

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

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

\$5,700,000

Greater Johnstown School District

Cambria County, Pennsylvania

General Obligation Bonds, Series of 2015

Dated: May 19, 2015

Principal Due: August 1

Interest Due: February 1 and August 1

First Interest Payment: August 1, 2015

The General Obligation Bonds, Series of 2015 (the "Bonds") in the aggregate principal amount of \$5,700,000 will be issued in registered form in denominations of \$5,000 or any integral multiple thereof. 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, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Greater Johnstown School District, Cambria County, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution, hereinafter defined, or from any other of its 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 irrevocably has pledged its full faith, credit and available taxing power. (*But see "Security" and "SCHOOL DISTRICT FINANCES", AND "TAXING POWERS OF THE SCHOOL DISTRICT" herein*).

Interest on each of the Bonds is payable initially on August 1, 2015, and thereafter semiannually on February 1 and August 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. The School District has appointed U.S. Bank, National Association (the "Paying Agent"), as paying agent, registrar and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office located in Pittsburgh, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*).

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

Proceeds of the Bonds will be used for: (1) the current refunding of the School District's outstanding General Obligation Bonds, Series of 2005 and (2) paying the costs and expenses of preparing, issuing and marketing the Bonds.

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 is guaranteed under a municipal bond insurance policy issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. ("AGM").



MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS

As Shown on Inside Front Cover

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter and subject to the approving legal opinion of Dinsmore & Shohl LLP, of Pittsburgh, Pennsylvania, Bond Counsel. Certain other matters will be passed upon for the School District by John J. Kuzmiak, Esquire, of Johnstown, Pennsylvania, School District Solicitor. Public Financial Management, Inc., Harrisburg, Pennsylvania, will act as Financial Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery, through the facilities of DTC, on or about May 19, 2015.



\$5,700,000
Greater Johnstown School District
Cambria County, Pennsylvania
General Obligation Bonds, Series of 2015

Dated: May 19, 2015
Interest Due: February 1 and August 1

Principal Due: August 1
First Interest Payment: August 1, 2015

MATURITIES, AMOUNTS, RATES AND YIELDS/PRICES

Year of Maturity (August 1)	Principal Maturity Amount	Interest Rate	Initial Offering Yields	Initial Offering Prices	CUSIP Numbers⁽¹⁾
2018*	\$15,000	2.000%	1.350%	102.028%	392023QV2
2021*	15,000	2.000	2.000	100.000	392023QW0
2022	45,000	2.000	2.200	98.673	392023QX8
2023	80,000	2.125	2.300	98.697	392023QY6
2024	80,000	2.250	2.450	98.359	392023QZ3
2025	80,000	2.375	2.520	98.701	392023RA7
2028*	255,000	3.000	3.050	99.457	392023RB5
2031*	275,000	3.000	3.260	96.744	392023RC3
2032	2,570,000	3.125	3.350	97.073	392023RD1
2033	2,285,000	3.250	3.400	97.973	392023RE9

⁽¹⁾Registered trademark of the American Bankers Association, CUSIP numbers are provided by Standard and Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the holders of Bonds only at the time of issuance of the Bonds and the School District and the Underwriter do not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

*Term Bond

GREATER JOHNSTOWN SCHOOL DISTRICT
Cambria County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Richard E. Unger	President
John Berzinsky.....	Vice President
Clarissa Berzinsky	Treasurer*
Cynthia Ahlborn.....	Member
Vincent Arcurio	Member
Thomas C. Dadey.....	Member
Edwin J. Mikesic.....	Member
Kimberly Murray	Member
Eugene Pentz.....	Member
Daniel Tomak.....	Member
Debra Crowder.....	Secretary*

*Non-voting Member

SUPERINTENDENT
GERALD L. ZAHORCHAK, D.Ed.

BUSINESS MANAGER
JOHN ZAHORCHAK

SCHOOL DISTRICT SOLICITOR
JOHN J. KUZMIAK, ESQUIRE
Johnstown, Pennsylvania

BOND COUNSEL
DINSMORE & SHOHL LLP
Pittsburgh, Pennsylvania

FINANCIAL ADVISOR
PUBLIC FINANCIAL MANAGEMENT, INC.
Harrisburg, Pennsylvania

UNDERWRITER
JANNEY MONTGOMERY SCOTT LLC
Pittsburgh, Pennsylvania

PAYING AGENT
U.S. BANK, NATIONAL ASSOCIATION
Pittsburgh, Pennsylvania

SCHOOL DISTRICT ADDRESS
1091 Broad Street
Johnstown, Pennsylvania 15906

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon. 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 in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than 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 hereunder 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.

