, 2023, or on any date thereafter (and if in part, in any order of maturity designated by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

### Mandatory Redemption

The Bonds are not subject to mandatory redemption.

### Notice of Redemption

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

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

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



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

#### **Manner of Redemption**

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

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

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

In the case of any prior, optional redemption in part of a Bond that is subject to future mandatory redemption, the District shall be entitled to designate whether the principal amount of such Bonds redeemed upon optional redemption shall be credited against the principal amount of such Bonds to be paid by the District at the stated maturity of such Bonds or credited against the principal amount of such Bonds scheduled to be called for mandatory sinking fund redemption on any particular date or dates, in each case in an integral multiple of \$5,000 principal amount.

### **THE SCHOOL DISTRICT**

#### **Introduction**

The New Castle Area School District is a Pennsylvania school district of the Third Class. School Districts within Pennsylvania are ranked by the Pennsylvania Department of Education as First, Second, Third or Fourth Class according to population. The School District is located in the center of Lawrence County and encompasses the City of New Castle and Taylor Township. The School District is located approximately fifty (50) miles north of the City of Pittsburgh. The School District had a population in 2010 of 24,325 and covers an area of approximately 8.11 square miles.

## Organization and Central Administration

The School District is governed by a nine (9) member Board of School Directors, comprised of residents of the School District who are elected by region on a staggered basis for a four-year term of office. The daily operations and management of the School District are overseen by the Superintendent of Schools, who is the chief educational officer of the School District. Budget preparation and control are overseen by the Director of Business Affairs. The current enrollment of the School District is 3,280 and the School District currently operates two elementary school, one intermediate school and a Jr./Sr. high school. (See “**SCHOOL DISTRICT FACILITIES**” in the table below). The budget for the fiscal year ending June 30, 2018, is \$51,331,437 and the total employment of the School District is currently comprised of 429, which does not include teaching substitutes and coaches. (See “**LABOR RELATIONS**” herein).

**TABLE 1**  
**SCHOOL DISTRICT FACILITIES**

	Original	Additions/			
	Construction	Renovations		Pupil	2016-17
Facility	Date	Date(s)	Grades	Capacity	Enrollment <sup>(1)</sup>
<b>Elementary:</b>					
Croton Building – Pre-K	1963	1988	Pre-K	150	100
Harry W. Lockley Early Learning Center	1954	1969/2013	K-3	1,000	926
<b>Intermediate School:</b>					
George Washington	1927	1988	4-6	1,200	1004
<b>High School:</b>					
New Castle Jr./Sr. High	2002	--	7-12	1,900	1,250
			Total	<b>4,250</b>	<b>3,280</b>

<sup>(1)</sup> As of June 30, 2017

Sources: School District

## Enrollment Trends

The following table presents recent trends in school enrollment.

**TABLE 2**  
**ENROLLMENT TRENDS**

Actual and Projected Enrollment			
School Year	Elementary Grades (K - 6)	Secondary Grades (7 - 12)	Total
2012-13	1,829	1,295	3,124
2013-14	1,900	1,239	3,139
2014-15	1,855	1,310	3,165
2015-16	1,849	1,301	3,150
2016-17	2,030	1,250	3,280
2017-18 (1)	1,850	1,300	3,200
2018-19 (1)	1,850	1,300	3,150
2019-20 (1)	1,850	1,300	3,150

<sup>(1)</sup> Projected

Source: School District

## **SCHOOL DISTRICT FINANCES**

### **Introduction**

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

### **Financial Reporting**

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

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

The School District's auditor has not been engaged to perform, and has not performed since the date of its report included as an appendix to this Official Statement, any procedure on the financial statement addressed in the report. Such auditor also has not performed any procedures relating to this Official Statement.

### **Budgeting Process in School Districts under the Taxpayer Relief Act, as amended (Act 1)**

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

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act (Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act No. 25 of 2011 ("Act 1")), all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the School Board 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 and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under Act 1 (hereinafter defined).

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

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

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

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

Act 1 requires a School District to prepare and file a preliminary budget when the District desires to increase its property taxes above the Act 1 index. To increase its property taxes above the Act 1 index, the District must apply for exceptions to the referendum requirement under Act 1, or prepare a referendum to be placed on the ballot of the next primary election in May.

Status of 2017-18 Budget Under Act 1. The Index applicable to the School District in the 2017-18 fiscal year is 3.9%. The District's budget for fiscal year 2017-18 did NOT include an increase to real estate tax.

### **Annual Financial Statements**

The School District's annual financial statements for the fiscal years ended June 30, 2012 through 2016, inclusive, have been filed by the School District on EMMA (as hereinafter defined) (<http://emma.msrb.org>). Such financial statements are incorporated herein by reference.

### **Summary and Discussion of Financial Results**

Tables 3 and 4 which follow present, in summary format, annual comparisons of the District's General Fund Balance Sheet and its Revenues and Expenditures. Table 5 is a Summary of the District's fiscal year 2017-18 General Fund Budget.

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**TABLE 3**  
**NEW CASTLE AREA SCHOOL DISTRICT**  
**SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET**  
**(Years Ending June 30)**

	2012	2013	2014	2015	2016
<b>ASSETS</b>					
Cash	\$ 15,679,108	\$ 14,378,005	\$ 9,804,288	\$ 7,122,713	\$ 2,765,067
Property Taxes Receivable	2,794,770	2,855,575	2,695,554	2,438,065	2,385,461
Due From Other Funds	1,007,681	855,510	882,427	1,911,559	2,260,740
Due From Other Governments	1,153,723	829,891	1,005,843	1,359,296	2,161,175
State Subsidy Receivable	547,367	712,003	1,134,074	2,172,078	3,263,615
Federal Subsidy Receivable	352,697	194,911	392,608	725,929	1,329,391
Other Receivables	24,311	26,838	55,145	185,053	42,465
Inventories	34,804	50,642	56,884	52,129	47,945
Prepaid Expenses	70,953	74,796	222,594	87,644	543,322
Other Current Assets	-	23,255	64,157	-	5,595
Total Assets	\$ 21,665,414	\$ 20,001,426	\$ 16,313,574	\$ 16,054,466	\$ 14,804,776
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Tuition	-	-	-	64,157	64,157
Total Assets and Deferred Outflows of Resources	\$ 21,665,414	\$ 20,001,426	\$ 16,313,574	\$ 16,118,623	\$ 14,868,933
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Due to Other Funds	\$ 2,558,065	\$ 728,033	\$ 749,806	\$ 1,468,197	\$ 1,068,721
Accounts Payable	899,979	1,042,362	927,920	624,352	1,042,822
Accrued Salaries and Benefits	3,448,667	3,762,531	3,993,538	2,983,188	4,883,080
Payroll Deductions and Withholding	69,341	219,247	150,666	1,557,035	151,770
Deferred Revenues	2,853,152	55,799	-	341,850	-
Other Current Liabilities	-	-	337,588	120,199	275,479
Due to Other Governments	-	140	200	1,800	1,000
Other Current Liabilities	-	-	-	-	1,800
Total Liabilities	\$ 9,829,204	\$ 5,808,112	\$ 6,159,718	\$ 7,096,621	\$ 7,424,672
<b>DEFERRED INFLOWS OF REVENUE</b>					
Unavailable Revenue-Property Taxes	-	2,855,575	2,470,200	2,180,719	2,194,486
<b>FUND BALANCES</b>					
Nonspendable Fund Balance	105,757	125,438	279,478	139,773	591,267
Restricted Fund Balance	-	-	-	4,764,177	-
Committed Fund Balance	8,371,696	8,371,696	4,764,178	-	4,564,177
Assigned Fund Balance	-	-	-	-	-
Unassigned Fund Balance	3,358,757	2,840,605	2,640,000	1,937,333	94,331
Total Fund Balance	\$ 11,836,210	\$ 11,337,739	\$ 7,683,656	\$ 6,841,283	\$ 5,249,775
Total Liabilities and Fund Balances	\$ 21,665,414	\$ 20,001,426	\$ 16,313,574	\$ 16,118,623	\$ 14,868,933
Source: District's Audited Financial Statements, for years ending June 30, 2012, 2013, 2014, 2015 and 2016					

TABLE 4					
NEW CASTLE AREA SCHOOL DISTRICT					
SUMMARY OF SCHOOL DISTRICT GENERAL FUND					
REVENUES AND EXPENDITURES					
(Years Ending June 30)					
	2012	2013	2014	2015	2016
<b>REVENUES</b>					
Local Sources	\$ 11,042,375	\$ 11,109,057	\$ 11,071,341	\$ 11,096,072	\$ 11,145,198
State Sources	28,897,419	29,091,725	31,164,028	32,255,770	33,369,353
Federal Sources	3,462,060	3,768,525	3,485,098	3,708,861	3,884,048
Total Revenues	\$ 43,401,854	\$ 43,969,307	\$ 45,720,467	\$ 47,060,703	\$ 48,398,599
<b>EXPENDITURES</b>					
Instruction	\$ 26,297,248	\$ 28,027,920	\$ 28,964,669	\$ 29,848,516	\$ 31,645,793
Support Services	11,044,183	11,360,440	12,179,855	12,719,075	13,166,468
Noninstructional Services	755,680	730,978	779,043	872,554	882,926
Capital Outlay	132,895	-	-	-	-
Debt Service (Principal and Interest)	324,241	883,434	884,138	883,910	883,882
Refund of Prior Year Receipts	-	21,767	170,857	224	2,037
Total Expenditures	\$ 38,554,247	\$ 41,024,539	\$ 42,978,562	\$ 44,324,279	\$ 46,581,106
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	4,847,607	2,944,768	2,741,905	2,736,424	1,817,493
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Borrowing	-	-	-	-	-
Interfund Transfers In	201,416	-	-	-	-
Interfund Transfers Out	(4,849,823)	(3,451,914)	(6,449,676)	(3,894,937)	(3,704,239)
Sale of Assets	800	8,675	8,016	316,140	651
Bond Premiums	-	-	-	-	-
Debt Service-Refunded Bond Issues	-	-	-	-	-
Bond Discount	-	-	-	-	-
Swap Termination Fee	-	-	-	-	-
Proceeds from Extended Term Financing	-	-	34,850	-	294,587
Other Financing Sources	-	-	10,822	-	-
Total Other Financing Sources (Uses)	\$ (4,647,607)	\$ (3,443,239)	\$ (6,395,988)	\$ (3,578,797)	\$ (3,409,001)
<b>NET CHANGE IN FUND BALANCES</b>	200,000	(498,471)	(3,654,083)	(842,373)	(1,591,508)
<b>FUND BALANCE - Beginning</b>	11,636,210	11,836,210	11,337,739	7,683,656	6,841,283
<b>CHANGE IN ACCOUNTING PRINCIPLES</b>	-	-	-	-	-
<b>FUND BALANCE - Ending</b>	\$ 11,836,210	\$ 11,337,739	\$ 7,683,656	\$ 6,841,283	\$ 5,249,775
Source: District's Audited Financial Statements for the years ending June 30, 2012, 2013, 2014, 2015 and 2016					

TABLE 5

**NEW CASTLE AREA SCHOOL DISTRICT  
FINAL GENERAL FUND BUDGET SUMMARY FOR THE  
YEAR ENDING JUNE 30, 2018**

<b>ESTIMATED REVENUES AND OTHER FINANCING SOURCES</b>				
Nonspendable Fund Balance	\$	139,765		
Restricted Fund Balance		3,908,932		
Unassigned Fund Balance		1,749,569		
<b>Total Estimated Beginning Unreserved Fund Balance Available for Appropriation and Reserves Scheduled for Liquidation During the Fiscal Year</b>			\$ 1,749,569	
<b>Estimated Revenues And Other Financing Sources</b>				
Revenues from Local Sources		11,380,028		
Revenues from State Sources		35,578,425		
Revenues from Federal Sources		3,697,984		
Other Financing Sources		230,000		
<b>Total Estimated Revenues And Other Financing Sources</b>			\$ 50,886,437	
<b>Total Estimated Fund Balance, Revenues, and Other Financing Sources Available for Appropriations</b>				<b>\$ 52,636,006</b>
<b>ESTIMATED EXPENDITURES AND OTHER FINANCING USES</b>				
Instruction		33,378,246		
Support Services		12,459,771		
Operation of Non-instructional Services		196,694		
Facilities, Construction and Improvement Services		-		
<b>Other Expenditures and Financing Uses</b>				
Debt Service/Other Expenditures and Financing Uses		4,716,726		
Interfund Transfers – Out		580,000		
<b>Total Estimated Expenditures and Other Financing Uses</b>			\$ 51,331,437	
Nonspendable Fund Balance		139,765		
Restricted Fund Balance		3,908,932		
Unassigned Fund Balance		1,304,569		
<b>Total Ending Fund Balance – Committed, Assigned, and Unassigned</b>			\$ 1,304,569	
<b>Total Estimated Ending Committed, Assigned, and Unassigned Fund Balance and Budgetary Reserve</b>				<b>\$ 5,353,266</b>
Source: New Castle Area School District General Fund Budget for Fiscal Year Ended June 30, 2018.				

## TAXING POWERS AND LIMITS

*Subject to certain limitations imposed by the Taxpayer Relief Act, as amended, ("Act 1")* (see **"PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS – The Taxpayer Relief Act, as Amended (Act 1)"** herein), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An *ad valorem* tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An *ad valorem* tax on all real property taxable for school purposes unlimited in rate, to provide funds for:
  - a) salaries and increments for the teaching and supervisory staff;
  - b) rentals due any municipal authority, or non-profit corporation, or due the State Public School Building Authority;
  - c) interest and principal on any indebtedness incurred under the Debt Act or any prior or subsequent act governing the incurrence of indebtedness of the School District; and
  - d) amortization of Bonds to finance construction of school facilities, if issued prior to the first Monday in July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not less than \$1.00 and not more than \$10.00
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (the **"Local Tax Enabling Act"**). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – **"STEB"**) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

## PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

### The Taxpayer Relief Act, as Amended (Act 1)

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



The Index exceptions which remain in Act 1 are:

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

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

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

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

<b>Fiscal Year (ending June 30)</b>	<b>Applicable Index</b>
2017-18	3.90%
2016-17	3.70%
2015-16	3.00%
2014-15	3.30%
2013-14	2.70%
2012-13	2.60%

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

A board of school directors may submit, but is not required to submit, a referendum question to the voters at the municipal election seeking approval to levy or increase the rate of an EIT or impose a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT may not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

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

The Bonds described in this Official Statement are being issued to refund indebtedness that was originally incurred (in a series of prior refundings) by the School District under the Local Government Unit Debt Act prior to June 27, 2006, the effective date of the Taxpayer Relief Act and hence said Bonds are grandfathered under the exception from the referendum requirement of the Relief Act described in paragraph 1 above. However, if the School District desires to increase taxes under this exception, Act 1 requires that the School District first apply for the approval of the Pennsylvania Department of Education.

**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.**

## Act 130 of 2008

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

The School District has not placed, and does not expect to place, a referendum question on the ballot that would authorize a change in the occupation tax.

## Act 48 of 2003

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is less than a specified percentage of the total budgeted expenditures, as set forth below:

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

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

The total budgeted expenditures in the School District's budget for the 2017-18 fiscal year are \$51,331,437. The School District's estimated ending unassigned fund balance is \$1,304,569 which, as a percentage of total budgeted expenditures for the 2017-18 fiscal year equals 2.50%.

**SET FORTH IN THE TWO IMMEDIATELY PRECEDING TWO SUBSECTIONS ARE SUMMARIES OF PORTIONS OF ACT 130 OF 2008 AND ACT 48 OF 2003. THESE SUMMARIES ARE NOT INTENDED TO BE EXHAUSTIVE DISCUSSIONS OF THE PROVISIONS OF ACT 130 OF 2008 OR ACT 48 OF 2003 NOR A LEGAL INTERPRETATION OF ANY PROVISIONS THEREOF. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 130 OF 2008 AND ACT 48 OF 2003 AND CONSULT WITH HIS OR HER ATTORNEY AND/OR TAX ADVISOR AS PART OF ANY DECISION TO PURCHASE THE BONDS.**

## Tax Levy Trends

Table 6 shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, the City and the Township that comprise the School District and Lawrence County.

TABLE 6

**NEW CASTLE AREA SCHOOL DISTRICT  
TAX RATES**

			<b>Real Estate</b>	<b>Wage and</b>
	<b>Real Estate</b>	<b>Per Capita<sup>(1)</sup></b>	<b>Transfer</b>	<b>Income</b>
<b>Year</b>	<b>(mills)</b>	<b>(\$)</b>	<b>(%)</b>	<b>(%)</b>
2012-13	17.27	15.00	0.50	0.50
2013-14	17.27	15.00	0.50	0.50
2014-15	17.27	15.00	0.50	0.50
2015-16	17.27	15.00	0.50	0.50
2016-17	17.27	15.00	0.50	0.50
2017-18	17.27	15.00	0.50	0.50

<sup>(1)</sup> \$10.00 under Act 511 and \$5.00 under School Code

Source: School District

TABLE 7

**NEW CASTLE AREA SCHOOL DISTRICT  
COMPARATIVE TAX LEVY TRENDS  
(Mills on Assessed Value)**

	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<b>School District</b>	17.27	17.27	17.27	17.27	17.27
<b>Municipalities</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
City of New Castle	11.726	11.726	11.726	12.726	13.726
Township of Taylor	2.54	2.54	2.54	2.54	3.54
County of Lawrence	6.263	6.698	6.698	6.999	6.999

Source: County of Lawrence

## Real Property Tax

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

**TABLE 8**  
**NEW CASTLE AREA SCHOOL DISTRICT**  
**REAL PROPERTY TAX COLLECTION DATA**

School Year	Assessed Valuation	Mills	Gross Tax Levy	Current Collections (1)	Current Collections to Levy	Total Collections (4)	Total Collections to Levy
2010-11	\$ 533,633,300	17.27	\$ 9,215,847	\$ 7,521,875	81.62%	\$ 9,220,327	100.05%
2011-12	526,943,823	17.27	9,100,320	7,717,707	84.81%	9,525,796	104.68%
2012-13	529,042,923	17.27	9,136,571	7,759,186	84.92%	9,133,314	99.96%
2013-14	534,364,950	17.27	9,228,483	7,757,444	84.06%	9,355,152	101.37%
2014-15	533,436,415	17.27	9,212,447	7,847,962	85.19%	9,508,491	103.21%
2015-16	530,164,295	17.27	9,155,937	7,837,031	85.60%	9,369,375	102.33%
2016-17 (2)	533,436,415	17.27	9,212,447	7,782,547	84.48%	9,280,891	100.74%
2017-18 (3)	529,265,895	17.27	9,140,422	7,769,359	85.00%	9,361,758	102.42%
(1) Includes Tax Relief for Homestead Exclusions							
(2) Estimated							
(3) Budgeted							
(4) Includes delinquent real estate collections and inclusion of Homestead monies from the State of Pennsylvania							

Source: School District

**TABLE 9**  
**NEW CASTLE AREA SCHOOL DISTRICT**  
**REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2011-12	\$ 489,041,033	\$ 526,943,823	107.75%
2012-13	523,722,239	529,042,923	101.02%
2013-14	533,513,232	534,364,950	100.16%
2014-15	553,260,952	536,030,275	96.89%
2015-16	547,165,926	531,681,615	97.17%
2016-17	538,632,641	527,492,415	97.93%
2017-18 (1)	547,165,926	529,265,895	96.73%
(1) Based PDE - 2028 - Final General Fund Budget 2017-18			

Source: Pennsylvania State Tax Equalization Board and District's 2017-18 Budget

TABLE 10

**NEW CASTLE AREA SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	<b>2015-16</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2016-17</b>
	<b>Market Value</b>	<b>Assessed Value</b>	<b>Market Value</b>	<b>Assessed Value</b>
<b>School District</b>	\$ 547,165,926	\$ 531,681,615	\$ 538,632,641	\$ 527,492,415
	<b>2015</b>	<b>2015</b>	<b>2016</b>	<b>2016</b>
	<b>Market Value</b>	<b>Assessed Value</b>	<b>Market Value</b>	<b>Assessed Value</b>
City of New Castle	\$ 508,128,249	\$ 493,153,320	\$ 501,134,275	\$ 488,990,820
Township of Taylor	39,037,677	38,528,295	37,498,366	38,501,595
County of Lawrence	3,698,312,810	3,528,008,175	3,823,276,159	3,549,730,305

Source: Pennsylvania State Tax Equalization Board.

TABLE 11

**NEW CASTLE AREA SCHOOL DISTRICT  
ASSESSMENT BY LAND USE**

	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
Residential	\$377,933,343	\$377,062,970	\$378,224,190	\$375,840,210	\$373,613,510
Lots	6,114,800	6,085,000	7,381,785	7,128,505	6,948,005
Industrial	46,194,300	46,240,900	42,874,200	42,891,400	42,457,100
Commercial	96,418,680	102,419,680	105,632,400	103,897,000	102,524,200
Agriculture	50,900	50,900	549,500	549,500	555,300
Land	459,900	659,600	1,279,700	1,286,500	1,305,800
Mineral	0	0	0	0	0
Trailers	1,871,000	1,845,900	88,500	88,500	88,500
<b>Total</b>	<b>\$529,042,923</b>	<b>\$534,364,950</b>	<b>\$536,030,275</b>	<b>\$531,681,615</b>	<b>\$527,492,415</b>

Source: Pennsylvania State Tax Equalization Board.

The ten largest real property taxpayers, together with FY 2017-18 assessed values, are shown in Table 12. The aggregate assessed value of these taxpayers' totals approximately 5.60% percent of total assessed value. Total assessed value of the District for FY 2017-18 is approximately \$529,265,895 (based on the District's 2017-18 Budget).

**TABLE 12**  
**NEW CASTLE AREA SCHOOL DISTRICT**  
**TEN LARGEST REAL PROPERTY TAXPAYERS, 2017-18**

<b>Taxpayer</b>	<b>Industry</b>	<b>2017-18 Assessed Value</b>	<b>Percentage of Total Assessment (1)</b>
Ohio Pennsylvania Prop LLC	Real estate	\$ 7,900,000	1.49%
Orion Power Midwest, LP	Power Company	4,200,100	0.79%
Westview Terrace Estates, LP	Housing	4,047,800	0.76%
Cascade Commons	Retail Shopping Mall	3,190,800	0.60%
Steelite Real Estate Holdings, Inc.	Real Estate	2,179,300	0.41%
Weitsman New Castle Realty LLC	Real Estate	1,882,400	0.36%
Ellwood Industrial Facilities Co	Manufacturer	1,676,600	0.32%
Golden Hill Nursing Home Inc.	Nursing Home	1,562,000	0.30%
Haven Convalescent Home	Convalescent Home	1,555,000	0.29%
Blair Strip Steel	Steel Mill	1,451,700	0.27%
<b>Total</b>		<b>\$ 29,645,700</b>	<b>5.60%</b>
(1) Based on 2017-18 budgeted assessed value of \$529,265,895			

Source: School District

#### **Other Taxes**

Under Act 511, the School District is expected to collect \$1,645,500 in other taxes in 2017-18. Among the taxes authorized by Act 511, are the Per Capita Taxes, the Real Estate Transfer Taxes and Earned Income Taxes (including net profits). The Act 511 limit, equal to 12 mills on the market value of real property of \$547,165,926, is \$6,565,991.