The School District deems this Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(3).

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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 “Bond Insurance” and “Appendix E- Specimen Municipal Bond Insurance Policy”.

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OFFICIAL STATEMENT

\$5,700,000

Greater Johnstown School District Cambria County, Pennsylvania General Obligation Bonds, Series of 2015

INTRODUCTION

This Official Statement, including the cover and inside cover pages hereof, is furnished by the Greater Johnstown School District, Cambria County, Pennsylvania (the "School District") in connection with the offering of its \$5,700,000, aggregate principal amount, General Obligation Bonds, Series of 2015 (the "Bonds"). The Bonds are dated as of May 19, 2015 and are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on April 7, 2015 (the "Resolution"), in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, Act of August 19, 1996, P.L. 1158, No. 177 (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to currently refund all of the School District's outstanding General Obligation Bonds, Series of 2005 (the "2005 Bonds"), currently outstanding in the aggregate principal amount of \$5,285,000 and pay the costs of issuing and insuring the Bonds.

Upon issuance of the Bonds, a portion of the proceeds will be irrevocably deposited with U.S. Bank, National Association as paying agent for the 2005 Bonds. The proceeds of the Bonds so deposited will provide sufficient funds to redeem the 2005 Bonds on the date of delivery 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

Bond Proceeds	\$5,700,000.00
Net Original Issue Discount.....	(135,566.85)
Total Source of Funds.....	<u>\$5,564,433.15</u>

Uses of Funds

Amount to Call the Bonds	\$5,403,343.75
Costs of Issuance ⁽¹⁾	161,089.40
Total Use of Funds.....	<u>\$5,564,433.15</u>

⁽¹⁾Includes legal, financial advisor, printing, rating, underwriter's discount, municipal bond insurance, CUSIP, paying agent and miscellaneous costs.

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$5,700,000, will be dated as of May 19, 2015, and 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 the Bonds will be payable initially on August 1, 2015, and thereafter, semiannually on February 1 and August 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. See “BOOK – ENTRY ONLY SYSTEM” herein.

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid.

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

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to U.S. Bank, National Association (the “Paying Agent”), acting as paying agent, registrar and sinking fund depository for the Bonds, at its corporate trust office in Pittsburgh, Pennsylvania (or to any successor paying agent at its designated office(s)).

Interest on the Bonds will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding August 1, 2015, in which event such Bond shall bear interest from May 19, 2015, 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 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 (15th) 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 the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized 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," Bonds are transferable or exchangeable by the registered owners thereof upon surrender of 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 Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

The School District and the Paying Agent shall not be required (a) to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) 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. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 154 of 1998 and Act 70 of 2004 (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 at date of maturity or date of mandatory redemption, or any interest due on such indebtedness on any interest payment date, or, in either event, upon the date of required deposits to the Sinking Fund, 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 Commonwealth 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, 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.

There can be no assurance, however, that any payments pursuant to this withholding provision will be made by the date on which such payments are due to the Bondholders.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Pennsylvania 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.

Security

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted 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 on the Bonds for such year, and will duly and punctually pay or cause to be paid from its applicable 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 (See "*SCHOOL DISTRICT FINANCES*" and "*TAXING POWERS OF THE SCHOOL DISTRICT*" herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see "Defaults and Remedies" 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 "Commonwealth Enforcement of Debt Service Payments" herein).

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series of 2015" (the "Sinking Fund"), has been created under the Resolution and is 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, 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/or 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 in such securities or shall be deposited in such funds or accounts as are authorized by the Act, 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.

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds stated to mature on August 1 of the years 2018, 2021, 2028, and 2031 are subject to redemption prior to maturity as required by the Resolution, in the amounts and on August 1 of the years shown below, from moneys in the Mandatory Sinking Fund created pursuant to the Resolution, upon payment of the principal amount being redeemed, together with interest accrued to the date fixed for redemption.

Bonds stated to mature August 1, 2018:

2016	\$5,000
2017	5,000
2018*	5,000

*Final Maturity

Bonds stated to mature August 1, 2021:

2019	\$5,000
2020	5,000
2021*	5,000

*Final Maturity

Bonds stated to mature August 1, 2028:

2026	\$80,000
2027	85,000
2028*	90,000

*Final Maturity

Bonds stated to mature August 1, 2031:

2029	\$90,000
2030	90,000
2031*	95,000

*Final Maturity

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

In the case of any prior, optional redemption in part of a Bond that is subject to future mandatory redemption pursuant to the operation of the Mandatory Sinking Fund, the School District shall be entitled to designate whether the principal amount of such Bond redeemed upon optional redemption shall be credited against the principal amount of such Bond to be paid by the School 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.

Optional Redemption

The Bonds stated to mature on and after August 1, 2021, are subject to redemption prior to maturity at the option of the School District as a whole, or from time to time in part (and if in part, in any order of maturities designated by the School District and within a maturity as selected by lot), on August 1, 2020, or on any date thereafter, at a redemption price equal to 100% of the principal amount redeemed, together with accrued interest to the date fixed for 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.)

Notice of any redemption shall be given by depositing a copy of the redemption notice by first class mail not more than sixty (60) days and not less than thirty (30) 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 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.

Manner of Redemption

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 that number of Bonds which is obtained by dividing the principal amount thereof 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 Bonds of authorized denominations in 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 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 to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as bonds depository for the bonds (the "Bonds"). The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, 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. Bonds 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. Bonds brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their

purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

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

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

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 an appendix 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 Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("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 November 13, 2014, KBRA assigned an insurance financial strength rating of "AA+" (stable outlook) to AGM. AGM can give no assurance as to any further ratings action that KBRA may take.

On July 2, 2014, S&P issued a credit rating 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 July 2, 2014, Moody's issued a rating action report stating that it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). In February 2015, Moody's published a credit opinion under its new financial guarantor ratings methodology maintaining its existing rating and 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, 2014.

Capitalization of AGM

At December 31, 2014, AGM's policyholders' surplus and contingency reserve were approximately \$3,763 million and its net unearned premium reserve was approximately \$1,769 million. Such amounts represent the combined surplus, contingency reserve and net unearned premium reserve of AGM, AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and 60.7% of AGM's indirect subsidiary Municipal Assurance Corp.; each amount of surplus, contingency reserve and net unearned premium reserve for each company was determined in accordance with statutory accounting principles.

Incorporation of Certain Documents by Reference

Portions of the following document 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: the Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (filed by AGL with the SEC on February 26, 2015).

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.: 31 West 52nd Street, 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 “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 or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and such purchases may constitute a significant proportion of the bonds offered. AGM or such affiliate may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

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 “BOND INSURANCE”.

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THE SCHOOL DISTRICT

Introduction

The School District is a school district of the Third Class, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and is located in the southwestern corner of Cambria County, Pennsylvania (the "County"). The School District lies some eighty miles east of the City of Pittsburgh, Pennsylvania, twenty-miles southwest of the Borough of Ebensburg, which is the county seat of the County, and forty miles west of the City of Altoona, Pennsylvania. The School District is bordered to the south and west by the Counties of Somerset and Westmoreland, respectively; it is comprised of the City of Johnstown (the "City"), a small portion of the Borough of Geistown, and the Townships of Lower Yoder, Stonycreek, and West Taylor (collectively, the "Component Municipalities"); the major portion of the Borough of Geistown is situated in the Richland School District, Cambria County, Pennsylvania, which borders the School District to the east. The component Municipalities of the School District encompass a combined land area of 29.3 square miles, which represents approximately 4.25% of the total land area of the County of 691 square miles. The 2010 U.S. Census population of the School District is 29,783.

Administration

The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

School Facilities

The School District presently operates two elementary schools, one middle school and one high school, all as described on the following table.

**TABLE 1
GREATER JOHNSTOWN SCHOOL DISTRICT FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Rated Pupil Capacity	2014-15 Enrollment
<i>Elementary:</i>					
East Side	1971	1983, 1995	PK & K-5	1,200	787
West Side	1961	1992	PK & K-5	1,100	816
<i>Secondary</i>					
Greater Johnstown High School	1920	1972, 1983, 2002	9-12	1,400	783
<i>Elementary/Secondary</i>					
Greater Johnstown Middle School.....	1927	1973	6-8	1,350	629

Source: School District Officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollments.

**TABLE 2
GREATER JOHNSTOWN SCHOOL DISTRICT ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
Year	Elementary	Secondary	Total	Year	Elementary	Secondary	Total
2010-11	1,646	1,573	3,219	2015-16	1,563	1,400	2,963
2011-12	1,655	1,535	3,190	2016-17	1,553	1,393	2,946
2012-13	1,638	1,444	3,082	2017-18	1,553	1,399	2,952
2013-14	1,703	1,489	3,192	2018-19	1,555	1,405	2,960
2014-15	1,603	1,412	3,015	2019-20	1,563	1,410	2,973

Source: School District Officials.

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 Business Manager and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited by an independent certified public accountant, as required by State law. The firm of Wessel & Company, Certified Public Accountants, Johnstown, Pennsylvania, currently serves as the School District's Auditor.