*Real Estate Transfer.* The School District collects a tax of 0.50% of the value of real estate transfers. In 2017-18, the District expects to collect \$120,000, or approximately 0.23% of total revenue\*.

*Earned Income Tax (including net profits).* The School District levies a tax of 0.50% on the earned income and net profits of residents. In 2017-18, the District expects to collect \$1,455,000 or approximately 2.76% of total revenue\*.

*Per Capita Taxes.* A tax of \$15.00 (\$10.00 under Act 511 (\$70,500) and \$5.00 under the Public-School Code (\$37,500) on each resident over 18 years old is expected to yield \$108,000 or less than one percent total revenue\*.

\*Based on total revenues of \$52,636,006

Source: School District 2017-18 Budget

## COMMONWEALTH AID TO SCHOOL DISTRICTS

### General

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

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

### Current Lack of State Appropriations for Debt Service Subsidies

State law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of debt service on the Bonds upon final approval of the Department of Education. Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio. The School District officials have estimated that the "Reimbursable Percentage" of the Bonds will be a maximum of 25.64 percent. The School District's Aid Ratio for the 2017-18 school year is currently 83.05 percent. The product of these two factors for the Bonds is 21.29 percent which is the percentage of debt service which will be reimbursed by the Commonwealth. In future years, this percentage may change as the School District's Aid Ratio changes, or as a result of future legislation. The Aid Ratio is a function of the market value per weighted average daily membership of the School District relative to that of other school districts of the Commonwealth.

In May of 2016, owing to certain previous failures to adequately fund debt service subsidies, the General Assembly enacted legislation, known as Act 25 ("Act 25"), which contained authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon program. This new moratorium went into effect with the adoption of the 2017-18 Commonwealth Budget and is scheduled to expire on June 30, 2018.

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

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

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

Table 13 which follows shows the debt of the School District as of the date of delivery, including the issuance of the Bonds.

**TABLE 13**  
**NEW CASTLE AREA SCHOOL DISTRICT**  
**DEBT AND DEBT LIMITS**  
(as of Date of Delivery)

	<b>ELECTORAL</b>	<b>NON-ELECTORAL</b>	<b>LEASE RENTAL</b>
Gross Indebtedness of the School District			
General Obligation Debt			
GON, Series of 2015		\$ 181,662	
GOB, Series of 2012		8,840,000	
GON, Series of 2011 (QSCB)		17,350,000	
GOB, Series A of 2011		23,290,000	
GOB, Series C of 2011		1,840,000	
GOB, Series of 2010		1,265,000	
Lease Rental			-
Total		\$ 52,766,662	-
Self-liquidating or subsidized debt (per concurrent proceedings for exclusion or as previously excluded with section 410(b))		-	
Debt no longer outstanding (after settlement of the debt being incurred) is:			
GOB, Series of 2010		\$ 1,265,000	
GOB, Series of 2012		8,345,000	
Other deductions:		-	
Debt incurred (pursuant to these proceedings) is:			
GOB, Series of 2017		\$ 9,995,000	
Net indebtedness is:			
ELECTORAL	-		
NON-ELECTORAL		\$ 53,151,662	
LEASE RENTAL SUB-TOTAL			-
NON-ELECTORAL PLUS LEASE RENTAL			\$ 53,151,662
BORROWING BASE IS:	\$ 49,187,978		
DEBT LIMITS ARE:			
a) Nonelectoral plus lease rental (225% of borrowing base)			\$ 110,672,951
b) Remaining borrowing capacity			\$ 57,521,289

Source: School District, US Census Bureau and the Pennsylvania Tax Equalization Board



TABLE 14

**NEW CASTLE AREA SCHOOL DISTRICT  
BONDED INDEBTEDNESS  
(as of Date of Delivery – Includes this issue)**

	<b>Gross Outstanding</b>	<b>Net Outstanding (1)</b>
<b>Direct Debt</b>		
<b>Nonelectoral Debt</b>		
GOB, Series of 2017 (this issue)	\$ 9,995,000	\$ 7,866,663
GON, Series of 2015	181,662	181,662
GOB, Series of 2012	495,000	390,170
GON, Series of 2011 (QSCB)	17,350,000	13,368,745
GOB, Series A of 2011	23,290,000	18,245,516
GOB, Series C of 2011	1,840,000	1,417,780
<b>Gross Direct Debt</b>	<b>\$ 53,151,662</b>	<b>\$ 41,470,537</b>
<b>Overlapping Debt</b>		
Municipal Debt (100%)	\$ 26,957,000	\$ 26,957,000
Share of Lawrence County Debt (14.86%)	6,077,026	6,077,026
<b>Total Overlapping Debt</b>	<b>\$ 33,034,026</b>	<b>\$ 33,034,026</b>
<b>Total Direct and Overlapping Debt</b>	<b>\$ 86,185,688</b>	<b>\$ 74,504,562</b>
<b>DEBT RATIOS</b>		
<b>Direct Debt to:</b>		
Market Value	9.87%	7.70%
Assessed Value	10.08%	7.86%
Per Capita	\$ 2,185	\$ 1,705
<b>Direct and Overlapping Debt to:</b>		
Market Value	16.00%	13.83%
Assessed Value	16.34%	14.12%
Per Capita	\$ 3,543	\$ 3,063
Lawrence County Assessed Value (2016)	\$ 3,549,730,305	
New Castle ASD Assessed Value (2016-17)	\$ 527,492,415	
New Castle ASD Market Value (2016-17)	\$ 538,632,641	
Population (2010)	24,325	

<sup>(1)</sup> Based on the District's State Aid Ratio of 83.05% for the fiscal year 2017-18

Source: School District, US Census Bureau and the Pennsylvania Tax Equalization Board

## 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 2014-15 (less deductions) .....	\$47,296,706
Total Revenues for 2015-16 (less deductions) .....	\$49,267,229
Total ESTIMATED Revenues for 2016-17 (less deductions) .....	\$51,000,000
Total Revenues, Past Three Years.....	\$147,563,935
Annual Arithmetic Average (Borrowing Base).....	\$49,187,978

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:

	<b><u>Legal Limit</u></b>	<b><u>Net Debt Outstanding*</u></b>	<b><u>Remaining Borrowing Capacity</u></b>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$110,672,951	\$53,151,662	\$57,521,289

\*Includes the Bonds offered through this Official Statement.

Source: School District

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## Debt Service Requirements

See Appendix D “**SUMMARY OF OUTSTANDING ANNUAL DEBT SERVICE**” which represents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

Table 15 calculates the extent to which Commonwealth Aid covers debt service and lease rental requirements.

**TABLE 15**

**NEW CASTLE AREA SCHOOL DISTRICT  
COVERAGE OF GROSS DEBT SERVICE AND LEASE RENTAL REQUIREMENTS**

2017-18 Estimated Commonwealth Aid .....	\$35,578,425
2018-19 Estimated Gross Debt Service Requirements <sup>(1)</sup> .....	\$3,681,759
Maximum Future Debt Service Requirements after Issuance of Bonds .....	\$3,988,096
Coverage of 2018-19 Debt Service Requirements .....	9.66x
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds .....	8.92x

<sup>(1)</sup> Debt service is prior to state reimbursement but after federal subsidy on the 2011 QSCBs

## LABOR RELATIONS

School District employees are represented by two separate unions. All of the School District's teachers, personal care assistants and secretarial staff are represented by the American Federation of Teachers. The teachers' contract expires on August 31, 2020. The personal care assistants' contract expires on June 30, 2019. The Secretaries' contract expires on June 30, 2021. The School District's cafeteria workers and custodians are represented by General Teamsters Local 261. The cafeteria workers' contract expires June 30, 2021 and the custodians' contract expires June 30, 2021.

The following table shows School District employment as of June 30, 2017:

Type of Personnel	Number
Administrative/Supervisory	24
Professional/Instructional	250
Custodial, Maintenance and Support	155
Total	429

Source: School District

## PENSION PROGRAM

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated and guaranteed by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program. (However, please note judicial decisions have removed the hourly *de minimis* requirement for current members of PSERS regarding the purchase of credit for their part-time school service rendered prior to becoming members of PSERS, for purposes of increasing their pension benefits.)

Contributions are required by active members, School Districts, and the Commonwealth as established by the Public School Employees' Retirement Code. Active members who joined PSERS prior to July 22, 1983, and who had no break in their public school service, contribute at 5.25% or at 6.50% of the member's qualifying compensation, depending on each member's class. Members who returned to public school service or who joined PSERS on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute at 6.25% or at 7.50% of the member's qualifying compensation, depending on each member's class. Members who joined PSERS after June 30, 2001, contribute at 7.50%. For all new hires and for members who elected to do so, the higher contribution rates began with service rendered on or after January 21, 2002. Act 120 of 2010 was passed by the General Assembly on November 15 and signed by Governor Rendell on November 23, 2010. The benefit reductions contained in this legislation will only impact individuals who became new members of PSERS on or after July 1, 2011. New members will have the option of selecting one of 2 new classes. The members selecting class T-E, will contribute a base rate of 7.5% with "shared risk" contribution levels between 7.5% and 9.5% and a pension multiplier of 2.0%. Members selecting class T-F will contribute a base rate of 10.3% with shared risk contribution levels between 10.3% and 12.3% and a pension multiplier of 2.5%.

The PSERS Board of Trustees has set the fiscal year 2017-18 employer retirement contribution rate at 32.57% of payroll. The fiscal year 2018-19 rate is expected to be set at 34.18%. Current financial projections indicate the possibility of increases in the contribution rate in future years. For further discussions of this increase, please refer to the PSERS website on the Internet: [www.users.state.pa.us](http://www.users.state.pa.us).

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

Under Act 5 of 2017 (signed into law on June 12, 2017), PSERS will begin to move from its historic character as a defined benefit system to a defined contribution system. Beginning July 1, 2019, in addition to other transition rules and options based on members' classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019 will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

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

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

Shown below is a summary of the School District's annual retirement contributions to the pension program.

2010-11	\$ 1,200,612
2011-12	1,793,805
2012-13	2,544,980
2013-14	3,576,675
2014-15	4,344,447
2015-16	5,628,759
2016-17 (estimated)	5,827,945
2017-18 (budgeted)	6,272,118

The School District is current in all payments.

PSERS is also funded through investment earnings and mandatory member contributions. Member contributions of approximately \$1 billion are expected in fiscal year 2017-18.

**Sensitivity of the District's proportionate share of the net position liability to changes in the discount rate:**

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>Rate (6.50%)</b>	<b>Rate (7.50%)</b>	<b>Rate (8.50%)</b>
District's proportionate share of the net pension liability	\$88,574,000	\$71,860,000	\$57,812,000

**For further information, please refer to Note 12 Page 51 of the June 30, 2016 Audit in Appendix B of this Official Statement.**

Source: Pennsylvania School Board Association at [www.PSBA.org](http://www.PSBA.org) and PSERS at [www.PSERS.state.pa.us](http://www.PSERS.state.pa.us)

## **Other Post-Employment Benefits**

The School District provides certain health care benefits for its retirees (commonly referred to as “other post-employment benefits” or “OPEB”). The School District has become subject to the requirements of GASB Statements No. 43 and 45, which require the present value of future OPEB to be reflected as a liability on the School District’s financial statements, commencing with the School District’s annual financial statements for the fiscal year ending June 30, 2009.

The School District annually appropriates funds to meet its obligation to pay such benefits on a “pay-as-you-go” basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years. In the fiscal year ended June 30, 2016, the School District’s “NET” OPEB cost was approximately \$533,743, its FY2016-17 estimate is \$787,235 and for its FY2017-18 budget, the OPEB cost is approximately \$876,211.

**For further information, please refer to Note 11 Page 49 of the June 30, 2016 Audit in Appendix B of this Official Statement.**

## **BONDHOLDER’S RISKS**

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the School District and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds and the suitability of investing in the Bonds in light of their particular, individual, circumstances. Prospective purchasers should evaluate their ability bear the risk of a loss from an investment in the Bonds and should carefully consider, among other things, the matters described below, as well as the information within this entire Official Statement.

### **Economic Factors Affecting the Financial Condition of the School District**

Changes in current economic conditions, on local, regional and national levels, could adversely affect the School District’s operating revenues and expenses and, consequently, the School District’s ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the School District; decreases in real estate tax collections; future contract negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of special education or the costs of other physical or mental health care mandated by the State or federal governments; loss or reduction of State and federal subsidies and reimbursements for operating and capital costs; delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth’s budget, as the same may effect School District revenues or the timely payment thereof.

### **Uncertainty of Tax Revenues**

There can be no firm assurance or guaranty that the School District will realize sufficient revenues through its taxing and other revenue generating powers to make full and timely payment of the debt service on the Bonds. The School District’s ability to increase its rates of taxation is limited by the provisions of Act 1. (See **“TAXING POWERS AND LIMITS”** and **“PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS—The Taxpayer Relief Act, as Amended (Act 1)”** herein).

Additionally, the availability of tax and other locally-generated revenue is dependent on the tax base within the School District and the ability of this tax base to support the tax burden imposed in any year not only by the School District, but also by such overlapping taxing authorities as Lawrence County, the City of New Castle and Taylor Township.

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

### **Competing Commonwealth Intercept Obligations**

Under current Pennsylvania law, Commonwealth subsidies to school districts can be intercepted for purposes other than to pay debt service then due and owing on school district debt. For example, Pennsylvania law authorizes the diversion of Commonwealth subsidies directly to local charter schools if the School District fails to transfer required appropriations to the charter school. Additionally, state law authorizes the diversion of state subsidies to the Public School Employees Retirement System (“PSERS”) if a school district fails to fully fund its annual contribution to the retirement system. (See **“COMMONWEALTH AID TO SCHOOL DISTRICTS”** and **“PENSION PROGRAM”** herein).

## **Commonwealth Funding Adjustments or Failure to Appropriate**

For the fiscal year ending June 30, 2018, the School District's appropriation from the Commonwealth is expected to be \$35,578,425 and such appropriation represented approximately 69.92% of the revenues of the School District. The School District's annual appropriation is dependent upon the adoption by the Commonwealth of its annual budget and corresponding appropriation legislation, which by law are supposed to be enacted prior to the start of each fiscal year beginning July 1. However, more than one Commonwealth budgets over the last several years have not been fully adopted on time, resulting in delays in the payment of such annual appropriations to school districts. See **"SECURITY FOR THE NOTES—Pennsylvania Budget Adoption"** *herein*.

## **Enforcement of Remedies; Public Education Duties**

Enforcement of a claim for payment of principal of and interest on the Bonds may be subject to the provisions of laws enacted by the United States or the Commonwealth or case law developed by competent courts applying general principles of equity, all of which could extend the time for payment or impose other constraints upon enforcement.

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

## **Actions In The Event Of Default**

If the School District fails or neglects to budget, appropriate and pay debt service on the Bonds when due, a holder or trustee may petition the Court of Common Pleas of Lawrence County, and upon a finding of such failure or neglect, the Court may direct, by order of mandamus, the School District to pay into the sinking fund established for the Bonds the first tax moneys or other available revenues or moneys thereafter received. Such judgment could mandate that the School District pay such debt service prior to all other School District expenses, including School District employee wages and benefits. Notwithstanding such provisions of law, courts generally exercise wide discretion in deciding whether to grant a writ of mandamus, and the judges who enter such orders are usually elected to the bench by local voters. Additionally, municipal officials presented with a writ could resign rather than carry out the mandamus order, in which case it is uncertain the extent to which bond purchasers would be able to cause other School District officials to pay amounts then due and owing.

In the event the School District defaults in the payment of the principal of or the interest on the Bonds after the same shall come due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Debt Act provides that the holders of 25% in aggregate principal amount of such Bonds then outstanding may, upon appropriate action, appoint a trustee to represent the Bond purchasers. The trustee may, and upon request of the holders of 25% in principal amount of such Bonds then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Bond purchasers as is more specifically set forth in the Debt Act. Such representation by the trustee shall be exclusive.

## **Financial Distress/Bankruptcy**

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

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

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

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

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

#### **No Assurance of Secondary Market for the Bonds**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. It is not the present practice of the Underwriter to make a secondary market in the bond issues for which it serves as Underwriter. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price.

#### **Risk of audit by the Internal Revenue Service**

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and bond purchasers may have no right to participate in such procedure. Neither the School District, the Underwriter nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the bond purchasers, nor to pay or reimburse the cost of any bond purchaser with respect to any audit or litigation relating to the Bonds. See "**TAX MATTERS**" herein.

### **LITIGATION**

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

## **TAX MATTERS**

### **State Tax Matters**

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

The residence of a holder of a Bond in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such other state or its political subdivisions based on the interest or other income from the Bonds.

### **Federal Income Tax Matters**

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds.

Notwithstanding Bond Counsel's opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporations' adjusted current earnings over their alternative minimum taxable income (determined without regard to such adjustment and prior to reduction for certain net operating losses).

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States of America), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

### **Original Issue Discount**

In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of any Bond sold at an original issue discount (an "OID Bond"), to the extent properly allocable to each owner of such OID Bond, is excluded from gross income for federal income tax purposes with respect to such holder. The original issue discount is the excess of the stated redemption price or principal due at maturity of such OID Bond over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such OID Bonds were sold.

Under Section 1288 of the Code, original issue discount on tax-exempt Bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of an OID Bond during any accrual period generally equals (i) the issue price of such OID Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such OID Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such OID Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes and will increase the owner's tax basis in such OID Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of an OID Bond would be treated as gain from the sale or exchange of such OID Bond. Owners of OID Bond should consult their tax advisors as to the determination for federal income tax purposes of original issue discount accrued or accredited upon purchase, sale or redemption of such OID Bonds.



## **Original Issue Premium**

An amount equal to the excess of the purchase price of the Bonds over its stated redemption price or principal due at maturity constitutes a premium on such Bonds. Those maturities of the Bonds sold at such a premium are referred to herein as "OIP Bonds." A purchaser of an OIP Bond must amortize any premium over such OIP Bond's term using constant yield principles, based on the OIP Bond's yield to maturity. As premium is amortized, the purchaser's basis in such OIP Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of such OIP Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bond at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes, and with respect to state and local tax consequences of owning such Bonds.

### *Bank Qualified*

The District has represented that it does not reasonably anticipate issuing greater than \$10,000,000 of tax-exempt obligations in calendar year 2017 and that it has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Accordingly, assuming the accuracy of such representations, Bond Counsel is of the opinion that in the case of certain banks, thrift institutions or other financial institutions owning the Bonds, a deduction is allowed for 80% of that portion of such institutions' interest expense allocable to interest on such bonds. Bond Counsel has expressed no opinion with respect to any deduction for federal tax law purposes of interest on indebtedness incurred or continued by an owner of the Bonds or a related person to purchase or carry such bonds.

### *Backup Withholding*

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Bonds who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

### *Changes in Federal and State Tax Law*

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

The Internal Revenue Service (the "Service") regularly audits tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No prediction can be made whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service may treat the School District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until such time as the audit is concluded, regardless of the ultimate outcome.

**THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL, STATE AND LOCAL TAX LAWS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE EFFECT ON THEIR FEDERAL, STATE OR LOCAL TAX LIABILITY AND GENERAL FINANCIAL AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON.**

## CONTINUING DISCLOSURE UNDERTAKING

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

- (A) Annually, not later than April 1st following the end of each fiscal year, beginning with the fiscal year ending June 30, 2018, the following financial information and operating data for the School District:
  - Audited financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units
  - A summary of the budget for the current fiscal year
- (B) In a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the School District; (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (C) in a timely manner, notice of a failure of the School District to provide the required annual financial information specified above, on or before the date specified above.

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

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

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

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

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

## COMPLIANCE WITH PREVIOUS CONTINUING DISCLOSURE UNDERTAKINGS

The School District has entered into prior undertakings to provide information pursuant to Continuing Disclosure Agreements for several outstanding bond issues. The requirements of the outstanding bond issues require the School District to submit information annually, with the shortest submission period being 180 days following the close of each fiscal year of the School District, which occurs on June 30th. The following table below provides information regarding the undertaking, annual filing deadlines and the School District's performance of its filing obligations:

Bond Issue Subject to a CDA	Fiscal Year	Annual Filing Deadline	Due Date	Date of Filing Audit	Date of Filing Budget	Date of Filing Operating Data (4)
Series of 2010	6/30/2012	180 Days	12/27/2012	9/10/2013	-	9/25/2017
Dated Date: June 15, 2010	6/30/2013	from June 30th	12/27/2013	2/26/2014	-	9/25/2017
Closing Date: June 28, 2010	6/30/2014		12/27/2014	5/11/2015 (1)	-	12/30/2014
<i>To be refunded with this issue</i>	6/30/2015	Insurer: AGM	12/27/2015	6/10/2016 (2)	-	12/29/2015
	6/30/2016		12/27/2016	3/30/2017 (3)	-	12/29/2016
Series of 2011 (QSCBs - SPSBA)	6/30/2012	December 31st	12/31/2012	9/26/2017	-	9/25/2017
Dated Date: November 3, 2011	6/30/2013		12/31/2013	9/26/2017	-	9/25/2017
Closing Date: November 3, 2011	6/30/2014		12/31/2014	5/11/2015 (1)	-	12/30/2014
	6/30/2015	Insurer: None	12/31/2015	6/10/2016 (2)	-	12/29/2015
	6/30/2016		12/31/2016	3/30/2017 (3)	-	12/29/2016
Series A of 2011	6/30/2012	270 days following	3/27/2013	9/10/2013	9/25/2017	9/25/2017
Dated Date: December 1, 2011	6/30/2013	June 30th	3/27/2014	2/26/2014	9/25/2017	9/25/2017
Closing Date: December 1, 2011	6/30/2014		3/27/2015	5/11/2015 (1)	12/30/2014	12/30/2014
	6/30/2015	Insurer: AGM	3/26/2016	6/10/2016 (2)	12/29/2015	12/29/2015
	6/30/2016		3/27/2017	3/30/2017 (3)	12/29/2016	12/29/2016
Series B of 2011	6/30/2012	270 days following	3/27/2013	9/10/2013	9/25/2017	9/25/2017
Dated Date: December 1, 2011	6/30/2013	June 30th	3/27/2014	2/26/2014	9/25/2017	9/25/2017
Closing Date: December 1, 2011	6/30/2014		3/27/2015	5/11/2015 (1)	12/30/2014	12/30/2014
<i>matured March 1st of 2016</i>	6/30/2015	Insurer: AGM	3/26/2016	6/10/2016 (2)	12/29/2015	12/29/2015
	6/30/2016		3/27/2017	-	-	-
Series C of 2011	6/30/2012	270 days following	3/27/2013	9/10/2013	9/25/2017	9/25/2017
Dated Date: December 1, 2011	6/30/2013	June 30th	3/27/2014	2/26/2014	9/25/2017	9/25/2017
Closing Date: December 1, 2011	6/30/2014		3/27/2015	5/11/2015 (1)	12/30/2014	12/30/2014
	6/30/2015	Insurer: AGM	3/26/2016	6/10/2016 (2)	12/29/2015	12/29/2015
	6/30/2016		3/27/2017	3/30/2017 (3)	12/29/2016	12/29/2016
Series of 2012	6/30/2012	270 days following	3/27/2013	9/10/2013	9/25/2017	9/25/2017
Dated Date: February 21, 2012	6/30/2013	June 30th	3/27/2014	2/26/2014	9/25/2017	9/25/2017
Closing Date: February 21, 2012	6/30/2014		3/27/2015	5/11/2015 (1)	12/30/2014	12/30/2014
<i>A portion to be refunded with this issue</i>	6/30/2015	Insurer: AGM	3/26/2016	6/10/2016 (2)	12/29/2015	12/29/2015
	6/30/2016		3/27/2017	3/30/2017 (3)	12/29/2016	12/29/2016
(1) The 2014 Annual Financial Report (which is un-audited) was filed on 12-30-14						
(2) The 2015 Annual Financial Report (which is un-audited) was filed on 12-29-15						
(3) The 2016 Annual Financial Report (which is un-audited) was filed on 12-29-16						
(4) A portion of the operating data was filed prior to the date shown above and the remainder on the date shown above						

Some of the School District's bond issues that have been outstanding during the past five (5) years have been insured by various bond insurance companies that have received rating downgrades and upgrades by S&P and/or Moody's. This information was publicly available from widely accepted information sources at the time of their respective downgrades or upgrades. For informational purposes, the School District has uploaded a summary of these rating changes relating to certain bond insurance companies on August 29, 2017.