Budgeting Process in School Districts under the 2006 Taxpayer Relief Act

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

Procedures for Adoption of the Annual Budget. Under the Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 ("Act 1" or the "Taxpayer Relief Act"), all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

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

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

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

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

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past five years, and the Budget for 2014-15. On May 28, 2014, the School District adopted a budget for the 2014-15 school year with budgeted revenues of \$40,797,814 and expenditures of \$47,152,547.

**TABLE 3
GREATER JOHNSTOWN SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
ASSETS					
Cash and Cash Equivalents.....	\$15,910,172	\$17,167,957	\$17,495,664	\$13,228,662	\$10,674,170
Taxes Receivable.....	330,438	265,606	292,636	301,544	382,934
Due from Other Funds.....	852,547	1,015,411	787,869	835,865	904,267
Due from Other Governments.....	1,972,633	2,150,879	1,779,114	2,194,618	2,267,861
Prepaid Expenses/Expenditures....	342,320	360,045	396,233	425,480	449,835
Other Receivables.....		31,945	31,945	43,474	46,038
TOTAL ASSETS.....	<u>\$19,408,110</u>	<u>\$20,991,843</u>	<u>\$20,783,461</u>	<u>\$17,029,643</u>	<u>\$14,725,105</u>
LIABILITIES					
Accounts Payable.....	749,152	651,812	1,090,980	949,264	963,889
Due to Other Funds.....	0	0	0	59,593	128,807
Accrued Salaries and Benefits.....	2,651,463	2,893,149	3,181,842	3,122,180	3,878,065
Payroll Deductions and Withholdings.....	367,047	417,349	543,766	748,997	0
Deferred Revenues.....	0	0	0	0	0
Other.....	0	0	0	0	0
TOTAL LIABILITIES.....	<u>\$3,767,662</u>	<u>\$3,962,310</u>	<u>\$4,816,588</u>	<u>\$4,880,034</u>	<u>\$4,970,761</u>
FUND EQUITIES					
Restricted Fund Balance.....	\$0	\$0	\$0	\$0	\$449,835
Committed Fund Balance.....	0	0	0	7,000,000	7,000,000
Assigned Fund Balance.....	342,320	360,045	396,233	425,480	0
Unassigned Fund Balance.....	15,298,128	16,669,488	15,570,640	4,724,129	2,304,509
TOTAL FUND EQUITIES.....	<u>\$15,640,448</u>	<u>\$17,029,533</u>	<u>\$15,966,873</u>	<u>\$12,149,609</u>	<u>\$9,754,344</u>
TOTAL LIABILITIES AND FUND EQUITIES.....	<u>\$19,408,110</u>	<u>\$20,991,843</u>	<u>\$20,783,461</u>	<u>\$17,029,643</u>	<u>\$14,725,105</u>

Source: School District Annual Financial Reports.

**TABLE 4
GREATER JOHNSTOWN SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE***

	<u>Actual</u>					Budget
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> ⁽¹⁾
Beginning Fund Balance	\$12,176,378	\$15,640,448	\$17,029,533	\$15,966,873	\$12,149,609	\$9,754,342
Revenues over (under) Expenditure	3,464,070	1,389,085	(1,062,660)	(3,817,264)	(2,395,267)	(6,354,733)
Chg In Inv/RS Equity/Prior Year Adj.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Fund Balance	<u>\$15,640,448</u>	<u>\$17,029,533</u>	<u>\$15,966,873</u>	<u>\$12,149,609</u>	<u>\$9,754,342</u>	<u>\$3,399,609</u>

*Totals may not add due to rounding.

⁽²⁾Reflects Budget, as adopted May 28, 2014.

Source: School District Annual Financial Reports and Budget.

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Revenue

The School District received \$42,003,520 in revenue in 2013-14, and has budgeted revenue of \$40,797,814 in 2014-15. Local sources decreased as a share of total revenue from 30.7 percent in 2009-10 to 25.5 percent in 2013-14. Revenue from Commonwealth sources increased as a share of total revenue from 54.5 percent to 58.6 percent in 2013-14. Federal sources and other sources increased as a share of total revenue from 14.8 percent to 15.8 percent during this period.

TABLE 5
GREATER JOHNSTOWN SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES*
(Years Ending June 30)

REVENUE:	Actual					Budget
	2010	2011	2012	2013	2014	2015 ⁽²⁾
Local Sources:						
Real Estate	\$6,559,741	\$6,551,556	\$6,577,219	\$6,436,076	\$6,441,718	\$6,371,585
Interim Real Estate Taxes.....	\$5,389	\$3,203	\$2,297	\$8,422	\$9,637	\$1,200
Total Act 511 Taxes	2,080,138	2,152,941	2,085,612	2,327,363	2,424,764	2,041,000
Public Utility Taxes.....	14,917	13,918	16,118	13,355	12,027	13,000
Payments in Lieu of Current Taxes	228,393	224,735	226,609	224,796	245,140	232,500
Per Capita Tax.....	35,325	38,957	36,395	38,736	37,687	36,000
Delinquent Taxes	3,076,722	1,182,906	957,667	863,869	461,508	450,900
Earnings from Investments.....	35,134	21,944	16,267	16,020	13,710	16,200
Revenue from Student Activity	141,574	146,887	157,112	39,675	41,982	43,000
State Rev.Rec'd-Other Intermediary SrCs	0	0	9,600	9,196	500	0
Fed. IDEA Pass Through Rev	696,563	1,010,827	702,054	689,062	670,373	658,821
Fed. ARRA IDEA Pass Through Rev.....	378,394	0	42,066	0	56,061	0
Rentals	2,000	1,950	1,700	3,500	21,275	1,000
Contributions and Donations from Private Sources	19,998	4,400	18,692	8,333	67,625	13,000
Receipts from Other LEAS in PA- Ed.....	6,573	0	15,744	0	0	0
Tuition.....	146,977	91,738	29,149	67,971	311,295	65,000
Refund of Prior Years' Expenditures	0	5,305	0	0	15,846	0
Other Sources	53,796	60,605	42,630	132,286	130,785	10,000
Total Local.....	\$13,481,634	\$11,511,872	\$10,936,931	\$10,878,660	\$10,961,932	\$9,953,206
State Sources:						
Instructional Subsidy.....	15,050,771	14,938,282	16,464,680	16,476,970	16,726,968	16,726,711
Tuition - Orphans & Children Placed in Pvt homes.....	586	0	25,313	54,725	5,464	50,000
Vocational Education	374,072	376,573	373,722	390,372	369,339	360,000
Charter Schools	143,361	158,351	0	0	2,155,106	0
Special Education.....	2,235,825	2,220,524	2,220,524	2,220,483	1,256,790	2,220,524
Transportation	1,121,199	1,157,689	1,187,996	1,201,568	349,255	1,235,869
Rentals and Sinking Fund Payments.....	1,007,284	100,845	2,604,201	382,235	66,649	363,152
Health Services.....	68,081	67,081	61,765	64,826	1,364,959	60,000
State Property Tax Reduction Allocation	1,364,808	1,364,879	1,364,803	1,364,739	60,000	1,365,202
PA Accountability Grant	778,005	735,944	307,248	263,303	263,303	902,170
Dual Enrollment Grant	739	0	0	0	0	0
Revenue for Social Security.....	731,147	789,464	838,271	758,428	886,127	830,056
Revenue for Retirement.....	479,446	720,957	1,076,648	1,621,601	2,111,154	2,321,988
Pre-K Counts.....	93,600	93,600	0	103,023	2,175	0
Additional Grants Not Listed Elsewhere	142,206	157,494	0	4,775	64,224	0
Other	311,796	210,128	227,588	145,295	0	33,000
Classrooms for the Future	0	0	0	0	0	0
Total State Sources.....	\$23,902,926	\$23,091,811	\$26,752,759	\$25,052,343	\$25,681,516	\$26,468,672
Federal Sources:						
Total Federal Sources	\$6,475,354	\$7,721,767	\$3,961,576	\$5,466,402	\$4,902,398	\$4,250,936
Other Sources:						
Total Other Sources.....	\$0	\$0	\$46,020,000	\$1,153,068	\$457,673	\$125,000
TOTAL REVENUE.....	\$43,859,914	\$42,325,450	\$87,671,266	\$42,550,473	\$42,003,520	\$40,797,814

*Totals may not add due to rounding.

⁽¹⁾Reflects Budget, as adopted May 28, 2014.

Source: School District Annual Financial Reports and Budget.