As outlined in the table above, the School District failed to provide certain annual financial information in a timely manner during the past five (5) years, however the School District subsequently filed all the required annual financial information on the dates stated on the above table along with a "Failure to Provide" notice to the MSRB's Emma System September 26, 2017. The School District will continue to adhere to procedures that were put in place to provide timely ongoing disclosure of annual financial information and notice of material events affecting its securities.

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

## **UNDERWRITING**

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate price of \$9,781,746.30, (which represents the par amount of Bonds less underwriter's discount of \$84,957.50, minus net original issue discount of \$128,296.20). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

## **RATING**

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

## **LEGAL OPINION**

All legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Bruce E. Dice & Associates, Pittsburgh, Pennsylvania, Bond Counsel, whose approving legal opinion is printed on the Bonds. The District's Solicitor, Charles P. Sapienza, Jr., Esquire of New Castle, Pennsylvania will pass upon certain legal matters for the District.

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

## **FINANCIAL ADVISOR**

The School District has retained PFM Financial Advisors LLC ("PFM"), 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, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. PFM is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## MISCELLANEOUS

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

Use of the words "shall," "will," "must," or other words of similar import or meaning in summaries of documents or law in this Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or such obligations will be fulfilled, but only that the document or law requires or contemplates such event to occur or such obligation to be fulfilled.

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

**NEW CASTLE AREA SCHOOL DISTRICT**  
Lawrence County, Pennsylvania

By: /s/ Mr. George Gabriel  
President, Board of School Directors

By: /s/ Ms. Abbie Betley  
Secretary

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**APPENDIX A**

**DEMOGRAPHIC AND ECONOMIC INFORMATION  
RELATING TO NEW CASTLE AREA SCHOOL DISTRICT**

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## SCHOOL DISTRICT

### General

The New Castle Area School District is a Pennsylvania school district of the Third Class. School Districts within Pennsylvania are ranked by the Pennsylvania Department of Education as First, Second, Third or Fourth Class according to population. The School District is located in the center of Lawrence County and encompasses the City of New Castle and Taylor Township. The School District had a population in 2010 of 24,325 and covers an area of approximately 8.11 square miles.

**TABLE A-1**  
**AREA DEMOGRAPHIC**

### Population

	<u>2000</u>	<u>2010</u>	<u>2000-10 % Change</u>
City of New Castle	26,309	23,273	(13.05%)
Taylor Township	1,198	1,052	(13.88%)
School District	27,507	24,325	(13.08%)
Lawrence County	94,643	91,108	(3.88%)
Pennsylvania	12,281,054	12,702,379	3.32%

Source : United States Census Bureau 2000 and 2010.

### Per Capita Income – 2000 and 2011

	<u>2000</u>	<u>2011</u>	<u>2000-11 % Change</u>
City of New Castle	\$13,730	\$17,329	20.77
Taylor Township	\$15,368	N/A	N/A
Lawrence County	\$16,835	\$20,674	18.57%
Pennsylvania	\$20,880	\$25,692	18.72%

Source : United States Census Bureau – American Community Survey

### Family and Household Income - 2010

	<u>Household Income Median</u>	<u>Family Income Median</u>
City of New Castle	\$31,898	\$40,113
Taylor Township	\$44,250	\$45,302
Lawrence County	\$42,833	\$52,416
Pennsylvania	\$49,737	\$62,520

Source : United States Census Bureau

### Housing

Lawrence County 2000 census figures showed 39,635 housing units, compared to 40,975 housing units in 2011. This represents an increase of 1,340 housing units within a decade. School District 2000 census figures showed 11,703 housing units, compared to 11,798 housing units in 2011. This represents an increase of 95 housing units within a decade.

## Housing Units - 2011

	<b><u>Number</u></b>	<b><u>Owner Occupied Median Value</u></b>	<b><u>Renter Occupied Median Rent</u></b>
City of New Castle	11,304	\$57,100	\$505
Taylor Township	494	\$75,000	\$483
Lawrence County	40,975	\$90,400	\$590
Pennsylvania	5,567,315	\$152,300	\$716

Source : United States Census Bureau – American Community Survey

Table A-2 shows recent trends in labor force, employment, and unemployment for the County and the State.

**TABLE A-2**  
**RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017<sup>(1)</sup></b>
<b><i>Lawrence County</i></b>						
Civilian Labor Force (000)	43,300	43,000	42,600	42,200	42,600	41,200
Employment (000)	39,900	39,800	39,900	39,600	39,600	38,700
Unemployment (000)	3,400	3,200	2,700	2,600	3,000	2,500
Unemployment Rate	7.90%	7.50%	6.20%	6.10%	7.00%	6.10%
<b><i>Pennsylvania</i></b>						
Civilian Labor Force (000)	6,465	6,442	6,378	6,399	6,567	6,531
Employment (000)	5,957	5,964	6,009	6,088	6,170	6,183
Unemployment (000)	508	478	370	310	396	348
Unemployment Rate	7.90%	7.40%	5.80%	4.90%	6.00%	5.30%

<sup>(1)</sup>As of July 2017

**TABLE A-3**  
**TEN LARGEST EMPLOYERS IN LAWRENCE COUNTY**

<b><u>Name</u></b>	
Jameson Memorial Hospital	Health Care
ISS Facility Services Inc.	Janitorial Services
DON Services Inc.	Health Care
New Castle Area School District	Education
County of Lawrence	Government
Westminster College	Education
State Government	Government
Ellwood City Hospital	Health Care
Wal-Mart Associates	Retail
Liberty Mutual Insurance Company	Insurance

Source: Center for Workforce Information & Analysis – 4th Quarter 2016 – July 2017

## Transportation

The School District is well positioned for interstate highway travel. US Interstate 79 lies approximately 8 miles to the east and is easily accessed via US Highway 422. US Interstate 80 lies approximately 10 miles to the north and is easily accessed via State Highway 60. The Pennsylvania Turnpike (US Interstate 76) lies approximately 10 miles south and is easily accessed via State Route 18. In addition to these major and supporting highways, State Highways 65, 108, 168, 551 and 956 travel through portions of the School District and the Lawrence County area.

The Baltimore & Ohio and Pittsburgh & Lake Erie Railroads provide freight service to the area. Passenger train service is provided by AMTRAK.

Regional bus service is provided by the New Castle Area Transit Authority which operates the municipal owned buses within the City. The Authority provides service to and from adjacent shopping areas such as Westgate Plaza in Union Township, North City Plaza in Neshannock Township and Lawrence Village in Shenango Township. Long distance bus service is provided to area residents by Greyhound. Numerous charter bus providers also operate within the Lawrence County area.

The New Castle Airport is located four miles northwest of the City. The 250 acre airport has 4,000 and 2,750 foot runways complete with taxi ways, runway lighting, a rotating beacon, hangar facilities for 24 aircraft and a large tie-down and parking area. The School District's proximity to Interstate 79 also allows residents easy access to the Pittsburgh International Airport.

## Utilities

Water service is provided to the School District by the Western Pennsylvania Water Company. The electrical service is provided by Penn Power. The natural gas is provided by Columbia Gas of Pennsylvania. Sanitary sewer service is provided by New Castle Sanitation Authority and several adjacent municipal authorities. Local telephone service is provided by Verizon. Numerous long distance telephone companies service the New Castle area. Television cable service is provided by Comcast.

## Higher Education

Westminster College, located fewer than 10 miles northwest of the School District in nearby New Wilmington, is a co-educational liberal arts college founded by the United Presbyterian Church in 1852. Westminster offers over 40 undergraduate majors and pre-professional programs and one graduate program in Education. Slippery Rock University, located 10 miles from the School District in northern Butler County, is an integral institution within the Pennsylvania State System of Higher Education.

Other higher education institutions within close proximity of the School District are listed below:

<u>Institution</u>	<u>Location</u>
Youngstown State University	Youngstown
Slippery Rock University	Slippery Rock
Edinboro University	Edinboro
Clarion University	Clarion
Gannon University	Erie
Grove City College	Grove City
Allegheny College	Meadville
Westminster College	New Wilmington
Thiel College	Greenville

## **Medical Facilities**

UPMC/Jameson Memorial Hospital was founded as a successor to the original Shenango Valley Hospital. Dedicated in 1929, Jameson Memorial Hospital has expanded and modernized its facilities over the years to meet the community's growing health care needs. The Hospital is a non-profit, general hospital offering a full range of services. Some of the medical services offered by the hospital are primary and acute care, cardiology, neurology, outpatient surgery, women's healthcare, nuclear and emergency medicine, CAT scanner, ultrasound and a cancer program approved by the American College of Surgeons.

The UPMC/Jameson Memorial Hospital School of Nursing offers a 27 month program in conjunction with Slippery Rock University of Pennsylvania.

## **Recreation and Culture**

The City of New Castle maintains 22 fully equipped playgrounds within the City. In addition, the City manages three parks, over 20 baseball fields, 26 tennis courts, two lighted softball fields, three golf courses and a baseball park.

The New Castle Public Library was built in 1979 and contains in excess of 150,000 volumes. The library offers a wide range of programs for area residents of all ages. The library also serves as a site for Geneva College night school courses and provides, free of charge, two meeting rooms to local non-profit organizations. A law library which is located at the Lawrence County Courthouse is also open to the public.

New Castle is within close proximity to several quality outdoor recreational facilities maintained by the Pennsylvania Bureau of State Parks. Moraine State Park, located approximately 10 miles southeast of the School District, is a 15, 966 acre state park complete with a 3,225 acre lake, picnic pavilions, beaches, boat rentals, boat launches, a marina, hunting, hiking, biking trails, family cabins and camping areas.

McConnells Mill State Park, located near Slippery Rock, is a 2,534 acre state park facility that features a nostalgic gristmill and covered bridge nestled deep within the gorge that forms the fabled Slippery Rock Creek. Other amenities of the park include picnic pavilions, playgrounds, fishing, hunting and biking.

**APPENDIX B**

**ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016**

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NEW CASTLE AREA SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2016

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# PHILIP WEINER AND COMPANY LTD

A CERTIFIED PUBLIC ACCOUNTING FIRM

ORGANIZED 1944

INCORPORATED 1991

NEW CASTLE, PENNSYLVANIA

Board of Directors

New Castle Area School District

New Castle, Pennsylvania

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying comparative financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of New Castle Area School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table on contents.

### Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the New Castle Area School District, as of June 30, 2016, 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 Information

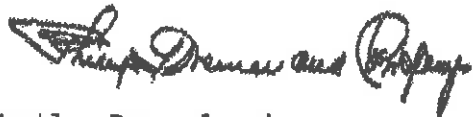
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the New Castle Area School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principle, and Audit Requirements of Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the 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 the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017, on our consideration of the New Castle Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Castle Area School District's internal control over financial reporting and compliance.



New Castle, Pennsylvania  
March 15, 2017

NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**Required Supplementary Information (RSI)**  
**June 30, 2016**

The discussion and analysis of the New Castle Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

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

**FINANCIAL HIGHLIGHTS:**

The District in 2015-2016 relied on their reserves in the approximate amount of \$1,590,000 to balance the budget. Revenues and Expenditures both increased approximately 4% based on projections. The largest increases in expenditures occurred in the area of salaries, health care, tuitions and retirement contributions. The over-all fund balance of \$5,798,266 (including Capital Reserve Fund of \$548,491) at the end of fiscal year June 2016, will allow the District to maintain real estate tax millage at its current level and no tax increases will be projected for the 2016-2017 tax year.

NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

USING ANNUAL FINANCIAL REPORT

This annual report consists of two distinct series of financial statements: district-wide and fund.

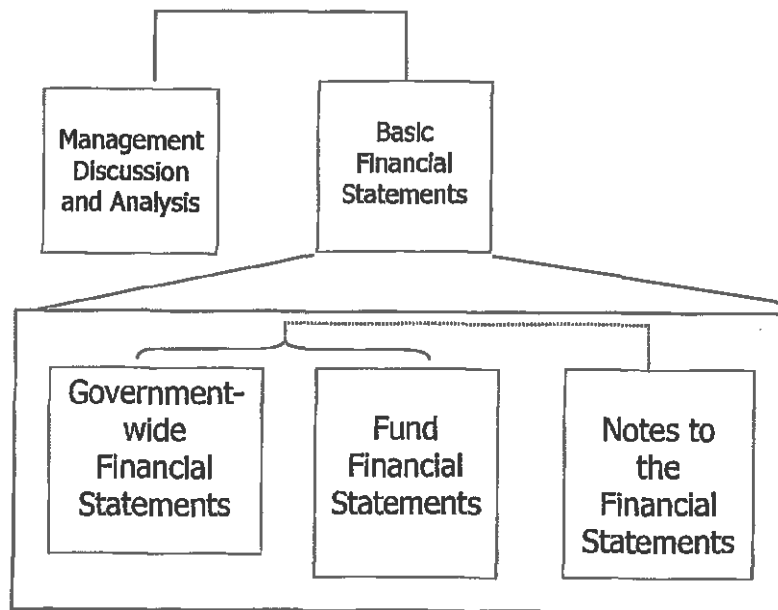
The first two statements (district-wide) are government-wide financial statements – the Statement of Net Assets and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements (fund) focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business. For the New Castle Area School District, this is our Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

Figure A-1  
Required Components of  
New Castle Area School Districts  
Financial Report



NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2  
Major Features of New Castle Area School District's  
Government-wide and Fund Financial Statements

	Government- wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else's resources – Scholarship Funds
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Assets Statement of Revenues, Expenses and Changes in Net Assets Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources 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, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
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 payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

OVERVIEW OF FINANCIAL STATEMENTS

NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

#### Government-wide Statements

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

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

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

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

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

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

#### Fund Financial Statements

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

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

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

***Fiduciary Funds*** – The District is the trustee, or fiduciary, for some scholarship funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net assets were \$51,199,834 at June 30, 2016.

Table A-1  
Fiscal Year ended June 30, 2015 and 2016  
Net Assets

	Governmental Activities	2015 Business- type Activities	Total	Governmental Activities	2016 Business- type Activities	Total
Current Assets	\$14,027,502	\$534,315	\$14,561,817	\$12,919,919	\$106,613	\$13,026,532
Capital Assets	70,469,554	4,900	70,474,454	68,704,118	3,811	68,707,929
Non-Capital Assets	277,042	0	277,042	0	0	0
Deferred Outflow Resources	<u>5,953,815</u>	<u>0</u>	<u>5,953,815</u>	<u>6,179,760</u>	<u>0</u>	<u>6,179,760</u>
Total Assets	<u>\$90,727,913</u>	<u>\$539,215</u>	<u>\$91,267,128</u>	<u>\$87,803,797</u>	<u>\$110,424</u>	<u>\$87,914,221</u>
Current Liabilities	\$ 8,443,776	\$463,572	\$ 8,907,348	\$ 9,353,081	\$ 11,426	\$ 9,364,507
Long-term liabilities	125,169,848	0	125,169,848	127,950,548	0	127,950,548
Deferred Inflow Resources	<u>4,807,000</u>	<u>0</u>	<u>4,807,000</u>	<u>1,799,000</u>	<u>0</u>	<u>1,799,000</u>
Total Liabilities	<u>\$136,613,624</u>	<u>\$463,572</u>	<u>\$134,077,196</u>	<u>\$139,102,629</u>	<u>\$ 11,426</u>	<u>\$139,114,055</u>
<b>Net Assets</b> Invested in capita assets, net of related debt	13,854,741	4,900	13859,641	13,474,507	3,811	13,478,318
Capital Projects	848,843	0	848,843	548,491	0	548,491
Unrestricted	<u>(62,396,295)</u>	<u>70,743</u>	<u>(62,325,552)</u>	<u>(65,321,830)</u>	<u>95,187</u>	<u>(65,226,643)</u>
Total Net Assets	<u>(47,692,711)</u>	<u>75,643</u>	<u>(47,617,068)</u>	<u>(51,298,832)</u>	<u>98,998</u>	<u>(51,199,834)</u>
Total Liabilities and Net Assets	<u>\$90,727,913</u>	<u>\$539,215</u>	<u>\$91,267,128</u>	<u>\$87,803,797</u>	<u>\$110,424</u>	<u>\$87,914,221</u>

Most of the District's net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are combined of designated and undesignated amounts. The designated balances are amounts set-aside to fund future purchases or capital projects as planned by the district. The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.



NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues for the year.

Table A-2  
Fiscal Year ended June 30, 2015 and 2016  
Changes in Net Position

	Governmental <u>Activities</u>	2015 Business- type <u>Activities</u>	<u>Total</u>	Governmental <u>Activities</u>	2016 Business- type <u>Activities</u>	<u>Total</u>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 205,381	\$ 105,287	\$ 310,668	\$ 292,319	\$ 112,815	\$ 405,13
Operating grants/ contributions	13,707,546	1,924,128	13,631,674	14,466,973	2,196,216	16,663,18
Capital grants/ contributions	0	0	0	0	0	
General Revenues:						
Property taxes	8,289,711	0	8,289,741	8,262,143	0	8,262,14
Other taxes	1,770,056	0	1,770,056	1,750,104	0	1,750,10
Grants, subsidies	22,989,102	0	22,989,102	23,610,546	0	23,610,54
Other	<u>275,949</u>	<u>69</u>	<u>276,018</u>	<u>94,324</u>	<u>1,162</u>	<u>95,48</u>
<b>Total revenues</b>	<u>47,237,745</u>	<u>2,029,484</u>	<u>49,267,229</u>	<u>48,476,409</u>	<u>2,310,193</u>	<u>50,786,60</u>
<b>Expenses</b>						
Instruction	33,376,741	0	33,376,741	34,832,048	0	34,832,04
Instructional student support	3,477,920	0	3,477,920	3,292,370	0	3,292,37
Administrative and financial support	4,672,531	0	4,672,531	5,106,557	0	5,106,55
Operation and maintenance of plant	3,774,086	0	3,774,086	3,775,472	0	3,755,47
Pupil transportation	1,640,987	0	1,640,987	1,664,213	0	1,664,21
Student activities	1,131,428	0	1,131,428	987,275	0	987,27
Community services	38,042	0	38,042	69,780	0	69,78
Interest on long-term debt	2,415,243	0	2,415,243	2,374,815	0	2,374,81
Food Services	<u>0</u>	<u>2,047,739</u>	<u>2,047,739</u>	<u>0</u>	<u>2,286,838</u>	<u>2,286,83</u>
<b>Total expenses</b>	<u>50,526,977</u>	<u>2,047,739</u>	<u>52,574,716</u>	<u>52,082,530</u>	<u>2,286,838</u>	<u>54,369,36</u>
<b>Increase (decrease) in net position</b>	(3,289,232)	(18,255)	(3,307,487)	(3,606,121)	23,355	(3,582,76)
<b>Beginning Net Position</b>	<u>(44,403,479)</u>	<u>93,898</u>	<u>(44,309,381)</u>	<u>(47,692,711)</u>	<u>75,643</u>	<u>(47,617,06</u>
<b>Ending Net Position</b>	<u>(\$47,692,711)</u>	<u>\$ 75,643</u>	<u>(\$47,617,068)</u>	<u>(\$51,298,832)</u>	<u>\$ 98,998</u>	<u>(\$51,199,83</u>

NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

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

Table A-3  
Fiscal Year ended June 30, 2015 and 2016 Governmental Activities

	2015		2016	
<u>Functions/Programs</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$33,376,140	\$24,358,171	\$34,832,048	\$24,708,405
Instructional student support	3,477,920	2,382,474	3,292,370	2,013,562
Administrative	4,672,531	4,027,412	5,106,557	4,595,501
Operation and maintenance	3,774,086	3,503,372	3,755,472	3,521,543
Pupil transportation	1,640,987	827,123	1,664,213	915,608
Student activities	1,131,428	995,079	987,275	918,175
Community services	38,042	19,217	69,780	(29,262)
Interest on long-term debt	2,415,243	501,202	2,374,814	679,706
<b>Total governmental activities</b>	<b>\$50,526,977</b>	<b>36,614,050</b>	<b>\$52,120,171</b>	<b>37,323,238</b>
Less:				
Unrestricted grants, subsidies		<u>22,989,102</u>		<u>23,610,546</u>
<b>Total needs from local Taxes and other revenues</b>		<b><u>\$10,335,716</u></b>		<b><u>\$10,106,571</u></b>

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

Table A-4  
Fiscal Year ended June 30, 2015 and 2016  
Business-type Activities

	2015		2016	
<u>Functions/Programs</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Food Services	\$2,047,739	(\$18,324)	\$2,286,838	\$22,193
Add:				
Investment earnings		<u>69</u>		<u>1,162</u>
<b>Total business-type activities</b>		<b><u>(\$18,255)</u></b>		<b><u>\$23,355</u></b>

The Statement of Revenues, Expenses and Changes in Fund Net Assets for this proprietary fund will further detail the actual results of operations.

NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

THE DISTRICT FUNDS

As of June 30, 2016 the District's over all fund balance is \$5,798,266. The District needed to use approximately \$1,500,000 from their reserve to balance the budget. Actual revenues were approximately 3.9% higher than projected and expenditures were approximately 4.2% higher than projected. This is largely due to an increase in retirement contributions. The District anticipates future operating savings because of the consolidation of buildings that occurred in 2015-2016 school year. The District will continue to monitor future funding and the impact it will have on our budget.