TABLE 5
(cont.)
GREATER JOHNSTOWN SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
EXPENDITURES*
(Years Ending June 30)

	Actual					Budget
	2010	2011	2012	2013	2014	2015 ⁽¹⁾
EXPENDITURES:						
Instruction	\$24,385,690	\$25,617,509	\$26,266,417	\$28,463,369	\$27,594,326	\$29,574,438
Pupil Personnel.....	866,309	949,046	1,040,418	1,242,471	1,383,889	1,101,323
Instructional Staff.....	960,825	1,001,673	910,889	1,157,343	1,356,626	1,478,065
Administration.....	1,910,138	1,737,646	2,070,106	2,285,158	2,652,888	2,891,124
Pupil Health.....	354,596	329,388	302,508	401,023	320,732	364,216
Business	380,557	501,159	557,068	498,906	573,473	587,453
Operation and Maintenance of Plant Services	2,662,887	2,808,956	2,749,620	2,925,737	3,172,999	3,263,872
Student Transportation	2,288,291	2,301,157	2,424,637	2,474,184	2,331,816	2,403,516
Central.....	155,592	175,574	191,073	229,807	136,670	96,380
Other Support Services.....	57,340	44,683	46,922	92,947	76,069	10,000
Operation of Noninstructional Services.....	969,781	926,079	920,594	889,993	957,930	1,152,034
Fac Acq Const and Imp.....	1,210,968	219,125	1,321,504	1,891,231	48,290	260,000
Debt Service.....	4,189,088	4,091,491	49,928,172	3,787,482	3,777,818	3,820,126
Refund of Prior Year Receipts.....	3,782	232,879	3,998	28,086	15,261	0
Fund Transfers	0	0	0	0	0	0
Budgetary Reserve	0	0	0	0	0	150,000
TOTAL EXPENDITURES.....	\$40,395,844	\$40,936,365	\$88,733,926	\$46,367,737	\$44,398,787	\$47,152,547
SURPLUS OF REVENUES OVER						
(UNDER) EXPENDITURES.....	\$3,464,070	\$1,389,085	(\$1,062,660)	(\$3,817,264)	(\$2,395,267)	(\$6,354,733)

*Totals may not add due to rounding.

⁽¹⁾Reflects Budget, as adopted June 25, 2014.

Source: School District Annual Financial Reports and Budget.

Taxing Powers

Subject to certain limitations imposed by the Taxpayer Relief Act (described below), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not 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.

Limitations on Local Taxes

Under the Taxpayer Tax Relief Act a school district may not levy any new tax for the support of the public schools 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 summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (PDE):

1. to pay interest and principal on indebtedness originally 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 Act 1 Index applicable to the School District in the current and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Index</u>
2010-11	4.4%
2011-12	2.1%
2012-13	2.6%
2013-14	2.6%
2014-15	3.2%

In accordance with Act 1, the School District placed a referendum question on the May, 15, 2007, primary election ballot seeking voter approval to levy (or increase the rate of) the earned income and net profits tax (“EIT”) or a new 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 PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

The information set forth above is a summary of the Taxpayer Relief Act. This summary is not intended to be an exhaustive discussion of the provisions of the Taxpayer Relief Act nor a legal interpretation of any provision of the Taxpayer Relief Act and a prospective purchaser of the Bonds should review the full text of the Taxpayer Relief Act as a part of any decision to purchase the Bonds.

Status of the Bonds Under the Taxpayer Relief Act

The School District previously elected to become subject to the annual tax increase limitations imposed by former Pennsylvania Act 72 of 2004 (“Act 72”) (Act 72 was repealed by Act 1), however, the Bonds are refunding the 2005 Bonds which advanced refunded the 2003A Bonds which represent indebtedness authorized (“incurred”) by the board of school directors prior to the effective date of former Act 72. Consequently, the School District is entitled by Act 1 to apply to the Pennsylvania Department of Education (PDE) for approval to utilize an Act 1 referendum exception, if and to the extent a tax increase greater than the Index is needed to pay the principal and interest on the Bonds in any particular fiscal year (see “**The Taxpayer Relief Act (Act 1)**” and “**Budgeting Process in School Districts under Act 1 of 2006 (Taxpayer Relief Act)**” herein). Act 1 provides that PDE shall approve a school district’s request if a review of the data demonstrates that the school district qualifies for the exception sought and the sum of the dollar amounts of all exceptions for which the school district qualifies is not more than what is necessary to balance the budget after giving effect to the revenue to be raised by the allowable tax increase under the Index. There can be no assurance, however, that approval will be given by PDE to utilize a referendum exception in any future fiscal year or years.

Limitation on Estimated Ending Unreserved Undesignated Fund Balances

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

<u>Total Budgeted Expenditures</u>	<u>Estimated Ending Unreserved Undesignated 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 Undesignated 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 School District’s estimated ending unreserved undesignated fund balance as a percentage of total budgeted expenditures for the 2014-15 budget is shown on Page 9 herein under “Summary and Discussion of Financial Results”.

*Applies to the School District.

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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 County and the municipalities within the School District.

**TABLE 6
GREATER JOHNSTOWN SCHOOL DISTRICT TAX RATES**

	Real Estate (mills)	Real Estate Transfer (%)	Local Services Tax (\$)	Wage and Income (%)	Per Capita (\$)	Occupational Privilege (\$)	Mercantile (mills)
2010-11	46.80	0.5	5.00	0.5	10.00	5.00	0.5
2011-12	46.80	0.5	5.00	0.5	10.00	5.00	0.5
2012-13	46.80	0.5	5.00	0.5	10.00	5.00	0.5
2013-14	46.80	0.5	5.00	0.5	10.00	5.00	0.5
2014-15	46.80	0.5	5.00	0.5	10.00	5.00	0.5

⁽¹⁾ Includes Act 511 and Section 679 of the School Code.

Source: Department of Community and Economic Development- Municipal Statistics

**TABLE 7
GREATER JOHNSTOWN SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<i>School District</i>	46.80	46.80	46.80	46.80	46.80
Geistown Borough.....	11.50	15.00	15.00	15.00	15.00
Johnstown City	52.48	52.48	52.48	52.48	52.48
Lower Yoder Township.....	16.00	16.00	16.00	16.00	16.00
Stonycreek Township	14.25	15.00	15.00	15.00	15.00
West Taylor Township.....	9.50	9.50	9.50	9.50	9.50
Cambria County.....	29.50	29.50	29.50	29.50	29.50

Source: Department of Community and Economic Development- Municipal Statistics

Real Property Tax

The real property tax (excluding delinquent collections) produced \$6,451,355 in 2013-14, approximately 15.2 percent of total revenue. The tax is levied on July 1 of each year. Taxpayers who remit by September 30th receive a 2 percent discount, and those who remit after November 30th are assessed a 10 percent penalty. Beginning in the 2007-08 fiscal year, eligible taxpayers could opt into the installment method of payment for their school taxes. Installment payments are based upon three (3) one-third payments of the base tax amount. The due date for installment payments is August 31, September 30 and October 31.

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

**TABLE 8
GREATER JOHNSTOWN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2009-10.....	\$560,034,152	\$195,837,770	34.97%
2010-11.....	573,815,199	196,217,300	34.20%
2011-12.....	574,359,165	196,268,640	34.17%
2012-13.....	570,042,420	195,135,920	34.23%
2013-14.....	566,415,953	193,600,530	34.18%
Compound Average Annual Percentage Change	0.23%	-0.23%	

Source: Pennsylvania State Tax Equalization Board.

**TABLE 9
GREATER JOHNSTOWN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2012 Market Value	2012 Assessed Value	2013 Market Value	2013 Assessed Value
<i>School District</i>	\$570,042,420	\$195,135,920	\$566,415,953	\$193,600,530
Geistown Borough.....	14,038,665	3,044,310	13,975,346	3,029,420
Johnstown City.....	345,374,737	133,840,370	342,121,819	132,387,640
Lower Yoder Township.....	96,934,905	28,341,420	96,680,437	28,270,950
Stonycreek Township.....	92,231,455	24,080,820	91,921,103	24,004,590
West Taylor Township.....	21,462,658	5,829,000	21,717,249	5,907,930
Cambria County.....	4,816,945,742	1,227,322,634	4,844,620,612	1,233,191,514

Source: Pennsylvania State Tax Equalization Board.

**TABLE 10
GREATER JOHNSTOWN SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Residential.....	\$126,308,440	\$126,093,450	\$125,977,170	\$125,732,550	\$125,381,840
Lots.....	213,660	262,800	278,090	286,664	350,814
Industrial.....	7,797,700	7,910,620	7,882,050	7,905,550	7,905,550
Commercial.....	60,891,040	61,341,220	61,469,330	60,570,076	59,341,466
Agriculture.....	577,580	550,720	550,120	526,000	515,120
Mineral.....	3,310	6,350	7,550	10,750	7,500
Land.....	46,040	52,140	46,040	46,040	46,040
Trailers.....	0	0	58,290	58,290	52,200
Total	<u>\$195,837,770</u>	<u>\$196,217,300</u>	<u>\$196,268,640</u>	<u>\$195,135,920</u>	<u>\$193,600,530</u>

Source: Pennsylvania State Tax Equalization Board.