The District's used approximately \$300,000 of their Capital Reserve Fund for necessary improvements various buildings throughout the District. The District will continue to make necessary improvements to this school on an as needed basis. The District will continue to use these funds to make sure their buildings are safe and secure. The balance in the Capital Reserve Fund at the end of 2015-2016 is \$548,491.

General Fund Budget

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process. Budget revenues increase by the grant awards.

Budgeted expenditures and other financing uses also increase this same amount to compensate for the additional approved grants. Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur from the budget reserve category to specific expenditure areas.

NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2016, the District had \$88,410,610 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net decrease (including additions, deletions and depreciation) of \$1,765,436.

Table A-5  
Governmental Activities  
Capital assets - net of depreciation

	2015	2016
Land	2,275,130	2,275,130
Buildings/Site Improvements	66,545,405	64,949,124
Furniture & Equipment	1,649,019	1,479,864
Construction in Process	0	0

DEBT ADMINISTRATION

As of July 1, 2014 the District had total outstanding bond principal of \$58,930,000. During the year, the District made principal payments resulting in ending outstanding debt of \$57,076,000 as of June 30, 2015:

Table A-6  
Outstanding Debt

	2015	2016
General Obligation Notes/Bonds:		
Note, Series 2015		256,946
Bonds, Series of 2010A	1,450,000	1,360,000
Bonds, Series A of 2011	26,935,000	25,455,000
Bonds, Series B of 2011	530,000	0
Bonds, Series C of 2011	1,850,000	1,845,000
Bonds, QSCB Series C of 2011	17,365,000	17,360,000
Bonds, Series of 2012	8,940,000	8,890,000

Other obligations include accrued vacation pay, sick leave and other related post-employment benefits for specific employees of the District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District in 2015-2016 had to use approximately \$1,590,000 of its reserve funds to balance the budget. Much of this can be attributed to increases in salaries, benefits, tuition and retirement.

The revenue budget for the 2015-2016 year, saw a modest decrease in local revenues.

The comparison of revenue and expenditure categories is as follows:

Table A-7  
BUDGETED REVENUES

	2015-2016	2016-2017
Local	24.1%	22.9%
State	68.8%	68.5%
Federal/Other	7.1%	8.6%

BUDGETED EXPENDITURES

	2015-2016	2016-2017
Instruction	65.2%	62.9%
Support Services	25.3%	26.2%
Non-Instruction/Community	0.7%	1.8%
Fund Transfers/Debt	8.7%	9.1%

NEW CASTLE AREA SCHOOL DISTRICT  
NEW CASTLE, PA 16101

FUTURE ECONOMIC FACTORS

The New Castle Area School District has seen a much larger dependence on its reserves to balance their budgets over the past several years. This is mainly due to the minimal increases in State Funding as well as continued increases in salaries, benefits, retirement and tuition. The District in an effort to save tuition cost started a Cyber School, which will reflect a decrease in tuition cost in the 2016-17 school year. In addition, the District recently completed consolidation of elementary schools will reduce general operating expenditures. Students in grades Kindergarten, first and second are all housed at the H.W. Lockley Early Learning Center. All third grade students are now housed at the George Washington Intermediate School along with grades four, five and six. Because of this consolidation the District will incur savings in staffing as well as operating costs. .

The District will continue in 2016-2017 year to use their Capital Reserve Fund for District wide improvements at all their building to maintain a safe and secure learning environment. The anticipated budget for the improvements is approximately \$200,000.

The Administration will continue to monitor and make adjustments as needed to its budget to offset the continuing rising costs in salary and benefits including pension (PSERS) and hospitalization and tuition in the 2016-2017 budget year. The District will also continue to monitor the potential of increasing costs in hospitalization due to the Patient Protection and Affordable Care Act. In addition, the District is keeping a close eye on a funding shift from property taxes to wage and sales tax increases. Because of the uncertainty of this legislation, we are in the hope that this does not get approved.

As all District's, we are in the hope that funding from the State increases not only for this year but into the future. The Administration is anticipating an increase in educational resources in the 2017-2018 budget, due to a large investment in STEM and STEAM curricular studies. Because of the lack of State Funding in previous years, the District had to rely on its reserves balance the budget.

District reserves continue to be adequately funded even through some difficult funding years by the Commonwealth. As in every budget year the District will look to reduce costs in all areas as well as continuing to be aggressive in Federal, State and local grants to avoid any future potential tax increases.

The ultimate goal of the District is to continue to provide quality educational programs for our students while still remaining fiscally responsible to the taxpayers of our District.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Joseph Ambrosini, Business Manager, New Castle Area School District, 420 Fern Street, New Castle, PA 16101, 724- 656-4774.

NEW CASTLE AREA  
Statement of  
For the Year Ended

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 3,261,691	\$ 1,276,416	\$ 4,538,107
Taxes Receivable-Net	1,019,070	-0-	1,019,070
Due From Other Governments	2,161,175	-0-	2,161,175
State Revenue Receivable	3,263,615	1,420	3,265,035
Federal Revenue Receivable	1,329,391	41,289	1,370,680
Other Receivables	33,615	11,786	45,401
Inventories	47,945	19,588	67,533
Prepaid Expense	543,322	-0-	543,322
Other Current Assets	16,209	-0-	16,209
Internal Balances	<u>1,243,886</u>	<u>(1,243,886)</u>	<u>-0-</u>
Total Current Assets	<u>12,919,919</u>	<u>106,613</u>	<u>13,026,532</u>
<b>Noncurrent Assets:</b>			
Land	2,275,130	-0-	2,275,130
Site Improvements	2,412,806	-0-	2,412,806
Buildings and Improvements	78,779,783	-0-	78,779,783
Furniture and Equipment	4,942,891	29,682	4,972,573
Less: Accumulated Depreciation	<u>(19,706,492)</u>	<u>( 25,871)</u>	<u>(19,732,363)</u>
Total Capital Assets-Net of Depreciation	68,704,118	3,811	68,707,929
Total Noncurrent Assets	<u>68,704,118</u>	<u>3,811</u>	<u>68,707,929</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows Related to Pension (See Note 12)	<u>6,179,760</u>	<u>-0-</u>	<u>6,179,760</u>
Total Deferred Outflows of Resources	<u>6,179,760</u>	<u>-0-</u>	<u>6,179,760</u>
Total Assets and Deferred Outflows of Resources	\$ <u>87,803,797</u>	\$ <u>110,424</u>	\$ <u>87,914,221</u>

PHILIP WEINER AND COMPANY LTD A CERTIFIED PUBLIC ACCOUNTING FIRM NEW CASTLE, PENNSYLVANIA

The accompanying notes and auditor's report should be read with this financial statement.

SCHOOL DISTRICT  
Net Position  
June 30, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 1,043,822	\$ 2,977	\$ 1,046,799
Current Portion of Long-Term Debt			
Bonds Payable	2,371,540	-0-	2,371,540
Short-Term Obligation	8,971	-0-	8,971
Compensated Absences	387,592	-0-	387,592
Accrued Salaries and Benefits	4,883,080	-0-	4,883,080
Payroll Deductions and Withholdings	151,770	-0-	151,770
Unearned Revenues	27,571	8,449	36,020
Other Current Liabilities	<u>478,735</u>	<u>-0-</u>	<u>478,735</u>
Total Current Liabilities	<u>9,353,081</u>	<u>11,426</u>	<u>9,364,507</u>
Non-Current Liabilities:			
Portion Due After One Year			
Bonds Payable	52,845,307	-0-	52,845,307
Short-Term Obligations	3,793	-0-	3,793
Compensated Absences	2,670,048	-0-	2,670,048
Net Pension Liability	71,860,000	-0-	71,860,000
Prior Year Subsidy Payable	37,657	-0-	37,657
Other Post Employment Benefits	<u>533,743</u>	<u>-0-</u>	<u>533,743</u>
Total Non-Current Liabilities	<u>127,950,548</u>	<u>-0-</u>	<u>127,950,548</u>
Total Liabilities	<u>137,303,629</u>	<u>11,426</u>	<u>137,315,055</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pension (See Note 12)	<u>1,799,000</u>	<u>-0-</u>	<u>1,799,000</u>
<u>NET POSITION</u>			
Invested in Capital Assets-Net of Related Debt	13,474,507	3,811	13,478,318
Restricted for Capital Projects	548,491	-0-	548,491
Unrestricted	<u>( 65,321,830)</u>	<u>95,187</u>	<u>( 65,226,643)</u>
Total Net Position	<u>( 51,298,832)</u>	<u>98,998</u>	<u>( 51,199,834)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ <u>87,803,797</u>	\$ <u>110,424</u>	\$ <u>87,914,221</u>

PHILIP WEINER AND COMPANY LTD  
A CERTIFIED PUBLIC ACCOUNTING FIRM  
NEW CASTLE, PENNSYLVANIA



NEW CASTLE AREA  
Statement  
For the Year Ended

		<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR</u>	<u>OPERATING</u>	<u>CAPITAL</u>
	<u>EXPENSES</u>	<u>SERVICES</u>	<u>GRANTS AND</u>	<u>GRANTS AND</u>
<u>GOVERNMENTAL ACTIVITIES</u>		<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>	
Instruction	\$ 34,832,048	\$ 223,219	\$ 9,900,424	\$ -0-
Instructional Student Support	3,292,370	-0-	1,278,808	-0-
Administrative and Financial				
Support Service	5,106,557	-0-	511,056	-0-
Operation and Maintenance of				
Plant Services	3,755,472	-0-	233,929	-0-
Pupil Transportation	1,664,213	-0-	748,605	-0-
Student Activities	987,275	69,100	-0-	-0-
Community Services	69,780	-0-	99,042	-0-
Interest on Long-Term Debt	<u>2,374,815</u>	<u>-0-</u>	<u>1,695,109</u>	<u>-0-</u>
Total Governmental				
Activities	<u>52,082,530</u>	<u>292,319</u>	<u>14,466,973</u>	<u>-0-</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Food Service (Business-Type				
Activity)	<u>2,286,838</u>	<u>112,815</u>	<u>2,196,216</u>	<u>-0-</u>
<u>TOTAL PRIMARY GOVERNMENT</u>	\$ <u>54,369,368</u>	\$ <u>405,134</u>	\$ <u>16,663,189</u>	\$ <u>-0-</u>

GENERAL REVENUES

Taxes:

Property Taxes, Levied for General Purposes, Net  
Other Taxes  
Grants, Subsidies, Contributions Not Restricted  
Investment Earnings  
Miscellaneous Income

Total General Revenues

CHANGES IN NET POSITION

NET POSITION-BEGINNING OF FISCAL YEAR (Restated-See Note 15)

NET POSITION-END OF FISCAL YEAR

PHILIP WEINER AND COMPANY LTD  
A CERTIFIED PUBLIC ACCOUNTING FIRM  
NEW CASTLE, PENNSYLVANIA

The accompanying notes and auditor's report should be read with this financial statement.

SCHOOL DISTRICT  
of Activities  
June 30, 2016

NET (EXPENSES) REVENUES AND  
CHANGES IN NET POSITION

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
\$ (24,708,405)	\$ -0-	\$ (24,708,405)
( 2,013,562)	-0-	( 2,013,562)
( 4,595,501)	-0-	( 4,595,501)
( 3,521,543)	-0-	( 3,521,543)
( 915,608)	-0-	( 915,608)
( 918,175)	-0-	( 918,175)
29,262	-0-	29,262
( 679,706)	-0-	( 679,706)
(37,323,238)	-0-	(37,323,238)
<u>-0-</u>	<u>22,193</u>	<u>22,193</u>
(37,323,238)	<u>22,193</u>	(37,301,045)
8,262,143	-0-	8,262,143
1,750,104	-0-	1,750,104
23,610,546	-0-	23,610,546
23,496	1,162	24,658
<u>70,828</u>	<u>-0-</u>	<u>70,827</u>
<u>33,717,117</u>	<u>1,162</u>	<u>33,718,279</u>
( 3,606,121)	23,355	( 3,582,766)
(47,692,711)	<u>75,643</u>	(47,617,068)
\$ <u>(51,298,832)</u>	\$ <u>98,998</u>	\$ <u>(51,199,834)</u>

NEW CASTLE, PENNSYLVANIA

A CERTIFIED PUBLIC ACCOUNTING FIRM

PHILIP WEINER AND COMPANY LTD

NEW CASTLE AREA SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
For the Year Ended June 30, 2016

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 2,765,067	\$ 496,624	\$ -0-	\$ 3,261,691
Property Taxes Receivable	2,385,461	-0-	-0-	2,385,461
Due from Other Funds	2,260,740	51,867	-0-	2,312,607
Due from Other Governments	2,161,175	-0-	-0-	2,161,175
State Subsidy Receivable	3,263,615	-0-	-0-	3,263,615
Federal Subsidy Receivable	1,329,391	-0-	-0-	1,329,391
Other Receivables	42,465	-0-	-0-	42,465
Inventories	47,945	-0-	-0-	47,945
Prepaid Expenses	543,322	-0-	-0-	543,322
Other Current Assets	5,595	-0-	-0-	5,595
Total Assets	14,804,776	548,491	-0-	15,353,267
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Tuition	64,157	-0-	-0-	64,157
Total Assets and Deferred Outflows of Resources	\$ 14,868,933	\$ 548,491	\$ -0-	\$ 15,417,424
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Due to Other Funds	\$ 1,068,721	\$ -0-	\$ -0-	\$ 1,068,721
Accounts Payable	1,042,822	-0-	-0-	1,042,822
Accrued Salaries and Benefits	4,883,080	-0-	-0-	4,883,080
Payroll Deduction and Withholding	151,770	-0-	-0-	151,770
Unearned Revenues	275,479	-0-	-0-	275,479
Due to Other Governments	1,000	-0-	-0-	1,000
Other Current Liabilities	1,800	-0-	-0-	1,800
Total Liabilities	7,424,672	-0-	-0-	7,424,672
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue-Property Taxes	2,194,486	-0-	-0-	2,194,486
Total Deferred Inflows of Resources	2,194,486	-0-	-0-	2,194,486
<u>FUND BALANCES</u>				
Nonspendable Fund Balance	591,267	-0-	-0-	591,267
Restricted Fund Balance	-0-	-0-	-0-	-0-
Committed Fund Balance	4,564,177	-0-	-0-	4,564,177
Assigned Fund Balance	-0-	548,491	-0-	548,491
Unassigned Fund Balance	94,331	-0-	-0-	94,331
Total Fund Balances	5,249,775	548,491	-0-	5,798,266
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 14,868,933	\$ 548,491	\$ -0-	\$ 15,417,424

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Reconciliation of the Governmental Funds Balance  
Sheet to the Statement of Net Position  
For the Year Ended June 30, 2016

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS

\$ 5,798,266

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 the assets is \$88,410,610 and the accumulated depreciation is \$19,706,492.

68,704,118

Property taxes receivable will be collected, but are not available soon enough to pay for the current periods' expenditures, and therefore, are deferred in the funds.

1,019,070

Deferred outflows and inflows of resources associated with the District's pension and deferred on the government-wide Statement of Net Position. This is the amount that deferred outflows of \$6,179,760 exceeds deferred inflows of \$1,799,000 at June 30, 2016.

4,380,760

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 and Note Payable	\$ 55,216,847
Short-Term Borrowing	12,764
Accrued Interest on Indebtedness	478,735
Compensated Absences	3,011,399
Unamortized Bond Discounts and Premiums	49,901
Subsidy Overpayment-Net of Recovery Due	37,657
Net Pension Liability	71,860,000
Other Post Employment Benefit	533,743

(131,201,046)

TOTAL NET POSITION-GOVERNMENTAL ACTIVITIES

\$ ( 51,298,832)

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2016

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Local Sources	\$ 11,145,198	\$ 913	\$ -0-	\$ 11,146,111
State Sources	33,369,353	-0-	-0-	33,369,353
Federal Sources	<u>3,884,048</u>	<u>-0-</u>	<u>-0-</u>	<u>3,884,048</u>
Total Revenues	<u>48,398,599</u>	<u>913</u>	<u>-0-</u>	<u>48,399,512</u>
<b>EXPENDITURES</b>				
Instruction	31,645,793	-0-	-0-	31,645,793
Support Services	13,166,468	107,241	-0-	13,273,709
Noninstructional Services	882,926	-0-	-0-	882,926
Capital Outlay	-0-	194,024	-0-	194,024
Debt Service (Principal and Interest)	883,882	-0-	3,704,239	4,588,121
Refund of Prior Year Receipts	<u>2,037</u>	<u>-0-</u>	<u>-0-</u>	<u>2,037</u>
Total Expenditures	<u>46,581,106</u>	<u>301,265</u>	<u>3,704,239</u>	<u>50,586,610</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>1,817,493</u>	<u>( 300,352)</u>	<u>(3,704,239)</u>	<u>( 2,187,098)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	-0-	-0-	3,704,239	3,704,239
Interfund Transfers Out	( 3,704,239)	-0-	-0-	( 3,704,239)
Sale of Assets	651	-0-	-0-	651
Proceeds from Extended Term Financing	294,587	-0-	-0-	294,587
Other Financing Sources	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>( 3,409,001)</u>	<u>-0-</u>	<u>3,704,239</u>	<u>295,238</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>( 1,591,508)</u>	<u>( 300,352)</u>	<u>-0-</u>	<u>( 1,891,860)</u>
<b>FUND BALANCE-Beginning</b>	<u>6,841,283</u>	<u>848,843</u>	<u>-0-</u>	<u>7,690,126</u>
<b>FUND BALANCE-Ending</b>	<u>\$ 5,249,775</u>	<u>\$ 548,491</u>	<u>\$ -0-</u>	<u>\$ 5,798,266</u>

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2016

TOTAL NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS \$(1,891,860)

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

Capital outlays are reported in governmental funds as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense \$1,948,569 exceeds capital outlays \$183,133 in the period. (1,765,436)

Repayment of bond principal and short-term borrowing is an expenditure in the governmental funds but the repayment, reduces long-term liabilities in the statement of assets. 2,206,404

Because some property taxes will not be collected for several years after the district's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Tax revenues decreased by this amount. 78,283

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase of interest reported in the statement of activities is the result of accrued interest on debt in this amount. 15,851

In the Statement of Activities, compensated absences and postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This year's compensated absences paid exceeded the amounts earned by this amount. 242,312

In the Statement of Activities, bond discounts and bond premiums are amortized over the term of the bonds. In governmental funds these amounts are expended as they are incurred. This is the amount of amortization. ( 8,949)

The change in the OPEB Obligation is a reduction in the statement of activities and decreases the non current assets in the Statement of Net Position by this amount. ( 810,084)

In the Statement of Activities, pension expense is measured by the amounts actually calculated as earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially the amounts actually paid for the year) this year the amount used exceeds the amounts earned by this amount. (1,378,055)

Proceeds of the issuance of bonds an short-term borrowing is a revenue in the governmental funds, but increase the long-term liabilities in the Statement of Activities. ( 294,587)

CHANGES IN NET POSITION-GOVERNMENTAL ACTIVITIES \$(3,606,121)

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
For the Year Ended June 30, 2016

<u>ASSETS</u>	<u>ENTERPRISE FUND</u> <u>FOOD SERVICES</u>
<u>CURRENT ASSETS</u>	
Cash	\$ 1,276,416
Due From Other Governments	42,709
Other Receivables	11,786
Inventory	19,588
Due from Other Funds	<u>147,646</u>
Total Current Assets	1,498,155
<u>NONCURRENT ASSETS</u>	
Equipment-Net of Accumulated Depreciation	<u>3,811</u>
Total Assets	\$ <u>1,501,956</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 2,977
Due to Other Funds	1,391,532
Unearned Revenue	<u>8,449</u>
Total Current Liabilities	<u>1,402,958</u>
<u>NET POSITION</u>	
Invested in Capital Assets-Net of Related Debt	3,811
Unrestricted	<u>95,187</u>
Total Net Position	<u>98,998</u>
Total Liabilities and Net Position	\$ <u>1,501,956</u>

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes  
in Fund Net Position-Proprietary Funds  
For the Year Ended June 30, 2016

ENTERPRISE FUND  
FOOD SERVICE

OPERATING REVENUES

Food Service Revenue

\$ 112,815

OPERATING EXPENSES

Personnel Services-Salaries

817,773

Personnel Services-Benefits

379,909

Purchased Property Services

27,109

Other Purchased Services

2,186

Supplies

1,058,299

Depreciation

1,089

Dues and Fees

336

Miscellaneous

137

Total Operating Expenses

2,286,838

OPERATING (LOSS)

(2,174,023)

NONOPERATING REVENUES (EXPENSES)

Earnings on Investments

1,162

State Sources

180,223

Federal Sources

2,015,993

Total Nonoperating Revenues (Expenses)

2,197,378

NET INCOME

23,355

TOTAL NET POSITION-JULY 1, 2015

75,643

TOTAL NET POSITION-JUNE 30, 2016

\$ 98,998

The accompanying notes and auditor's report should be read with this financial statement.



NEW CASTLE AREA SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2016

ENTERPRISE FUND  
FOOD SERVICE

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received From Users	\$ 102,020
Cash Payment to Employees for Services	( 392,335)
Cash Payment to Suppliers for Goods and Services	( 867,848)
Cash Payment for Other Operating Expenses	( <u>29,768</u> )

Net Cash (Used) by Operating Activities	( <u>1,187,931</u> )
---	----------------------

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Sources	81,604
Federal Sources	1,926,522

Net Cash Provided by Non-Capital Financing Activities	2,008,126
---	-----------

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on Investments	1,162
-------------------------	-------

Net Cash Provided by Investing Activities	1,162
---	-------

<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	821,357
--	---------

<u>CASH AND CASH EQUIVALENTS-BEGINNING OF YEAR</u>	455,059
--	---------

<u>CASH AND CASH EQUIVALENTS-END OF YEAR</u>	\$ <u>1,276,416</u>
--	---------------------

RECONCILIATION OF OPERATING (LOSS) TO NET CASH USED

BY OPERATING EXPENSES:

Operating (Loss)	\$(2,174,023)
------------------	---------------

Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used) for Operating Activities	
---	--

Noncash Operating Expenses

Donated Commodities	107,871
---------------------	---------

Depreciation	1,089
--------------	-------

Changes in Assets and Liabilities

Increase (Decrease) in Accounts Receivable	( 85,628)
--	-----------

Increase (Decrease) in Inventory	3,235
----------------------------------	-------

Increase (Decrease) in Accounts Payable	959,916
---	---------

Increase (Decrease) in Unearned Revenue	( <u>391</u> )
---	----------------

Net Cash (Used) by Operating Activities	\$ ( <u>1,187,931</u> )
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The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Statement of Net Position  
Fiduciary Funds  
June 30, 2016

<u>ASSETS</u>	<u>AGENCY FUND</u>	<u>ACTIVITY FUND</u>
Cash	\$ 46,878	\$ 45,755
Other Receivable	<u>74</u>	<u>-0-</u>
Total Assets	\$ <u>46,952</u>	\$ <u>45,755</u>
<u>LIABILITIES</u>		
Due to Student Groups	\$ <u>-0-</u>	\$ <u>45,755</u>
<u>NET POSITION</u>		
Reserved for Scholarships	14,922	-0-
Reserved for Nonbudgeted Student Activities	21,030	-0-
Reserved for Accumulated Death Benefits	<u>11,000</u>	<u>-0-</u>
Total Net Position	<u>46,952</u>	<u>-0-</u>
Total Liabilities and Net Position	\$ <u>46,952</u>	\$ <u>45,755</u>

Statement of Changes in Fiduciary Net Position

<u>ADDITIONS</u>	<u>AGENCY FUND</u>
Commissions	\$ 1,394
Donations	<u>20,319</u>
Total Additions	<u>21,713</u>
<u>DEDUCTIONS</u>	
Scholarships	11,050
Student Activities	15,044
Other	<u>1,274</u>
Total Deductions	<u>27,368</u>
Change in Net Position	( 5,655)
<u>NET POSITION-July 1, 2015</u>	<u>52,607</u>
<u>NET POSITION-June 30, 2016</u>	\$ <u>46,952</u>

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 1 - REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 "The Financial Reporting Entity", established the standards for defining and reporting on the financial reporting entity. New Castle Area School District School Board is the basic level of government which has oversight responsibilities and control over all activities related to the public school education of New Castle Area School District. The School District is a primary government that is a special purpose government that has a separately elected governing body ("Board"). It is legally separate, and it is fiscally independent of other state and local governments.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The New Castle Area School District, in conjunction with seven other Lawrence County School Districts are involved in a joint venture to fund the operating budget of the Lawrence County Career and Technical Center. The technical school is designed to teach students trade related professions. Each district's share of tuition is based on the percentage of the district's enrollment to the total enrollment at the Lawrence County Career and Technical Center. In addition to the operating subsidy, the district makes a debt service related payment to the Lawrence County Career and Technical Center based on the District's property market values as a percentage of the property market values of all participating districts. A representative from each district's school board sits on the board of the technical school. Financial statements for the joint venture may be obtained at the following address: 750 Phelps Way, New Castle, PA 16101.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Castle Area School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

Government-Wide Financial Statements-The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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

Fund Financial Statement-During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The special revenue and capital project fund do not meet the major fund percentage criteria as per audits of state and local governments (GASB 34 Edition), and are not required to be reported as a major fund. The School District voluntarily presents these funds separately as major funds because of the public's interest in these activities of the District. The fiduciary fund is reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds; governmental, proprietary and fiduciary.

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

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

Capital Project Fund:

Capital Improvement Fund-Used to account for financial resources related to general fixed assets acquisition, construction and improvements.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Special Revenue Fund-Used to account for revenues derived from specific revenue sources other than major capital projects that are restricted to expenditures for specific purposes.

Debt Service Fund-Used to account for and accumulate resources for the payment of general long-term debt principal and interest.

Proprietary Funds-Proprietary funds focus on the determination of changes in Net Position, financial position and cash flows. The funds included in this category are:

Enterprise Funds-Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund-This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds-These are the funds that account for the assets held by the School District as a trustee or agent for individuals, private organizations and/or governmental units and are therefore not available to support the District's own programs. The funds included in this category are:

Trust Funds-Used to account for assets held by the School District in a trustee capacity.

Activity Fund-This fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. Measurement Focus

Government-Wide Financial Statements-The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Position.

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of Net Position. The statement of changes in fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its propriety activities.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus (Continued)

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The School District has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use the restricted resources first, then the unrestricted resources as they are needed.

D. Basis of Accounting

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

Revenue-Exchange and Nonexchange Transactions-Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

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

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

Deferred Revenue-Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2016 but which were levied to finance prior year operations, have been recorded as deferred revenue. The amount of \$2,385,461 represents the delinquent real estate taxes due at June 30, 2016.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

E. Budget and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

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

The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The School District is required to publish notice by advertisement, at least once in a newspaper of local circulation in the municipality in which it is located, and within thirty days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District. Final action shall not be taken on any proposed budget, until after ten days of public notice. The proposed budget shall be printed, or otherwise made available for public inspection to all persons who may interest themselves, at least twenty days prior to the date set for the adoption of the budget.

The Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.

Fund balances in Budgetary Funds may be appropriated based on resolutions passed by the Board of Education, which authorizes the School District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported as reservations of fund balances.

Included in the General Fund budget are program budgets as prescribed by the state and Federal agencies funding the program. These budgets are approved on a program by program basis by the state or Federal funding agency.

Capital budgets are not implemented for capital improvements and projects in the Capital Projects Fund. An adopted budget is not presently required due to the Fund's recent inception and the limited amount of transactions. Additionally, all transactions of the Capital Projects Fund are approved by the Board prior to commitment, thereby, constructively achieving budgetary control.

An Enterprise Fund budget is not adopted; however, a formal budget is prepared and approved by management and expenditures are controlled on the basis of this budget.

A budget is not adopted for the Debt Service Fund because it is not legally required. The expenditures in the Debt Service Fund are incorporated into the adopted General Fund budget as a budgetary transfer.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

For purpose of the statement of cash flows, the proprietary fund type considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

G. Inventories

Inventories consist of the following items.

GENERAL FUND

Supplies	\$ <u>47,945</u>
----------	------------------

CAFETERIA FUND

Material and Supplies	\$ 2,559
Food	8,580
Donated Commodities	<u>8,449</u>
	\$ <u>19,588</u>

1. General Fund-Instructional and maintenance supplies are inventoried at the lower of cost or market value as determined by the School District.
2. Cafeteria Fund-Donated commodities are priced at fair market value as supplied by the Federal government and is not owned by the School District until Inventory is recorded in the financial statements at the lower of cost or market value as determined by the School District.

H. Debt Premiums, Discounts, and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against debt payable and debt issuance costs are recognized as an outflow of resources in the period incurred. On the government-wide and proprietary fund type statement of activities, unamortized debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. For the fiscal year ended June 30, 2016, bond discount and premiums amortized were \$34,188 and \$29,600, respectively.

At the government fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

I. Capital Assets

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



NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets (Continued)

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

The District maintains a capitalization threshold as follows:

Land Improvements	\$25,000
Building	\$25,000
Building Improvements	\$25,000
Machinery and Equipment	\$ 5,000
Vehicle	\$10,000
Portable Classroom	\$10,000
Grouped Depreciable Capital Assets	\$25,000
Leasehold Improvements	\$10,000

All reported capital assets except land, land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straightline method over the following useful lives:

<u>Description</u>	<u>GOVERNMENTAL</u>	<u>BUSINESS TYPE</u>
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>
	<u>ESTIMATED LIVES</u>	<u>ESTIMATED LIVES</u>
Site Improvements	20 years	N/A
Buildings and Improvements	20-50 years	N/A
Furniture and Equipment	5-20 years	12 Years
Vehicles	5-8 years	N/A

J. Deferred Outflows/Infows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has deferred outflows of resources relating to the Public School Employees Retirement System of Pennsylvania's pension plan, which arise only under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported only in the government-wide statement of net position. These amounts are deferred and recognized as an outflow of resources in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The District has a tuition receivable from nonresidents, which arise only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report deferred inflows of resources from tuition. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows/Infows of Resources (Continued)

The District has deferred inflows of resources relating to the Public School Employees Retirement System of Pennsylvania's pension plan, which arise only under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported only in the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in future periods.

K. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

M. Net Position

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

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

N. Fund Balances

A Fund balances of the governmental funds are classified as follows:

Non-spendable-amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact, such as inventory or prepaid expenses.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances (Continued)

Restricted-amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments.

Committed-amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision making authority for the School District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Directors.

Assigned-amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the School Districts adopted policy, only the Board of Directors may assign amounts for specific purposes.

Unassigned-all other spendable amounts.

As of June 30, 2016, fund balances are composed of the following:

	<u>CAPITAL PROJECT FUNDS</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>CAPITAL</u>	<u>GOVERNMENTAL</u>
	<u>FUND</u>	<u>IMPROVEMENT</u>	<u>FUNDS</u>
Nonspendable:	\$ 591,267	\$ -0-	\$ 591,267
Committed:			
Future Budgets	4,564,177	-0-	4,564,177
Assigned:			
Capital Project	-0-	548,491	548,491
Unassigned Funds	94,331	-0-	94,331
Total Fund Balances	\$ <u>5,249,775</u>	\$ <u>548,491</u>	\$ <u>5,798,266</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers the amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service and uniform school supplies, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Advances between funds are accounted for in the appropriate due from other funds and due to other funds accounts. These advances (reported in "due from" asset accounts) are considered "available spendable resources".

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Use of 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. Cost Allocation Plan

The School District uses allocations with supporting documentation on file which identifies, accumulates, and distributes indirect costs to cost centers or functions in the District's basic financial statements. The allocation methodology logically apportions indirect costs among services receiving a benefit. It results in a fair and equitable distribution of costs in direct relation to actual benefits accruing to the services to which costs are charged.

S. New Accounting Pronouncements

In August 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for the District's fiscal year beginning July 1, 2009. Statement No. 45 requires accrual based measurement, recognition and disclosure of OPEB expense, such as retiree medical and dental costs, over the employees' years of service, along with the related liability, net of any plan assets. For the District, this will result in increased expenses and a related liability which will likely be significant. The District is currently evaluating the effect that Statement No. 45 will have on its financial statements.

T. Advertising Policy

It is the policy of the School District to expense all advertising costs in the year in which they are paid.

NOTE 3 - CASH, DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including United States Treasury, and short-term United States and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes.

The deposit and investment policy of the New Castle Area School District adheres to state statutes and prudent business practice. Deposits of the Governmental Funds are maintained in demand deposits. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the New Castle Area School District.

	CARRYING AMOUNT	BANK BALANCE		TOTAL
		DEPOSITS WITH FINANCIAL INSTITUTIONS	OTHER AUTHORIZED DEPOSITS	
Governmental Funds:				
Cash and Cash Equivalents	\$ 3,261,691	\$ 3,437,913	\$ 445,645	\$ 3,883,558
Proprietary Funds:				
Cash and Cash Equivalents	1,276,416	21,904	1,273,388	1,295,292
Fiduciary Funds:				
Cash and Cash Equivalents	92,633	95,104	-0-	95,104
	<u>\$ 4,630,740</u>	<u>\$ 3,554,921</u>	<u>\$ 1,719,033</u>	<u>\$ 5,273,954</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 3 - CASH, DEPOSITS AND INVESTMENTS (Continued)

A. Deposits With Financial Institutions

Customer credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Protection of district cash and certificates of deposit deposited with financial institutions is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. By law, all governmental deposits are collateralized by a pool of pledged assets that are maintained with the Federal Reserve System and Designated third party trustees of the financial institution.

For the deposits of custodial risk, all of the deposits with financial institutions including certificates of deposit with maturities greater than three months classified as investments, are aggregated.

At June 30, 2016, the bank balance of the District's cash deposited with financial institutions was \$3,554,921 of this balance \$754,605 was covered by FDIC Insurance and \$2,760,316 was uninsured and collateralized with securities held by the pledging institutions trust department, but not in the District's name.

B. Other Authorized Deposits

A portion of the District's deposits are in the Pennsylvania School District Liquid Asset Fund (PSDLAF), the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania Treasurer's Invest Program for Local Governments and Nonprofits (INVEST). Although not registered with the securities and exchange commission and not subject to regulatory oversight, PSDLAF, PLGIT, and PA INVEST act like money market mutual funds in that their objective is to maintain a stable net asset value of \$1 per share. These investments are both uninsured and uncollateralized. The carrying values and market values of PSDLAF, PLGIT, and PA INVEST at June 30, 2016 are \$62,032, \$1,686,668, and \$33, respectively.

As of June 30, 2016, both the Pennsylvania School District Liquid Asset Fund, the Pennsylvania Local Governments Investment Trust, and the Pennsylvania Treasurer's Invest Program for Local Governments and Nonprofits (INVEST) were rated as AAAM by Standard and Poors.

NOTE 4 - REAL ESTATE AND PER CAPITA TAXES AND UNEARNED REVENUE

Based upon assessments provided by Lawrence County, the School District bills and collects its own property taxes, and its elected tax collector is responsible for collection. The School District tax rate for the year ended June 30, 2016 was 17.27 mills (\$17.27 per \$1,000 of assessed valuation) as levied by the Board of School Directors. The Board of School Directors also levies per capita taxes based on the census of residents in the School District. The tax rate under Section 679 and Act 511 is \$10/person and \$5/person respectively. The total per capita tax levied by the District is \$15/person. The schedule for real estate and per capita taxes levied for each fiscal year is as follows:

July 1	- Levy Date
July 1 - August 31	- 2% Discount Period
September 1 - October 31	- Face Payment Period
November 1 - December 15	- 10% Penalty Period
December 16	- Lien Date

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

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 4 - REAL ESTATE AND PER CAPITA TAXES AND DEFERRED REVENUE (Continued)

The balances at June 30, 2016 are as follows:

	<u>GOVERNMENTAL FUNDS</u>		
	GROSS TAXES <u>RECEIVABLE</u>	TAX REVENUE <u>RECOGNIZED</u>	DEFERRED INFLOWS <u>OF TAXES</u>
Real Estate	\$ <u>2,385,461</u>	\$ <u>6,584,476</u>	\$ <u>2,194,486</u>

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2016, consisted of the following amounts due from and due to other funds:

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
<u>General Fund</u>		
General Fund-Federal and State Programs	\$ 869,208	\$ 869,208
Cafeteria Fund	1,391,532	147,646
Capital Improvement Fund	-0-	51,867
<u>Enterprise Fund</u>		
Cafeteria Fund	<u>147,646</u>	<u>1,391,532</u>
Capital Improvement Fund	<u>51,867</u>	<u>-0-</u>
Total	\$ <u>2,460,253</u>	\$ <u>2,460,253</u>

Interfund transfers for year ending June 30, 2016 consists of the following:

	<u>TRANSFERS FROM</u>	<u>TRANSFERS TO</u>
<u>Governmental Funds</u>		
General Fund	\$ 3,704,239	\$ -0-
Debt Service Fund	-0-	<u>3,704,239</u>
Total Governmental Funds	\$ <u>3,704,239</u>	\$ <u>3,704,239</u>

1. Transfers from the General Fund to the Debt Service Fund represent principal and interest payments on long-term debt.

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the School District, collections made by another governmental unit on behalf of the School District or reimbursements for expenditures. At June 30, 2016 the following amounts are due from other governmental units:

<u>DUE FROM</u>	<u>GENERAL FUND</u>
Other School Districts	\$ 688,541
Lawrence County Tax Collection Committee	11,886
County	508,769
Intermediate Units	808,417
Lawrence County Community Action Partnership	<u>143,562</u>
Total	\$ <u>2,161,175</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 7 - OTHER RECEIVABLES

Other receivables consist of the following:

	GENERAL FUND	FOOD SERVICE FUND
Rental	\$ 1,136	\$ -0-
Tuition	30,205	-0-
PTA/Student Activities	8,270	-0-
Other	2,854	11,786
Total	\$ <u>42,465</u>	\$ <u>11,786</u>

NOTE 8 - CAPITAL ASSETS

A summary of the governmental and business-type fixed asset activity for the year ended June 30, 2016 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCES
Governmental Activities				
Capital Assets, not Being Depreciated				
Land	\$ 2,275,130	\$ -0-	\$ -0-	\$ 2,275,130
Total Capital Assets not Being Depreciated	<u>2,275,130</u>	<u>-0-</u>	<u>-0-</u>	<u>2,275,130</u>
Capital Assets, being Depreciated				
Buildings and Improvements	78,658,527	121,256	-0-	78,779,783
Furniture and Equipment	4,918,469	24,422	-0-	4,942,891
Site Improvements	2,375,351	37,455	-0-	2,412,806
Total Capital Assets Being Depreciated	<u>85,952,347</u>	<u>183,133</u>	<u>-0-</u>	<u>86,135,480</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(13,329,210)	(1,580,265)	-0-	(14,909,475)
Furniture and Equipment	( 3,269,451)	( 193,576)	-0-	( 3,463,027)
Site Improvements	( 1,159,262)	( 174,728)	-0-	( 1,333,990)
Total Accumulated Depreciation	<u>(17,757,923)</u>	<u>(1,948,569)</u>	<u>-0-</u>	<u>(19,706,492)</u>
Governmental Activities Capital Assets-Net	\$ <u>70,469,554</u>	\$ <u>(1,765,436)</u>	\$ <u>-0-</u>	\$ <u>68,704,118</u>
Business-Type Activities				
Capital Assets, being Depreciated	\$ 29,692	\$ -0-	\$ -0-	\$ 29,692
Less: Accumulated Depreciation	( 24,792)	( 1,089)	-0-	( 25,881)
Business-Type Activities Capital Assets-Net	\$ <u>4,900</u>	\$ <u>( 1,089)</u>	\$ <u>-0-</u>	\$ <u>3,811</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,692,831
Administration	104,266
Operation and Maintenance of Plant Services	14,541
Student Activities	136,931
Total	\$ <u>1,948,569</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

**NOTE 9 - LONG-TERM DEBT**

During the fiscal year ended June 30, 2016, the District's long-term debt changed as follows:

	BALANCE JULY 1, 2015	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2016	DUE WITHIN ONE YEAR
General Obligation Notes and Bonds Payable	\$ 57,070,000	\$ 294,587	\$(2,197,641)	\$ 55,166,946	\$ 2,376,128
Bond Premium (Net of Amortization)	463,722	-0-	( 29,600)	434,122	29,600
Bond Discounts (Net of Amortization)	( 418,409)	34,188	-0-	( 384,221)	( 34,188)
Bonds Payable-Net of Bonds Premiums and Discounts	57,115,313	328,775	(2,227,241)	55,216,847	2,371,540
Short-Term Obligations	21,527	-0-	( 8,763)	12,764	8,971
Compensated Absences	3,299,953	231,306	( 473,619)	3,057,640	387,592
Net Pension Liability	67,248,000	4,612,000	-0-	71,860,000	-0-
Other Postemployment Benefit (OPEB)	-0-	533,743	-0-	533,743	-0-
Totals	\$ <u>127,684,793</u>	\$ <u>5,705,824</u>	\$ <u>(2,709,623)</u>	\$ <u>130,680,994</u>	\$ <u>2,768,103</u>

**A. General Obligation Bonds**

The balance of General Obligation Bond debt as of June 30, 2016 is composed of the following Issues:

DESCRIPTION	INTEREST RATE-%	ORIGINAL PRINCIPAL	BALANCE JUNE 30,
<b>2016</b>			
General Obligation Bonds, Refunding Series of 2010A, maturing in 2028.	1.550 - 4.000	\$ 1,845,000	\$ 1,360,000
General Obligation Bonds, Refunding Series A of 2011, maturing in 2031.	1.000 - 4.250	\$ 27,055,000	25,455,000
General Obligation Bonds, Series C of 2011, maturing in 2031.	1.000 - 4.440	\$ 1,870,000	1,845,000
Qualified School Construction Bonds General Obligation Note Series C of 2011, maturing in 2032.	5.06	\$ 17,380,000	17,360,000
General Obligation Bonds, Series of 2012, maturing in 2034.	1.000 - 3.700	\$ 8,975,000	8,890,000
General Obligation Note, Series of 2015, maturing in 2020.	2.730	\$ 294,587	<u>256,946</u>
Total			\$ <u>55,166,946</u>



NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 9 - LONG-TERM DEBT (Continued)

A. Bonds (Continued)

The School District issued \$1,845,000 of General Obligation Bonds, the Refunding Series of 2010 dated June 15, 2010 due through March 1, 2028. Interest is paid at various rates from 1.550% to 4.000% semi-annually on March 1 and September 1 of each year. The School District used the proceeds from the sale of the Refunding Series of 2010A Bonds to refund the outstanding General Obligation Bonds, Series B of 2003 and pay all costs with the issuance and sale of these bonds.

The June 30 maturities are as follows:

<u>MATURITY</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DUE</u>
2017	\$ 95,000	\$ 50,144	\$ 145,144
2018	100,000	47,056	147,056
2019	100,000	43,806	143,806
2020	100,000	40,556	140,556
2021	105,000	36,931	141,931
2022	110,000	33,125	143,125
2023	115,000	29,138	144,138
2024	115,000	24,969	139,969
2025	125,000	20,800	145,800
2026	130,000	15,800	145,800
2027	130,000	10,600	140,600
2028	<u>135,000</u>	<u>5,400</u>	<u>140,400</u>
	\$ <u>1,360,000</u>	\$ <u>358,325</u>	\$ <u>1,718,325</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 9 - LONG-TERM DEBT (Continued)

A. Bonds (Continued)

The District through the Pennsylvania School Building Authority issued \$17,380,000 Qualified School Construction Bonds the General Obligation Note, Series C of 2011 dated November 3, 2011. Interest is paid semi-annually at a rate of 5.088% on March 1 and September 1 of each year and is subsidized by the American Recovery and Reinvestment Act of the Federal Government, principal payments are made on September 1 of each year with the final payment on September 1, 2029. The District will use the funds toward capital improvements to the Districts facilities.

The June 30 maturities are as follows:

<u>MATURITY</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DUE</u>
2017	\$ 5,000	\$ 884,294	\$ 889,294
2018	5,000	884,294	889,294
2019	5,000	884,294	889,294
2020	5,000	884,294	889,294
2021	5,000	884,294	889,294
2022	5,000	884,294	889,294
2023	5,000	884,294	889,294
2024	2,475,000	884,294	3,359,294
2025	2,475,000	884,294	3,359,294
2026	2,475,000	884,294	3,359,294
2027	2,475,000	884,294	3,359,294
2028	2,475,000	884,294	3,359,294
2029	2,475,000	884,294	3,359,294
2030	<u>2,475,000</u>	<u>442,147</u>	<u>2,917,147</u>
	\$ <u>17,360,000</u>	\$ <u>11,937,969</u>	\$ <u>29,297,969</u>

The District issued \$27,055,000 of General Obligation Bonds Series A of 2011 dated December 1, 2011 for the purpose of providing funds to refund the Districts 2009, 2010, and 2011 General Obligation Bonds and to pay the costs of issuing the bonds. The final maturity is March 1, 2031 with interest rates from 1.000% to 4.250% payable March 1 and September 1.

The June 30 maturities are as follows:

<u>MATURITY</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DUE</u>
2017	\$ 2,165,000	\$ 1,000,115	\$ 3,165,115
2018	2,215,000	951,403	3,166,403
2019	2,330,000	840,652	3,170,652
2020	2,400,000	774,248	3,174,248
2021	2,515,000	654,247	3,169,247
2022	2,600,000	572,510	3,172,510
2023	2,685,000	485,410	3,170,410
2024	585,000	351,160	936,160
2025	645,000	328,930	973,930
2026	715,000	304,420	1,019,420
2027	780,000	277,250	1,057,250
2028	870,000	245,075	1,115,075
2029	950,000	209,188	1,159,188
2030	955,000	170,000	1,125,000
2031	<u>3,045,000</u>	<u>129,412</u>	<u>3,174,412</u>
	\$ <u>25,455,000</u>	\$ <u>7,294,020</u>	\$ <u>32,749,020</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 9 - LONG-TERM DEBT (Continued)

A. Bonds (Continued)

The District issued \$1,870,000 of General Obligation Bonds, Series C of 2011, dated December 1, 2011 due through March 1, 2034. Interest is paid at various rates from 1.00% to 4.40% semi-annually on March 1 and September 1 of each year. The District will use the funds toward capital improvements to the Districts facilities and to pay the cost of issuing the bonds.

The June 30 maturities are as follows:

<u>MATURITY</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DUE</u>
2017	\$ 5,000	\$ 79,819	\$ 84,819
2018	5,000	79,712	84,712
2019	5,000	79,593	84,593
2020	5,000	79,458	84,458
2021	5,000	79,307	84,307
2022	5,000	79,100	84,100
2023	5,000	78,893	83,893
2024	5,000	78,685	83,685
2025	5,000	78,478	83,478
2026	5,000	78,270	83,270
2027	5,000	78,062	83,062
2028	5,000	77,855	82,855
2029	5,000	77,647	82,647
2030	5,000	77,440	82,440
2031	5,000	77,233	82,233
2032	565,000	77,017	642,017
2033	595,000	52,722	647,722
2034	<u>610,000</u>	<u>26,840</u>	<u>636,840</u>
	\$ <u>1,845,000</u>	\$ <u>1,336,131</u>	\$ <u>3,181,131</u>

The District borrowed \$294,587, the General Obligation Note, Series of 2015 dated October 15, 2015 due October 20, 2020. Interest is paid at 2.73% with a monthly payment of \$5,258 including interest. The District used the funds for the District's share of the placement of the heating, ventilation, and air conditioning (HVAC) at the Lawrence County Career and Technical Center

The June 30 maturities are as follows:

<u>MATURITY</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DUE</u>
2017	\$ 56,128	\$ 6,969	\$ 63,097
2018	58,341	4,756	63,097
2019	59,954	3,143	63,097
2020	61,611	1,486	63,097
2021	<u>20,912</u>	<u>119</u>	<u>21,031</u>
	\$ <u>256,946</u>	\$ <u>16,473</u>	\$ <u>273,419</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 9 - LONG-TERM DEBT (Continued)

A. Bonds (Continued)

The District issued \$8,975,000 of General Obligation Bonds, Series of 2012, dated February 1, 2012 due through March 1, 2034. Interest is paid at various rates from 1.00% to 3.70% semi-annually on March 1 and September 1 of each year. The District will use proceeds from the sale of the 2012 Bonds to refund the Districts outstanding General Obligation Bonds, Series of 2006 and to pay certain costs associated with the issuing of the 2012 bonds.

The June 30 maturities are as follows:

<u>MATURITY</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DUE</u>
2017	\$ 50,000	\$ 313,047	\$ 363,047
2018	50,000	312,347	362,347
2019	50,000	311,035	361,035
2020	50,000	309,723	359,723
2021	50,000	308,410	358,410
2022	50,000	307,098	357,098
2023	50,000	305,785	355,785
2024	55,000	304,472	359,472
2025	55,000	303,029	358,029
2026	55,000	301,585	356,585
2027	60,000	299,770	359,770
2028	60,000	297,790	357,790
2029	215,000	295,810	510,810
2030	225,000	288,715	513,715
2031	235,000	281,290	516,290
2032	2,435,000	273,065	2,708,065
2033	2,525,000	187,840	2,712,840
2034	<u>2,620,000</u>	<u>96,940</u>	<u>2,716,940</u>
	\$ <u>8,890,000</u>	\$ <u>5,097,751</u>	\$ <u>13,987,751</u>

B. Compensated Absences

Vacation-School District employees who are required to work on a twelve-month schedule are credited with vacation at rates which vary with length of service or job classifications. Vacation must be taken by June 30 of the fiscal year or it is forfeited.

Early Retirement Incentive-The School District by contract offers early retirement incentive programs to teacher personnel and to administrative and supervisory personnel. Payments are made to the retirees during the year or years following retirement. The early retirement incentive programs are initiated by contracts adopted by the New Castle Area Board of School Directors. The amount of early retirement incentive payments to be provided from taxes or other revenue is \$3,299,952 and is shown in the General Long-Term Debt Account Group.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 9 - LONG-TERM DEBT (Continued)

B. Compensated Absences (Continued)

Sick Leave and No Loss of Pay-The School District employees are credited with sick leave and no loss of pay annually to a limited maximum per the schedule below.

	<u>Sick Leave</u>	<u>No Loss of Pay</u>	<u>Accumulated Upon Retirement or Termination</u>
Administration	15 Days	1 Day	\$175/Day No Maximum
Professional Staff	12 Days	1 Day	1 to 100 Days \$70.00/Day 101 to 150 Days \$87.50/Day Over 150 Days \$105.00/Day
Secretarial			
9½-Month Position	10 Days	1 Day	\$20/Day up to Maximum of \$2,000
12-Month Position	12 Days	1 Day	\$20/Day up to Maximum of \$2,000
Janitorial	12 Days	1 Day	1 to 100 Days \$42.00/Day 101 to 150 Days \$52.50/Day Over 150 Days \$63.00/Day

Upon retirement such employees are paid per the schedule above. The amount of accrued leaves at June 30, 2016 to be provided from taxes or other revenue is \$3,057,640.

	<u>Total Compensated Absences</u>
Early Retirement Incentive	\$ 590,690
Sick Leave	<u>2,466,950</u>
	<u>\$ 3,057,640</u>

C. Short-Term Obligation

The School District entered into the following installment note:

Governmental Activities:

- 1) The purchase of a maintenance truck with a payment of \$768 including interest for a forty-eight (48) month period with a final maturity of November 13, 2017.

The future installment payments required to satisfy this short-term obligation are as follows:

<u>Year Ended</u>	<u>Truck</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 8,971	\$ 239	\$ 9,210
2018	<u>3,793</u>	<u>23</u>	<u>3,816</u>
Total	\$ <u>12,764</u>	\$ <u>262</u>	\$ <u>13,026</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 9 - LONG-TERM DEBT (Continued)

The future annual payments required to amortize all outstanding debt, except for compensated absences and postemployment health benefits as of June 30, 2016, including total interest payment are as follows:

YEAR ENDING JUNE 30	GENERAL OBLIGATION BONDS AND GENERAL OBLIGATION NOTES		SHORT TERM OBLIGATION AND CAPITAL LEASES		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2017	\$ 2,376,128	\$ 2,334,388	\$ 8,971	\$ 239	\$ 4,719,726
2018	2,433,341	2,279,568	3,793	23	4,716,725
2019	2,549,954	2,162,523	-0-	-0-	4,712,477
2020	2,621,611	2,089,765	-0-	-0-	4,711,376
2021	2,700,912	1,963,308	-0-	-0-	4,664,220
2022	2,770,000	1,876,127	-0-	-0-	4,646,127
2023	2,860,000	1,783,520	-0-	-0-	4,643,520
2024	3,235,000	1,643,580	-0-	-0-	4,878,580
2025	3,305,000	1,615,531	-0-	-0-	4,920,531
2026	3,380,000	1,584,369	-0-	-0-	4,964,369
2027	3,450,000	1,549,976	-0-	-0-	4,999,976
2028	3,545,000	1,510,414	-0-	-0-	5,055,414
2029	3,645,000	1,466,939	-0-	-0-	5,111,939
2030	3,660,000	978,302	-0-	-0-	4,638,302
2031	3,285,000	487,935	-0-	-0-	3,772,935
2032	3,000,000	350,082	-0-	-0-	3,350,082
2033	3,120,000	240,562	-0-	-0-	3,360,562
2034	3,230,000	123,780	-0-	-0-	3,353,780
	<u>\$ 55,166,946</u>	<u>\$ 26,040,669</u>	<u>\$ 12,764</u>	<u>\$ 262</u>	<u>\$ 81,220,641</u>

As referred to in Section A of Note 9, the interest with respect to the Qualified School Construction Bonds is being subsidized by the American Recovery and Reinvestment Act of the Federal Government. This means the amount of interest above will be reduced accordingly by the federal subsidy on an annual basis. This amount for the current year is \$821,952.

NOTE 10 - OPERATING LEASES

Commitments under operating leases agreements for equipment provide minimum future rental payments as of June 30, 2016 as follows:

<u>Year Ended</u>	
<u>June 30</u>	
2017	\$ 55,484
2018	55,484
2019	<u>23,118</u>
Total	<u>\$ 134,086</u>

Operating lease rental  
expenditure during  
2015-2016 were \$ 58,153

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan Description

In addition to the pension benefits described in Note 11, New Castle Area School District provides postemployment health care benefits to qualified employees, and/or their spouses, who retire from the District as detailed in the collective bargaining agreement between the District and their respective bargaining unit.

A qualified employee is eligible for full postemployment health benefits until she/he becomes eligible for Medicare (age 65). If spouse is younger than employee she/he may continue until death or cessation of retiree coverage if earlier.

B. Funding Policy

The obligations of the plan members, employers and other entities are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District.

C. Accounting Policy

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

D. Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) 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 actually contributed to the plan, and the District's net OPEB obligation to the Retiree Health Plan at June 30, 2016.

<u>For Fiscal Year July 1, 2015 to June 30, 2016</u>	<u>TOTAL</u>
Annual Required Contribution (ARC)	\$ 2,388,785
Interest on Net OPEB Obligation	-0-
Adjustment to ARC	-0-
Annual OPEB Cost	2,388,785
Contributions Made (Estimated)	1,578,000
Estimated Increase in Net OPEB Obligation	810,785
Net OPEB Obligation-Beginning of Year	( 277,042)
Estimated Net OPEB Obligation-End of Year	\$ <u>533,743</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

D. Annual OPEB Cost and Net OPEB Obligation (Continued)

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

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF ANNUAL OPEB COST CONTRIBUED</u>	<u>NET OPEB OBLIGATION</u>
June 30, 2016	\$3,388,786	66.1%	\$ 533,743
June 30, 2015	\$2,349,192	76.2%	\$ ( 277,042)
June 30, 2014	\$1,725,993	87.5%	\$ ( 836,834)
June 30, 2013	\$1,700,770	88.9%	\$ (1,051,877)
June 30, 2012	\$1,448,155	120.3%	\$ (1,240,247)
June 30, 2011	\$1,447,556	126.2%	\$ ( 945,902)
June 30, 2010	\$1,484,256	119.3%	\$ ( 567,358)
June 30, 2009	\$1,480,000	119.0%	\$ ( 281,514)

E. Funded Status and Funding Progress

As at July 1, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$13,058,634, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$19,780,720 and the ratio of the unfunded actuarial liability to the covered payroll was 66.0%.

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

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. A copy of the report as prepared by Milliman Company is available at the Administration Office of the District at 415 Fern Street, New Castle, PA 16101.



NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 12 - PENSION PLAN

Pensions

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

*General Information about the Pension Plan*

Plan Description

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

Benefits Provided

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

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

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

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 12 - PENSION PLAN (Continued)

Contributions

Member Contributions:

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

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

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

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

Employer Contributions:

The School Districts' contractually required contribution rate for fiscal year ended June 30, 2016 was 21.17% of covered payroll, actuarially determined as an amount that, when combined with employee contribution, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District was \$5,628,759 for the year ended June 30, 2016.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2016, the District reported a liability of \$71,860,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2013 to June 30, 2014. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported coverage payroll as it relates to the total one-year reported covered payroll. At June 30, 2015, the District's proportion was .1659 percent, which was an decrease of .0040 from its proportion measured as of June 30, 2016.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 12- PENSION PLAN (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$5,628,760. At June 30, 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual expenditures	\$ -0-	\$ 297,000
Net difference between projected and actual investment earnings	-0-	145,000
Changes in proportions	551,000	1,357,000
Contributions subsequent to the measurement date	<u>5,628,760</u>	<u>-0-</u>
	<u>\$ 6,179,760</u>	<u>\$ 1,799,000</u>

\$6,179,760 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2016	\$(378,000)
2017	(378,000)
2018	(378,000)
2019	<u>485,000</u>
Total	<u>\$ (649,000)</u>

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal -level % of pay
- Investment return - 7.5%, including inflation at 3.00%
- Salary increases - Effective average of 5.50%, which reflects an allowance of inflation of 3.00% real wage growth of 1% and merit or seniority increase of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with all age set back 7 years for males and 3 years for females.

The actuarial assumptions used in June 30, 2014 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the Board at its March 11, 2011 board meeting, and were effective beginning the June 30, 2011 actuarial valuation.

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 12- PENSION PLAN (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Market Global Equity	19%	5.0%
Private Markets (Equity)	21%	6.5%
Private Real Estate	13%	4.7%
Global Fixed Income	8%	2.0%
U.S. Long Treasuries	3%	1.4%
TIPS	12%	1.2%
High Yield Bonds	6%	1.7%
Cash	3%	0.9%
Absolute Return	10%	4.8%
Risk Parity	5%	3.9%
MLPs/Infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	( 9%)	1.1%
	<u>100%</u>	

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

Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>1% Increase 8.50%</u>
District's Proportionate Share of Net Pension Liability	\$ <u>88,574,000</u>	\$ <u>71,860,000</u>	\$ <u>57,812,000</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 12- PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

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

Total Employer Contributions (Pension and Health Insurance)

Based on the June 30, 2013, actuarial valuation, a total contribution rate of 27.82% of payroll payable by employers for FY 2015/2016, when taken together with the contribution payable by the members, current assets, and expected future asset returns, is sufficient to achieve the financing objective. However, Act 2010-120 limits the contribution for FY 2015/2016 to 25.00% of payroll. This has the effect of deferring part of the contribution that would otherwise have been payable in FY 2015/2016 to future years. This rate consists of a 25.0% pension rate (FY 2015/2016 rate of 27.82% plus the Act 120 4.5% collar, resulting in a deferral of 2.82% pension contribution) plus a .84% health insurance contribution rate.

The employer contribution rate for the fiscal year beginning July 1, 2016 has been recertified. The new contribution rate will be 30.03% of covered payroll.

New Castle Area School District's contribution to PSERS for the years ended June 30, 2016, 2015, and 2014 were \$5,628,759, \$4,344,477, and \$3,576,675 respectively, which were 100% of the required contributions.

According to requirements established in Act 29 of 1994, the Commonwealth reimburses school entity employers a portion of the employer contributions paid to the System. All school entity employers are reimbursed by the Commonwealth at least 50% of the total employer contributions based on the total contribution rate. The Commonwealth reimburses certain school entity employers at a rate greater than 50% based upon non-pension criteria which stipulates that the entity must have a Commonwealth Department of Education calculated Market Value/Personal Income Aid Ratio in excess of .5000.

The following is a history and projection of contribution rates and funded ratios from the Pennsylvania Public School Employees Retirement System's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015

Fiscal Year Ending June 30	Preliminary Employer Pension	Final Employer Pension	Employer Health Insurance	Total Employer
2004	2.98%	2.98%	0.79%	3.77%
2005	0.38%	4.00%	0.23%	4.23%
2006	3.33%	4.00%	0.69%	4.69%
2007	5.67%	5.72%	0.74%	6.46%
2008	6.44%	6.44%	0.69%	7.13%
2009	3.31%	4.00%	0.76%	4.76%
2010	3.63%	4.00%	0.78%	4.78%
2011	7.58%	5.00%	0.64%	5.64%
2012	18.27%	8.00%	0.65%	8.65%
2013	21.65%	11.50%	0.86%	12.36%
2014	23.82%	16.00%	0.93%	16.93%
2015	25.97%	20.50%	0.90%	21.40%
2016	27.28%	25.00%	0.84%	25.84%
2017	28.44%	28.44%	0.83%	29.27%
2018	29.43%	29.43%	0.82%	30.25%
2019	30.49%	30.49%	0.79%	31.28%
2020	31.30%	31.30%	0.78%	32.08%
2021	31.25%	31.25%	0.77%	32.02%
2022	31.27%	31.27%	0.74%	32.01%
2023	31.49%	31.49%	0.73%	32.22%
2024	31.58%	31.58%	0.72%	32.30%
2025	31.67%	31.67%	0.69%	32.36%

NEW CASTLE AREA SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016

NOTE 13 - CONTINGENT LIABILITIES

Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years.

Grant Programs

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

Litigation

In the normal course of operations, the School District is involved in various civil disputes, principally regarding property tax appeals. Management is of the opinion that any unfavorable outcome results from these actions would not have a material effect on the School District's financial position.

NOTE 14 - ACTIVITY FUND REVENUE

The nature of the Activity Fund is such that all of the receipts are collected from outside sources and these records are sent to the business office for recording and classification. Since these monies are not controlled by the School District at the source of receipt, that is, student activities such as dances, candy sales, etc., we have been unable to substantiate and audit these funds.

NOTE 15 - PRIOR YEAR SUBSIDY PAYMENT

The District received a finding for the loss of parent paid tuition of nonresident students in the amount of \$110,664 for prior years. This amount will be withheld from future subsidy payments. Also the District negotiated a settlement from the parents of these nonresident students of \$73,007 to be repaid at a rate of \$600 per month, resulting net amount payable of \$37,654.

NOTE 16 - SUBSEQUENT EVENTS

The School District has evaluated subsequent events through March 15, 2017, the financial statements were available to be issued.

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NEW CASTLE, PENNSYLVANIA

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

Board of Directors  
New Castle Area School District  
New Castle, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of New Castle Area School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise New Castle Area School District's basic financial statements and have issued our report thereon dated March 15, 2017.

Internal Control Over Financial Reporting

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

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

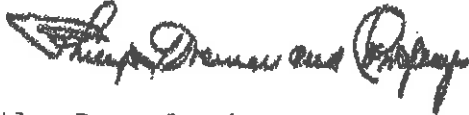
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "Philip Drennon and Company". The signature is stylized and cursive.

New Castle, Pennsylvania  
March 15, 2017



### REQUIRED SUPPLEMENTAL INFORMATION

NEW CASTLE AREA SCHOOL DISTRICT  
Statement of Revenues and Expenditures-Budget and Actual  
For the Year Ended June 30, 2016

NEW CASTLE, PENNSYLVANIA

A CERTIFIED PUBLIC ACCOUNTING FIRM

PHILIP WEINER AND COMPANY LTD

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	BUDGETARY	FINAL BUDGET
REVENUES			BASIS	POSITIVE/ NEGATIVE
6000 Local Sources	\$ 11,007,395	\$ 11,007,395	\$ 11,145,198	\$ 137,803
7000 State Sources	31,622,100	31,622,100	33,369,353	1,747,253
8000 Federal Sources	3,873,734	3,873,734	3,884,048	10,314
Total Revenues	46,503,229	46,503,229	48,398,599	1,895,370
EXPENDITURES				
1100 Regular Programs	20,067,301	20,289,099	21,258,381	( 969,282)
1200 Special Programs	6,833,610	7,100,000	7,294,093	( 194,093)
1300 Vocational Programs	1,594,847	1,594,847	1,763,868	( 169,021)
1400 Other Instructional Programs	885,152	870,152	896,356	( 26,204)
1500 Nonpublic School Programs	31,470	31,470	34,111	( 2,641)
1800 Pre-Kindergarten	461,180	401,180	398,984	2,196
2100 Pupil Personnel Services	1,171,247	1,171,247	1,450,602	( 279,355)
2200 Instructional Staff Services	912,913	947,913	956,588	( 8,675)
2300 Administrative Services	3,360,701	3,409,701	3,407,455	2,246
2400 Pupil Health	721,374	665,000	664,241	759
2500 Business Services	661,048	839,048	838,090	958
2600 Operation and Maintenance of Plant Service	3,035,389	3,082,876	3,529,602	( 446,726)
2700 Student Transportation Services	1,630,028	1,630,028	1,662,024	( 31,996)
2800 Central & Other Support Services	460,862	623,861	640,304	( 16,443)
2900 Other Support Services	17,000	17,600	17,562	38
3200 Student Activities	757,591	650,591	850,344	( 199,753)
3300 Community Services	40,002	35,002	32,582	2,420
4000 Fac Acq. Const. and Imp	-0-	-0-	-0-	-0-
5110 Debt Service (Principal & Interest)	4,546,452	684,352	883,882	( 199,530)
5300 Refund of Prior Years Receipts	-0-	2,100	2,037	63
Total Expenditures	47,188,167	44,046,067	46,581,106	(2,535,039)
Excess (Deficiency) of Revenues Over Expenditures	( 684,938)	( 2,457,162)	1,817,493	( 639,669)
OTHER FINANCING SOURCES (USES)				
9400 Sale of Fixed Assets	-0-	-0-	651	651
5200 Interfund Transfer-Out	( 520,000)	( 3,662,100)	( 3,704,239)	( 42,139)
Proceeds from Extended Financing	-0-	-0-	294,587	294,587
Total Other Financing Sources (Uses)	( 520,000)	( 3,662,100)	( 3,409,001)	253,099
NET CHANGES IN FUND BALANCES	\$( 1,204,938)	\$( 1,204,938)	( 1,591,508)	\$( 386,570)
FUND BALANCE-July 1, 2015			6,841,288	
FUND BALANCE-June 30, 2016			\$ 5,249,780	

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Schedule of Funding Progress for Retiree Health Plan  
For the Year Ended June 30, 2016

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ACTUARIAL VALUATION DATE	VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (B)	LIABILITY (UAL) (B-A)	UNFUNDED ACCRUED FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAL AS A PERCENTAGE OF COVERED PAYROLL ( (B-A) / C )
July 1, 2016	\$ -0-	\$13,058,634	\$13,058,634	0.00%	\$19,844,700	65.8%
July 1, 2014	\$ -0-	\$13,930,400	\$13,930,400	0.04%	\$19,091,272	72.9%
July 1, 2012	\$ -0-	\$10,948,900	\$10,948,900	0.00%	\$20,754,300	52.8%
July 1, 2010	\$ -0-	\$10,982,800	\$10,982,800	0.00%	\$19,954,400	55.0%
July 1, 2008	\$ -0-	\$12,841,400	\$12,841,400	0.00%	\$18,931,000	67.8%

NEW CASTLE, PENNSYLVANIA

A CERTIFIED PUBLIC ACCOUNTING FIRM

PHILIP WEINER AND COMPANY LTD

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
 Pennsylvania Public School Employees Retirement System Plan  
Year Ended June 30, 2016

SCHEDULE OF THE DISTRICTS PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-See Note below

	<u>Year Ended June 30</u>	
	<u>2016</u>	<u>2015</u>
Districts Proportion of the Net Pension Liability (Asset)	.1659%	.1699%
Districts Proportionate Share of the Net Pension Liability (Asset)	\$ 71,860,000	\$ 67,248,000
District Covered-Employee Payroll	22,700,316	21,683,136
District Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	316.56%	310.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.36%	57.24%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year of the pension plan (the measurement date).

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS-See Note below

	<u>Year Ended June 30</u>		
	<u>2016</u>	<u>2015</u>	<u>2013</u>
Contractually Required Contribution	\$ 5,628,759	\$ 4,279,597	\$ 3,576,675
Contributions in Relation to the Contractually Required Contributions	<u>5,628,759</u>	<u>4,279,597</u>	<u>\$ 3,576,675</u>
Contribution Deficiency (Excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
District's Covered-Employee Payroll	\$ 22,700,396	\$ 20,876,085	\$ 21,683,130
Contributions as a Percentage of Covered-Employee Payroll	24.79%	20.5%	16.0%

NOTE

Changes in Benefit Terms None

Changes in Assumptions None

Method and Assumptions used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions are calculated as of the June 30 preceding the fiscal year in which contributions are made. That is, the contribution calculated as of the June 30, 2013 actuarial valuation will be made during the fiscal year ended June 30, 2016. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

- Investment return-7.50%, including inflation at 3.00%
- Salary increases-Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1%, and merit or seniority of 1.5%
- Benefit payments-no postretirement benefit increases assumed in the future
- Multiple decrement tables-mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary

SUPPLEMENTAL INFORMATION

NEW CASTLE  
Schedule of Expenditures  
For the Year Ended

PHILIP WEINER AND COMPANY LTD  
A CERTIFIED PUBLIC ACCOUNTING FIRM  
NEW CASTLE, PENNSYLVANIA

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROJECT TITLE</u>	<u>SOURCE CODE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTORS NUMBER</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through the Pennsylvania			
Department of Education:			
Title I-Improving Basic Program	I	84.010	013-150280
Title II-Improving Teacher Quality	I	84.367	020-150280
Rural and Low Income Schools	I	84.358	007-150280
Twenty First Century Community Learning Center-Cohort 7	I	84.287	FC4100068079
Twenty First Century Community Learning Center-Year 1	I	84.287	FC4100071648
Twenty First Century Community Learning Center-Cohort 8	I	84.287	FC4100068079
U.S. Department of Education: Impact Aid	D	84.041	48-PA-02-3002
Total U.S. Department of Education			
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through the Pennsylvania			
Department of Education:			
Child and Adult Care Food Program	I	10.558	N/A
Fresh Fruit and Vegetable Program	I	10.582	N/A
National School Lunch Program	I	10.555	N/A
School Breakfast Program	I	10.553	N/A
Special Milk Program	I	10.556	N/A
Summer Food Service Program-2016	I	10.559	N/A
Summer Food Service Program-2015	I	10.559	N/A
Passed Through the Pennsylvania			
Department of Agriculture:			
Value of USDA Commodities	I	10.555	N/A
Total Food Nutrition Cluster			
Total U.S. Department of Agriculture			
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through the Pennsylvania Department			
of Public Welfare:			
Medical Assistance Reimbursement for Admin	I	93.778	N/A
Total U.S. Department of Health and Human Services			
Total Expenditure of Federal Awards			
Source Codes:			
D-Direct Funding			
I-Indirect Funding			

The accompanying schedule of expenditures of federal awards included the federal grant activity of New Castle Area School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

AREA SCHOOL DISTRICT  
of Federal Awards  
June 30, 2016

	<u>GRANT BEGINNING DATE</u>	<u>GRANT ENDING DATE</u>	<u>CLUSTER EXPENDITURES</u>	<u>EXPENDITURES</u>
NEW CASTLE, PENNSYLVANIA	08-28-15	09-30-16		\$ 1,788,309
	08-28-15	09-30-15		308,143
	08-28-15	09-30-16		63,620
	10-01-14	09-30-16		71,169
	01-06-16	12-31-16		122,885
	10-15-15	09-30-16		376,225
	N/A	N/A		<u>10,130</u>
A CERTIFIED PUBLIC ACCOUNTING FIRM				<u>2,740,481</u>
	07-01-15	09-30-16		62,951
	07-01-15	06-30-16		62,760
	07-01-15	06-30-16	\$ 1,233,587	
	07-01-15	06-30-16	516,389	
	07-01-15	06-30-16	801	
	01-01-16	08-18-16	10,709	
	07-04-15	08-16-15	20,924	
	07-01-15	06-30-15	<u>107,871</u>	
				<u>1,890,281</u>
PHILIP WEINER AND COMPANY LTD				<u>2,015,992</u>
	07-01-14	06-30-16		<u>47,973</u>
				<u>47,973</u>
			\$ <u>4,804,446</u>	

Programs Selected For Testing:

	<u>AMOUNT</u>
Food Nutrition Cluster	\$ 1,890,281
Twenty First Century Community Learning Center	<u>570,279</u>
Total	\$ <u>2,460,560</u>

**PHILIP WEINER AND COMPANY LTD**  
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NEW CASTLE, PENNSYLVANIA

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
New Castle Area School District  
New Castle, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the New Castle Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of New Castle Area School District's major federal programs for the year ended June 30, 2016. New Castle Area 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 federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, New Castle Area 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, 2016.



## Report on Internal Control Over Compliance

Management of New Castle Area 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 New Castle Area 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Castle Area School District's internal control over compliance.

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

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

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

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of New Castle Area School District as of and for the year ended June 30, 2016, and have issued our report thereon dated January 31, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects to the financial statements as a whole.

  
New Castle, Pennsylvania  
March 15, 2017

NEW CASTLE AREA SCHOOL DISTRICT  
Schedule of Findings and Questioned Cost  
For the Year Ended June 30, 2016

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued expresses an unqualified opinion on the financial statements of New Castle Area School District:

Internal control over financial reporting:

\* Material weaknesses identified?            Yes   X   None Reported

\* Reportable conditions identified that are not considered to be material weaknesses?            Yes   X   None Reported

Noncompliance material to financial statements noted?            Yes   X   None Reported

Federal Awards

Internal control over major programs:

\* Material weaknesses identified?            Yes   X   None Reported

\* Reportable conditions identified that are not considered to be material weaknesses?            Yes   X   None Reported

Type of auditor's report issued on compliance for major programs for New Castle Area School District expresses an unqualified opinion on all major programs:

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?            Yes   X   None Reported

Identification of Major Programs:

          CFDA Numbers            
10.555/10.553/10.556/10.559

          Name of Federal Program or Cluster            
Food Nutrition Cluster

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

Auditee qualified as low-risk auditee?   X   Yes            No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

NEW CASTLE AREA SCHOOL DISTRICT  
Budgetary Comparison-Revenues and Expenditures  
For the Year Ended June 30, 2016

GENERAL FUND

<u>ACCOUNT NUMBER</u>	<u>REVENUES</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>
6000	Revenue From Local Sources	\$ 11,007,395	\$ 11,145,198
7000	Revenue From State Sources	31,622,100	33,369,353
8000	Revenue From Federal Sources	3,873,734	3,884,048
9000	Other Financing Sources	<u>-0-</u>	<u>295,238</u>
	Total Revenues	<u>46,503,229</u>	<u>48,693,837</u>
	<u>EXPENDITURES</u>		
1000	Instruction	30,286,748	31,645,793
2000	Support Services	12,387,274	13,166,468
3000	Operation of Non-instructional Services	685,593	882,926
5000	Other Financing Uses	<u>4,348,552</u>	<u>4,590,158</u>
	Total Expenditures	<u>47,708,167</u>	<u>50,285,345</u>
	Excess (Deficiency) of Revenues Over Expenditures	\$ ( <u>1,204,938</u> )	\$ ( <u>1,591,508</u> )

NEW CASTLE, PENNSYLVANIA  
A CERTIFIED PUBLIC ACCOUNTING FIRM  
PHILIP WEINER AND COMPANY LTD

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Budgetary Comparison-Revenues and Expenditures  
For the Year Ended June 30, 2016

GENERAL FUND  
SUPPORTING SCHEDULES-REVENUES

		BUDGET	
		AS AMENDED	ACTUAL
NEW CASTLE, PENNSYLVANIA	<u>ACCOUNT 6000-REVENUE FROM LOCAL SOURCES</u>		
	6111 Current Real Estate Taxes	\$ 6,580,000	\$ 6,584,476
	6113 Public Utility Realty Taxes	12,500	11,539
	6114 Payments In Lieu of Taxes	15,000	16,396
	6120 Current Per Capita Taxes, Section 679	40,000	33,405
	6141 Current Per Capita Taxes-Act 511	80,000	76,390
	6151 Current Act 511 Earned Income Taxes	1,320,000	1,338,622
	6153 Current Act 511 Real Estate Transfer Taxes	120,000	98,660
	6211 Discounts on Current Real Estate Taxes	( 91,000)	( 100,388)
	6300 Penalties and Interest Collected on Taxes Levied by the LEA	158,700	178,042
	6411 Delinquencies on Taxes Levied/Assessed by the LEA	1,450,000	1,532,344
	6420 Delinquencies Per Capita Taxes, Section 679	10,000	13,565
	6440 Delinquencies Local Enabling Taxes-Flat Rate Assessment	22,000	27,131
	6451 Delinquencies Act 511 Earned Income Taxes	175,000	123,783
	6500 Earning on Investments	30,025	22,583
	6700 Revenues from Student Activities-Fees	60,000	68,370
	6740 Revenues from Student Activities-Other	4,000	2,735
	6829 State Pre-K Counts Three LCCAP	182,470	182,470
	6832 Federal IDEA Revenue Received as Pass Through	607,505	623,994
A CERTIFIED PUBLIC ACCOUNTING FIRM	6836 Federal ARRA Race to the Top Revenue Received as Pass Through	18,384	18,384
	6910 Rentals	48,000	53,024
	6920 Contributions and Donations	20,000	51,827
	6941 Regular Day School Tuition	7,000	13,735
	6944 Receipts from Other LEA's in Pennsylvania Education	120,000	153,725
	6961 Transportation Services Provided Other Pennsylvania LEA's	15,000	-0-
	6991 Refunds of Prior Year Expenditures	1,000	2,733
	6999 Other Revenue	1,811	17,653
		<u>11,007,395</u>	<u>11,145,198</u>
	<u>ACCOUNT 7000-REVENUE FROM STATE SOURCES</u>		
PHILIP WEINER AND COMPANY LTD	7110 Basic Instructional Subsidy	22,532,066	22,414,901
	7160 Tuition for Orphans and Children Placed in Private Homes	70,000	49,309
	7240 Drivers Education-Students	2,000	2,135
	7271 Special Education Funding for School Aged Pupils	2,439,291	2,587,460
	7310 Transportation (Regular and Additional)	845,000	744,561
	7320 Rentals and Sinking Fund Payments/Building Reimbursement Subsidy	686,517	873,157
	7330 Health Services (Medical, Dental, Nurse, Act 25)	60,000	56,513
	7340 State Property Tax Reduction Allocation	1,185,515	1,185,515
	7505 Pennsylvania Accountability Grant-Pre-Kindergarten	-0-	681,743
	7810 State Share of Social Security and Medicare Taxes	1,113,713	730,447
	7820 State Share of Retirement Contributions	2,687,998	4,043,612
		<u>31,622,100</u>	<u>33,369,353</u>

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Budgetary Comparison-Revenues and Expenditures  
For the Year Ended June 30, 2016

GENERAL FUND  
SUPPORTING SCHEDULES-REVENUES

<u>ACCOUNT 8000-REVENUE FROM FEDERAL SOURCES</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>
8110 Payments for Federally Impacted Areas	-0-	10,130
8514 No Child Left Behind, Title I, Improving the Academic Achievement of the Disadvantaged	1,788,309	1,788,309
8515 No Child Left Behind, Title IIA, Improving Teacher Quality	306,833	306,143
8517 No Child Left Behind, Title IV 21 <sup>st</sup> Century	570,260	570,260
8519 No Child Left Behind, Rural and Low Income Schools	63,620	63,620
8732 American Recovery and Reinvestment Act of 2009 (ARRA) Grant-Qualified School Construction Bonds	819,741	821,952
8810 Medical Assistance Reimbursements-School Board Access Medicare Reimbursement Program Reimbursement	275,661	275,661
8820 Medical Assistance Reimbursements-Medical Assistance Reimbursement for Administrative Claiming Program	<u>50,000</u>	<u>47,973</u>
	<u>3,873,734</u>	<u>3,884,048</u>
 <u>ACCOUNT 9000-OTHER FINANCING SOURCES</u>		
9200 Proceeds from Extended-Term Financing	-0-	294,587
9400 Sale of Fixed Assets	<u>-0-</u>	<u>651</u>
	<u>-0-</u>	<u>295,238</u>
Total Revenues	\$ <u>46,503,229</u>	\$ <u>48,693,837</u>

NEW CASTLE, PENNSYLVANIA  
A CERTIFIED PUBLIC ACCOUNTING FIRM  
PHILIP WEINER AND COMPANY LTD

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Budgetary Comparison-Revenues and Expenditures  
For the Year Ended June 30, 2016

GENERAL FUND  
SUPPORTING SCHEDULES-EXPENDITURES

<u>ACCOUNT 1000-INSTRUCTION</u>	<u>BUDGET AS AMENDED</u>	<u>ACTUAL</u>
1100 Regular Programs-Elementary/Secondary	\$ 18,528,762	\$ 19,340,219
1100 Regular Programs-NCLB, Title I-Basic	1,394,574	1,520,779
1100 Regular Programs-Title IIA	302,143	332,286
1100 Regular Programs-NCLB-Rural and Low Income Schools	63,620	65,097
1200 Special Programs-Elementary/Secondary	6,228,539	6,309,980
1200 Special Programs-IDEA	607,505	696,396
1200 Special Programs-Medical Access	263,956	287,717
1300 Vocational Education Programs-Elementary/Secondary	1,594,847	1,763,868
1400 Other Instructional Programs-Elementary/Secondary	446,242	459,133
1400 Other Instructional Programs-Academy Program	-0-	-0-
1400 Other Instructional Programs-Prison Program	39,114	25,825
1400 Other Instructional Programs-Twenty First Century Grant	384,796	411,398
1500 Nonpublic School Program-NCLB-Title I-Basic	31,470	34,111
1800 Instructional Programs-PA Block Grant-Pre-Kindergarten	218,710	206,531
1800 Instructional Programs-Pre-Kindergarten thru LCCAP	<u>182,470</u>	<u>192,453</u>
	<u>30,286,748</u>	<u>31,645,793</u>
<u>ACCOUNT 2000-SUPPORT SERVICES</u>		
2100 Support Services-Pupil Personnel-Elementary/Secondary	1,042,074	1,308,234
2100 Support Services-Payroll Personnel-Twenty First Grant	118,056	131,251
2100 Support Services-Pupil Personnel-Medical Access	11,117	11,117
2200 Instructional Staff-Elementary/Secondary	810,826	809,273
2200 Instructional Staff-NCLB, Title I-Basic	118,703	127,881
2200 Instructional Staff-Race to the Top	18,384	19,434
2300 Administration Services	3,409,701	3,407,455
2400 Pupil Health-Elementary/Secondary	569,412	568,888
2400 Pupil Health-PA Block Grant-Pre-Kindergarten	95,000	94,766
2400 Pupil Health-Medical Access	588	588
2500 Business	839,048	838,090
2600 Operation and Maintenance of Plant Services	3,082,876	3,529,601
2700 Student Transportation Services	1,562,621	1,594,617
2700 Student Transportation Services-Twenty First Century Grant	67,407	67,407
2800 Central	400,302	396,925
2800 Central-NCLB, Title I-Basic	223,559	243,379
2900 Other Support Services	<u>17,600</u>	<u>17,562</u>
	<u>12,387,274</u>	<u>13,166,468</u>

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Budgetary Comparison-Revenues and Expenditures  
For the Year Ended June 30, 2016

GENERAL FUND  
SUPPORTING SCHEDULES-EXPENDITURES

	<u>BUDGET</u> <u>AS AMENDED</u>	<u>ACTUAL</u>
<u>ACCOUNT 3000-OPERATION OF NONINSTRUCTIONAL SERVICES</u>		
3200 Student Activities	650,591	850,344
3300 Community Services	15,000	12,380
3300 Community Services-NCLB, Title I-Basic	<u>20,002</u>	<u>20,002</u>
	<u>685,593</u>	<u>882,926</u>
 <u>ACCOUNT 5000-OTHER EXPENDITURES AND FINANCING USES</u>		
5110 Debt Services	684,352	883,882
5130 Refund of Prior Years Revenues/Receipts	2,100	2,037
5200 Interfund Transfers-Out	<u>3,662,100</u>	<u>3,704,239</u>
	<u>4,348,552</u>	<u>4,590,158</u>
Total Expenditures	\$ <u>47,708,167</u>	\$ <u>50,285,345</u>

NEW CASTLE, PENNSYLVANIA

A CERTIFIED PUBLIC ACCOUNTING FIRM

PHILIP WEINER AND COMPANY LTD

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
General Fund  
Schedule of Athletic Revenues and Expenditures  
For the Year Ended June 30, 2016

	<u>ATHLETIC FUND</u>
<u>REVENUES</u>	
Gate Receipts and Guarantees	\$ 55,773
Interest	19
State Subsidy-Social	
Security/Retirement	40,369
WPIAL/PIAA Playoff Revenue	<u>5,912</u>
Total Revenues	<u>102,073</u>
<u>EXPENDITURES</u>	
Administrative Salaries	25,206
Coaches	220,387
Other Labor	47,703
Benefits	80,738
Other Professional Services	12,724
Technical Services	20,015
Officials and Game Workers	47,533
Utilities	27,083
Repairs	23,173
Transportation	57,706
Rental of Equipment	4,889
Travel	14,091
Equipment and Other Supplies	156,712
Dues and Fees	<u>4,775</u>
Total Expenditures	<u>742,735</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(640,662)</u>
<u>GENERAL FUND SUPPORT</u>	<u>640,662</u>

This schedule includes additional information that is included in the body of the financial statement.

The accompanying notes and auditor's report should be read with this financial statement.



NEW CASTLE AREA SCHOOL DISTRICT  
Capital Project Fund  
Combining Balance Sheet  
For the Year Ended June 30, 2016

	CAPITAL IMPROVEMENT FUND
<u>ASSETS</u>	
Cash	\$ 496,624
Due from Other Funds	<u>51,867</u>
Total Assets	<u>548,491</u>

LIABILITIES AND FUND BALANCES

<u>LIABILITIES</u>	
Due to Other Funds	-0-
Accounts Payable	<u>-0-</u>
Total Liabilities	<u>-0-</u>

FUND BALANCE

Reserve for Capital Projects	<u>548,491</u>
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Total Liabilities and Fund Balances	\$ <u>548,491</u>
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Capital Project Fund  
Combining Statement of Revenues and Expenditures  
For the Year Ended June 30, 2016

	CAPITAL IMPROVEMENT FUND
<u>REVENUES</u>	
Investment Earnings	\$ 913
Refunds	-0-
State Subsidy-Social Security/Retirement	<u>-0-</u>
Total Revenues	<u>913</u>
<u>EXPENDITURES</u>	
Instruction	-0-
Support Services	107,241
Noninstructional Services	-0-
Capital Outlay	<u>194,024</u>
Total Expenditures	<u>301,265</u>
Excess (Deficiency) of Revenues Over Expenditures	(300,352)
<u>NET CHANGES TO FUND BALANCE</u>	(300,352)
<u>FUND BALANCE</u> -Beginning	<u>848,843</u>
<u>FUND BALANCE</u> -Ending	\$ <u>548,491</u>

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Fiduciary Fund Types  
Student Activity Fund  
Combining Balance Sheet  
For the Year Ended June 30, 2016

	<u>JUNIOR/SENIOR HIGH</u>	<u>ELEMENTARY</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ <u>40,426</u>	\$ <u>5,329</u>	\$ <u>45,755</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Other Current Liabilities	\$ <u>40,426</u>	\$ <u>5,329</u>	\$ <u>45,755</u>
Total Liabilities	<u>40,426</u>	<u>5,329</u>	<u>45,755</u>
Fund Balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities and Fund Balance	\$ <u>40,426</u>	\$ <u>5,329</u>	\$ <u>45,755</u>

NEW CASTLE, PENNSYLVANIA

A CERTIFIED PUBLIC ACCOUNTING FIRM

PHILIP WEINER AND COMPANY LTD

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA SCHOOL DISTRICT  
Fiduciary Fund Types  
Student Activity Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2016

	BALANCE		REVENUES	TOTAL	EXPENDITURES	BALANCE	
	JUNIOR/SENIOR HIGH	JULY 1, 2015				JUNE 30, 2016	
NEW CASTLE, PENNSYLVANIA	Academic Games	\$ 65	\$ -0-	\$ 65	\$ 45	\$ 20	
	Art Club	403	-0-	403	-0-	403	
	Band	280	100	380	116	264	
	Busted	508	-0-	508	-0-	508	
	Canes Corner	999	127	1,126	267	859	
	Choir	3,528	-0-	3,528	-0-	3,528	
	Drama Club	1,102	-0-	1,102	-0-	1,102	
	Eye of the Hurricane	120	-0-	120	-0-	120	
	French Club	631	-0-	631	-0-	631	
	Freshman Class	1,093	-0-	1,093	-0-	1,093	
	Grade 7	1,615	-0-	2,575	-0-	1,768	
	Grade 8	2,094	960	2,902	807	678	
	Italian Club	256	808	256	2,224	256	
	Junior Class	1,093	-0-	1,093	-0-	1,093	
	Jr High Honors	-0-	276	276	-0-	276	
	Make A Difference	61	-0-	61	-0-	61	
	National Honor Society	30	1,378	1,408	920	488	
	Par for the Cure	1	5,368	5,369	5,368	1	
	Pergodian	1,660	2,225	3,885	1,265	2,620	
	Senior Class	10,166	17,802	27,968	17,727	10,241	
	Service Learning	1,245	5,050	6,295	1,027	5,268	
	Sophomore Class	1,093	1,093	2,186	1,093	1,093	
	Spanish Club	1,862	231	2,093	75	2,018	
	Student Council	4,349	6,558	10,907	4,870	6,037	
	Totals	\$ 34,254	\$ 41,976	\$ 76,230	\$ 35,804	\$ 40,426	
	<u>ELEMENTARY</u>						
	Pre-Kindergarten-Croton						
	School	\$ 740	\$ -0-	\$ 740	\$ 22	\$ 718	
	Harry W. Lockley School	1,727	-0-	1,727	-0-	1,727	
	George Washington						
	Intermediate School	2,884	-0-	2,884	-0-	2,884	
	Total Elementary	\$ 5,351	\$ -0-	\$ 5,351	\$ 22	\$ 5,329	
A CERTIFIED PUBLIC ACCOUNTING FIRM							
PHILIP WEINER AND COMPANY LTD							

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA  
Fiduciary Fund Type-  
Combining  
For the Year Ended

PHILIP WEINER AND COMPANY LTD A CERTIFIED PUBLIC ACCOUNTING FIRM NEW CASTLE, PENNSYLVANIA

	RICHARD HAMILTON MEMORIAL SCHOLARSHIP FUND	OLSON SCHOLARSHIP FUND	PAUL BUILSON SR PAUL BUILSON JR FUND	ACTIVITY UMBRELLA FUND
<u>ASSETS</u>				
Cash	\$ 4,055	\$ 9,358	\$ -0-	\$ 20,956
Prepaid Expenses	-0-	-0-	-0-	74
Total Assets	<u>4,055</u>	<u>9,358</u>	<u>-0-</u>	<u>21,030</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Scholarship Payable	-0-	-0-	-0-	-0-
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION</u>				
Reserved for Scholarship	4,055	9,358	-0-	-0-
Reserved for Nonbudgeted Student Activities	-0-	-0-	-0-	21,030
Reserved for Accumulated Death Benefits	-0-	-0-	-0-	-0-
Total Net Position	<u>4,055</u>	<u>9,358</u>	<u>-0-</u>	<u>21,030</u>
Total Liabilities and Net Position	\$ <u>4,055</u>	\$ <u>9,358</u>	\$ <u>-0-</u>	\$ <u>21,030</u>
<u>REVENUES</u>				
Donations	\$ 4,305	\$ 8,806	\$ 2,000	\$ 1,208
Commissions	-0-	-0-	-0-	1,394
Total Revenues	<u>4,305</u>	<u>8,806</u>	<u>2,000</u>	<u>2,602</u>
<u>EXPENDITURES</u>				
Scholarships	250	5,800	2,000	-0-
Student Activities	-0-	-0-	-0-	15,044
Other	-0-	1,274	-0-	-0-
Total Expenditures	<u>250</u>	<u>7,074</u>	<u>2,000</u>	<u>15,044</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	4,055	1,732	-0-	(12,442)
<u>NET POSITION-JULY 1, 2015</u>	-0-	7,626	-0-	33,472
<u>NET POSITION-JUNE 30, 2016</u>	\$ <u>4,055</u>	\$ <u>9,358</u>	\$ <u>-0-</u>	\$ <u>21,030</u>

The accompanying notes and auditor's report should be read with this financial statement.

SCHOOL DISTRICT  
Trust And Agency  
Balance Sheet  
June 30, 2016

	<u>LIFE INSURANCE</u>	<u>COACH PAP SCHOLARSHIP FUND</u>	<u>MEREDITH/ANDY WAWAZYNSKI SCHOLARSHIP FUND</u>	<u>WILSON AND MOFFETT FAMILY SCHOLARSHIP FUND</u>	<u>SIOUX OF 62 SCHOLARSHIP FUND</u>	<u>TOTAL</u>
NEW CASTLE, PENNSYLVANIA	\$ 11,000	\$ 509	\$ -0-	\$ 1,000	\$ -0-	\$ 46,878
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>74</u>
	\$ <u>11,000</u>	\$ <u>509</u>	\$ <u>-0-</u>	\$ <u>1,000</u>	\$ <u>-0-</u>	\$ <u>46,952</u>
A CERTIFIED PUBLIC ACCOUNTING FIRM	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	-0-	509	-0-	1,000	-0-	14,922
	-0-	-0-	-0-	-0-	-0-	21,030
	<u>11,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>11,000</u>
	<u>11,000</u>	<u>509</u>	<u>-0-</u>	<u>1,000</u>	<u>-0-</u>	<u>46,952</u>
	\$ <u>11,000</u>	\$ <u>509</u>	\$ <u>-0-</u>	\$ <u>1,000</u>	\$ <u>-0-</u>	\$ <u>46,952</u>
	\$ -0-	\$ -0-	\$ 2,000	\$ 1,000	\$ 1,000	\$ 20,319
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,394</u>
PHILIP WEINER AND COMPANY LTD	<u>-0-</u>	<u>-0-</u>	<u>2,000</u>	<u>1,000</u>	<u>1,000</u>	<u>21,713</u>
	-0-	-0-	2,000	-0-	1,000	11,050
	-0-	-0-	-0-	-0-	-0-	15,044
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,274</u>
	<u>-0-</u>	<u>-0-</u>	<u>2,000</u>	<u>-0-</u>	<u>1,000</u>	<u>27,368</u>
	-0-	-0-	-0-	1,000	-0-	( 5,655)
	<u>11,000</u>	<u>509</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>52,607</u>
	\$ <u>11,000</u>	\$ <u>509</u>	\$ <u>-0-</u>	\$ <u>1,000</u>	\$ <u>-0-</u>	\$ <u>46,952</u>

NEW CASTLE AREA SCHOOL DISTRICT  
Food Service  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2016

<u>REVENUE</u> -Cafeteria Sales		\$ 112,815
<u>COST OF SALES</u>		
Beginning Inventory, July 1, 2015	\$ 16,353	
Purchases	<u>1,005,368</u>	
Total	1,021,721	
Ending Inventory, June 30, 2016	<u>19,588</u>	
Total Cost of Sales		<u>1,002,133</u>
<u>GROSS (LOSS)</u>		( 889,318)
<u>OPERATING EXPENSES</u>		
Salaries and Wages	817,773	
Benefits	379,909	
Supplies	56,166	
Repairs and Maintenance	27,109	
Insurance and Bonding	100	
Office Expense	473	
Depreciation	1,089	
Travel/Training	<u>2,086</u>	
Total Operating Expenses		<u>1,284,705</u>
<u>NET (LOSS) BEFORE NONOPERATING REVENUE (EXPENSE)</u>		(2,174,023)
<u>NONOPERATING REVENUE (EXPENSE)</u>		
State Subsidy	180,223	
Federal Subsidy	2,015,993	
Interest Income	<u>1,162</u>	
Total Nonoperating Revenue (Expense)		<u>2,197,378</u>
<u>NET INCOME FOR THE YEAR</u>		\$ <u>23,355</u>

The accompanying notes and auditor's report should be read with this financial statement.

NEW CASTLE AREA

Schedule of Federal Financial Assistance Statement as Required  
For the Year Ended

PHILIP WEINER AND COMPANY LTD A CERTIFIED PUBLIC ACCOUNTING FIRM NEW CASTLE, PENNSYLVANIA

<u>GRANTOR PROGRAM TITLE</u>	<u>SOURCE CODE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH GRANTOR NUMBER</u>	<u>GRANT PERIOD BEGINNING DATE</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed Through the Pennsylvania Department of Education:				
ECIA Title I-Improving Basic Programs	I	84.010	013-160280	08-28-15
ECIA Title II-Improving Teacher Quality	I	84.367	020-160280	08-28-15
ECIA Title II-Improving Teacher Quality	I	84.367	020-150280	08-15-14
Rural and Low Income Schools	I	84.358	007-160280	08-28-15
Twenty First Century Community Learning Centers (Cohort 7)	I	84.287	FC4100068079	10-01-14
Twenty First Century Community Learning Centers Year 1	I	84.287	FC4100071648	01-06-16
Twenty First Century Community Learning Centers (Cohort 8)	I	84.287	FC4100068079	10-01-15
U.S. Department of Education				
Impact Aid	D	84.041	48-PA-3002	N/A
Total U.S. Department of Education				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through the Pennsylvania Department of Welfare:				
Medical Assistance Reimbursement for Administration	I	93.778	N/A	07-01-15
Total US Department of Health and Human Services				
<u>SOURCE CODES:</u>				
D - Direct Funding				
I - Indirect Funding				
S - State Funding				

The accompanying schedule of Federal Awards is prepared on the accrual basis of accounting.

SCHOOL DISTRICT  
by the Pennsylvania Department of Education  
June 30, 2016

<u>GRANT PERIOD ENDING DATE</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>TOTAL RECEIVED FOR THE YEAR</u>	<u>ACCRUED OR (DEFERRED) AT 7-01-15</u>	<u>REVENUE RECOGNIZED</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>	<u>ACCRUED OR DEFERRED AT 6-30-16</u>
09-30-16	\$ 1,788,309	\$ 1,532,836	\$ -0-	\$ 1,788,309	\$ 1,788,309	\$ 255,473
09-30-16	306,143	262,537	-0-	308,143	308,143	45,606
09-30-15	306,574	43,574	43,574	-0-	-0-	-0-
09-30-15	63,620	57,836	-0-	63,620	63,620	5,784
09-30-15	390,000	205,846	154,168	71,169	71,169	19,491
12-31-16	240,000	-0-	-0-	122,885	122,885	122,885
09-30-16	390,000	-0-	-0-	<u>376,225</u>	<u>376,225</u>	<u>376,225</u>
		<u>2,102,629</u>	<u>197,742</u>	<u>2,730,351</u>	<u>2,730,351</u>	<u>825,464</u>
N/A	N/A	<u>10,130</u>	( <u>7,146</u> )	<u>10,130</u>	<u>10,130</u>	( <u>7,146</u> )
		<u>2,112,759</u>	<u>190,596</u>	<u>2,740,481</u>	<u>2,740,481</u>	<u>818,318</u>
06-13-16	N/A	<u>35,873</u>	<u>23,730</u>	<u>47,973</u>	<u>47,973</u>	<u>35,830</u>

NEW CASTLE, PENNSYLVANIA

A CERTIFIED PUBLIC ACCOUNTING FIRM

PHILIP WEINER AND COMPANY LTD



NEW CASTLE AREA  
Schedule of Federal Financial Assistance Statement  
For the Year Ended

<u>GRANTOR PROGRAM TITLE</u>	<u>SOURCE CODE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR NUMBER</u>	<u>GRANT PERIOD BEGINNING DATE</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed Through the Pennsylvania Department of Education:				
National School Lunch Program	I	10.555	N/A	07-01-15
National School Lunch Program	S	N/A		07-01-15
National School Lunch Program	I	10.555		07-01-14
National School Lunch Program	S	N/A		07-01-14
School Breakfast Program	I	10.553		07-01-15
School Breakfast Program	S	N/A		07-01-15
School Breakfast Program	I	10.553		07-01-14
School Breakfast Program	S	N/A		07-01-14
Special Milk Program	I	10.556		07-01-15
Special Milk Program	I	10.556		07-01-14
Fresh Fruit and Vegetable Program	I	10.582		07-01-15
Fresh Fruit and Vegetable Program	I	10.582		07-01-14
Summer Food Service Program 2016	I	10.559		07-01-16
Summer Food Service Program 2015	I	10.559		06-11-15
Child and Adult Care Program	I	10.558		07-01-15

Passed Through the Pennsylvania  
Department of Agriculture:

Value of USDA Commodities	I	10.555		07-01-15
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Total U.S. Department  
of Agriculture

Totals

Less: State Programs

Total of Federal Programs

SOURCE CODES:

D - Direct Funding  
I - Indirect Funding  
S - State Funding

FOOTNOTES:

(A) Total amount of donated commodities received  
from the Department of Agriculture  
(B) Beginning inventory at July 1  
(C) Total value of commodities used  
(D) Ending inventory at June 30

PHILIP WEINER AND COMPANY LTD A CERTIFIED PUBLIC ACCOUNTING FIRM

NEW CASTLE, PENNSYLVANIA

The accompanying schedule of Federal Awards is prepared on the accrual basis of accounting.

SCHOOL DISTRICT  
as Required by the Pennsylvania Department of Education  
June 30, 2016 (Continued)

GRANT PERIOD ENDING DATE	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) AT 7-01-15	REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	ACCRUED OR DEFERRED AT 6-30-16
06-30-16	N/A	\$ 1,212,731	\$ -0-	\$ 1,233,587	\$ 1,233,587	\$ 20,856
06-30-16	N/A	53,868	-0-	54,795	54,795	927
06-30-15	N/A	33,005	33,005	-0-	-0-	-0-
06-30-15	N/A	1,510	1,510	-0-	-0-	-0-
06-30-16	N/A	506,666	-0-	516,389	516,389	9,723
06-30-16	N/A	25,512	-0-	26,005	26,005	493
06-30-15	N/A	13,471	13,471	-0-	-0-	-0-
06-30-15	N/A	714	714	-0-	-0-	-0-
06-30-16	N/A	801	-0-	801	801	-0-
06-30-15	N/A	53	53	-0-	-0-	-0-
06-30-16	N/A	62,760	-0-	62,760	62,760	-0-
06-30-15	N/A	5,628	5,628	-0-	-0-	-0-
08-18-16	N/A	-0-	-0-	10,709	10,709	10,709
08-16-15	28,455	28,455	7,531	20,924	20,924	-0-
09-30-16	N/A	<u>62,951</u>	<u>-0-</u>	<u>62,951</u>	<u>62,951</u>	<u>-0-</u>
		2,008,125	61,912	1,988,921	1,988,921	42,708
06-30-16	N/A	(A) <u>107,480</u>	(B) ( <u>8,840</u> )	<u>107,871</u>	(C) <u>107,871</u>	(D) ( <u>8,449</u> )
		\$ <u>2,115,605</u>	\$ <u>53,072</u>	\$ <u>2,096,792</u>	\$ <u>2,096,792</u>	\$ <u>34,259</u>
		\$ 4,264,237	\$ 267,398	\$ 4,885,246	\$ 4,885,246	\$ 888,407
		<u>81,604</u>	<u>2,224</u>	<u>80,800</u>	<u>80,800</u>	<u>1,420</u>
		\$ <u>4,182,633</u>	\$ <u>265,174</u>	\$ <u>4,804,446</u>	\$ <u>4,804,446</u>	\$ <u>886,987</u>

PHILIP WEINER AND COMPANY LTD  
A CERTIFIED PUBLIC ACCOUNTING FIRM  
NEW CASTLE, PENNSYLVANIA

**APPENDIX C**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

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

A subsidiary of Assured Guaranty Municipal Holdings Inc.  
1633 Broadway, New York, N.Y. 10019  
(212) 974-0100

**APPENDIX D**

**SUMMARY OF OUTSTANDING ANNUAL DEBT SERVICE  
(INCLUDING THIS ISSUE)**

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**New Castle Area School District  
General Obligation Bonds, Series of 2017**

**SUMMARY OF DEBT SERVICE PRIOR TO STATE REIMBURSEMENT BUT AFTER FEDERAL SUBSIDY ON THE QSCBS**

Date	Series of 2011 Debt Service QSCBS	Series A of 2011 Debt Service	Series C of 2011 Debt Service	Series of 2012 Debt Service	Series of 2017 Debt Service	Semi-Annual Debt Service	Annual Debt Service
9/1/2017							
3/1/2018	-	2,690,701.25	44,856.25	6,952.50	91,846.64	2,834,356.64	2,834,356.64
9/1/2018	5,000.00	420,326.25	39,796.25	6,952.50	146,304.38	618,379.38	
3/1/2019	-	2,750,326.25	44,796.25	56,952.50	211,304.38	3,063,379.38	3,681,758.75
9/1/2019	4,900.00	387,123.75	39,728.75	6,296.25	145,654.38	583,703.13	
3/1/2020	-	2,787,123.75	44,728.75	56,296.25	285,654.38	3,173,803.13	3,757,506.25
9/1/2020	4,800.00	327,123.75	39,653.75	5,640.00	142,854.38	520,071.88	
3/1/2021	-	2,842,123.75	44,653.75	55,640.00	292,854.38	3,235,271.88	3,755,343.75
9/1/2021	4,700.00	286,255.00	39,550.00	4,983.75	141,354.38	476,843.13	
3/1/2022	-	2,886,255.00	44,550.00	54,983.75	296,354.38	3,282,143.13	3,758,986.25
9/1/2022	4,600.00	242,705.00	39,446.25	4,327.50	139,804.38	430,883.13	
3/1/2023	-	2,927,705.00	44,446.25	54,327.50	299,804.38	3,326,283.13	3,757,166.25
9/1/2023	2,474,500.00	175,580.00	39,342.50	3,671.25	138,204.38	2,831,298.13	
3/1/2024	-	760,580.00	44,342.50	58,671.25	293,204.38	1,156,798.13	3,988,096.25
9/1/2024	2,425,000.00	164,465.00	39,238.75	2,949.38	136,654.38	2,768,307.50	
3/1/2025	-	809,465.00	44,238.75	57,949.38	301,654.38	1,213,307.50	3,981,615.00
9/1/2025	2,375,500.00	152,210.00	39,135.00	2,227.50	134,901.25	2,703,973.75	
3/1/2026	-	867,210.00	44,135.00	57,227.50	304,901.25	1,273,473.75	3,977,447.50
9/1/2026	2,326,000.00	138,625.00	39,031.25	1,320.00	132,946.25	2,637,922.50	
3/1/2027	-	918,625.00	44,031.25	61,320.00	302,946.25	1,326,922.50	3,964,845.00
9/1/2027	2,276,500.00	122,537.50	38,927.50	330.00	130,863.75	2,569,158.75	
3/1/2028	-	992,537.50	43,927.50	20,330.00	340,863.75	1,397,658.75	3,966,817.50
9/1/2028	2,227,000.00	104,593.75	38,823.75	-	128,133.75	2,498,551.25	
3/1/2029	-	1,054,593.75	43,823.75	-	383,133.75	1,481,551.25	3,980,102.50
9/1/2029	2,177,500.00	85,000.00	38,720.00	-	124,691.25	2,425,911.25	
3/1/2030	-	1,040,000.00	43,720.00	-	389,691.25	1,473,411.25	3,899,322.50
9/1/2030	-	64,706.25	38,616.25	-	120,981.25	224,303.75	
3/1/2031	-	3,109,706.25	43,616.25	-	390,981.25	3,544,303.75	3,768,607.50
9/1/2031	-	-	38,508.75	-	116,931.25	155,440.00	
3/1/2032	-	-	603,508.75	-	2,591,931.25	3,195,440.00	3,350,880.00
9/1/2032	-	-	26,361.25	-	79,806.25	106,167.50	
3/1/2033	-	-	621,361.25	-	2,634,806.25	3,256,167.50	3,362,335.00
9/1/2033	-	-	13,420.00	-	40,842.50	54,262.50	
3/1/2034	-	-	623,420.00	-	2,675,842.50	3,299,262.50	3,353,525.00
9/1/2034	-	-	-	-	-	-	
3/1/2035	-	-	-	-	-	-	-
Total	16,306,000.00	29,108,203.75	3,056,456.25	579,348.75	14,088,702.89	63,138,711.64	63,138,711.64

**New Castle Area School District  
General Obligation Bonds, Series of 2017**

**SUMMARY OF DEBT SERVICE AFTER CREDIT FOR BOTH STATE REIMBURSEMENT AND FEDERAL SUBSIDY ON THE QSCBS**

Date	Series of 2011 Debt Service QSCBS	Series A of 2011 Debt Service	Series C of 2011 Debt Service	Series of 2012 Debt Service	Series of 2017 Debt Service	Semi-Annual Debt Service	Annual Debt Service
9/1/2017							
3/1/2018	-	2,107,910.43	34,563.21	5,480.12	72,288.79	2,220,242.55	2,220,242.55
9/1/2018	3,852.66	329,285.94	30,664.32	5,480.12	115,150.29	484,433.33	
3/1/2019	-	2,154,620.99	34,516.98	44,891.24	166,309.18	2,400,338.39	2,884,771.72
9/1/2019	3,775.61	303,274.91	30,612.31	4,962.85	114,638.70	457,264.38	
3/1/2020	-	2,183,448.35	34,464.97	44,373.97	224,827.08	2,487,114.37	2,944,378.75
9/1/2020	3,698.56	256,270.58	30,554.52	4,445.57	112,434.94	407,404.16	
3/1/2021	-	2,226,535.66	34,407.18	43,856.70	230,493.91	2,535,293.45	2,942,697.61
9/1/2021	3,621.50	224,253.77	30,474.57	3,928.30	111,254.35	373,532.50	
3/1/2022	-	2,261,108.33	34,327.24	43,339.43	233,248.62	2,572,023.61	2,945,556.11
9/1/2022	3,544.45	190,136.46	30,394.63	3,411.03	110,034.40	337,520.97	
3/1/2023	-	2,293,580.49	34,247.30	42,822.16	235,963.97	2,606,613.92	2,944,134.89
9/1/2023	1,906,683.54	137,550.36	30,314.69	2,893.76	108,775.11	2,186,217.45	
3/1/2024	-	595,842.63	34,167.35	46,246.00	230,769.38	907,025.36	3,093,242.81
9/1/2024	1,868,542.16	128,842.80	30,234.75	2,324.76	107,555.17	2,137,499.64	
3/1/2025	-	634,139.41	34,087.41	45,677.00	237,420.03	951,323.86	3,088,823.50
9/1/2025	1,830,400.79	119,242.17	30,154.80	1,755.77	106,175.35	2,087,728.87	
3/1/2026	-	679,377.17	34,007.47	45,108.00	239,975.52	998,468.16	3,086,197.03
9/1/2026	1,792,259.41	108,599.60	30,074.86	1,040.45	104,636.65	2,036,610.97	
3/1/2027	-	719,655.97	33,927.52	48,333.80	238,436.81	1,040,354.11	3,076,965.09
9/1/2027	1,754,118.03	95,996.56	29,994.92	260.11	102,997.60	1,983,367.22	
3/1/2028	-	777,559.44	33,847.58	16,024.56	268,280.15	1,095,711.74	3,079,078.96
9/1/2028	1,715,976.66	81,939.33	29,914.97	-	100,848.92	1,928,679.88	
3/1/2029	-	826,174.65	33,767.64	-	301,549.17	1,161,491.46	3,090,171.35
9/1/2029	1,677,835.28	66,589.48	29,835.03	-	98,139.47	1,872,399.26	
3/1/2030	-	814,741.82	33,687.70	-	306,710.32	1,155,139.84	3,027,539.10
9/1/2030	-	50,691.24	29,755.09	-	95,219.48	175,665.81	
3/1/2031	-	2,436,161.29	33,607.75	-	307,725.62	2,777,494.67	2,953,160.47
9/1/2031	-	-	29,672.26	-	92,031.89	121,704.14	
3/1/2032	-	-	465,023.32	-	2,040,004.89	2,505,028.21	2,626,732.35
9/1/2032	-	-	20,312.21	-	62,812.29	83,124.50	
3/1/2033	-	-	478,779.25	-	2,073,750.08	2,552,529.34	2,635,653.84
9/1/2033	-	-	10,340.55	-	32,145.49	42,486.04	
3/1/2034	-	-	480,365.59	-	2,106,048.06	2,586,413.65	2,628,899.69
9/1/2034	-	-	-	-	-	-	
3/1/2035	-	-	-	-	-	-	-
Total	12,564,308.65	22,803,529.82	2,355,099.95	456,655.72	11,088,651.68	49,268,245.82	49,268,245.82
EST. Eff Reim	22.95%	21.66%	22.95%	21.18%	21.29%		