**TABLE 11
GREATER JOHNSTOWN SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

<u>Year</u>	<u>Total Adjusted Flat Billing⁽¹⁾</u>	<u>Current Year Collections (July-June)⁽²⁾</u>	<u>Total Collections as Percent of Total Adjusted Flat Billing</u>	<u>Current Year Collections plus Delinquent Collections⁽²⁾</u>	<u>Total Collections as Percent of Total Adjusted Flat Billing</u>
2009-10.....	\$9,165,208	\$7,929,940	86.52%	\$10,819,892	118.05%
2010-11.....	9,184,449	7,919,638	86.23%	8,872,149	96.60%
2011-12.....	9,186,851	7,944,349	86.48%	8,902,016	96.90%
2012-13.....	9,133,840	8,033,689	87.96%	8,896,327	97.40%
2013-14.....	9,061,984	7,816,315	86.25%	8,260,525	91.16%

⁽¹⁾Flat billing plus penalties, less discounts and exonerations.

⁽²⁾Includes delinquent real estate taxes only.

Source: School District Officials.

The ten largest real property taxpayers, together with 2014-15 assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 29.1 percent of total assessed value.

**TABLE 12
GREATER JOHNSTOWN SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2014-15**

<u>Owner</u>	<u>Principal Business</u>	<u>2014-15 Assessed Value</u>
Duke LifePoint Healthcare *	Hospital	\$44,186,690
Pasquerilla Enterprises	Hotel/Real Estate	1,816,820
NewField Properties	Office Rental	1,620,000
Greater Johnstown Technologies	Manufacturing	1,458,000
Westwood Zamias Limited	Retail/Real Estate Leasing	1,501,360
US National Bank	Banking/Finance	1,467,180
Pasquerilla Enterprises	Hotel/Real Estate	1,144,420
East Hills Commons	Commercial Leasing	1,110,460
Hemlock Investments	Commercial Leasing	1,025,180
Johnstown Wire	Manufacturing	991,760
Johnstown LLC	Real Estate Leasing	910,760
Total		\$56,321,870

*The Conemaugh Health System was acquired by Duke LifePoint Healthcare in Fall of 2014. The value shown above is the estimated assessed value and is subject to change.

Source: School District Officials.

Other Taxes

Under Act 511, the School District collected \$2,424,764 in other taxes in 2013-14. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Wage and Income Tax, Local Services Tax (Emergency and Municipal Services Tax formerly Occupational Privilege Tax), Occupation Tax and the Per Capita Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was \$6,796,991.

Real Estate Transfer. The School District levies a tax of 0.5 percent of the value of real estate transfers. In 2013-14 the collected portion of this tax yielded \$129,459 or less than one percent of total revenue.

Wage and Income Tax. A tax at an effective rate of 1.0 percent (subject to sharing) is levied on the earned income of school district residents. In 2013-14 the collected portion of this tax yielded \$1,503,612, or 3.6 percent of total revenue.

Local Services Tax (formerly Emergency & Municipal Services Tax formerly Occupational Privilege Tax) A tax of \$10.00 is levied on each resident with an occupation (of which \$5.00 is subject to sharing with the municipality that levies the same tax). In 2013-14 the collected portion of this tax yielded \$53,508, or less than one percent of total revenue.

Occupation Tax. A tax of \$5.00 is levied on each resident with an occupation. In 2013-14 the collected portion of this tax yielded \$28,924, or less than one percent of total revenue.

Mercantile Tax. A tax at an effective rate of 5.00 mills is levied within the School District. In 2013-14 the collected portion of this tax yielded \$335,786, or less than one percent of total revenue. A Business Privilege Tax is also levied which earned an equal amount in 2013-14.

Per Capita Tax. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the School Code) on each resident or inhabitant over 18 years old yielded an estimated \$37,687 in 2013-14, or less than one percent of total revenue.

State Aid to School Districts

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

A 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.

Commonwealth 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 2015 Bonds will be a maximum of 34.08%. The School District Aid Ratio for the 2014-15 school year is currently 79.92%. The product of these two factors is 27.24% 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. 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.

DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the principal amount of debt of the School District as of April 7, 2015, including the issuance of the Bonds.

**TABLE 13
GREATER JOHNSTOWN SCHOOL DISTRICT
DEBT STATEMENT*
(As of April 7, 2015)**

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2015.....	\$5,700,000
Qualified Zone Academy Bonds, Series of 2014.....	5,000,000
General Obligation Notes, Series B of 2011.....	1,220,000
General Obligation Notes, Series A of 2011.....	37,910,000
General Obligation Bonds, Series C of 2001.....	4,980,321
TOTAL NONELECTORAL DEBT.....	\$54,810,321
LEASE RENTAL DEBT	
TOTAL LEASE RENTAL DEBT.....	\$0
TOTAL PRINCIPAL OF DIRECT DEBT.....	\$54,810,321

*Includes the Bonds offered through this Official Statement. Does not include the 2005 Bonds being refunded herein.

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$54,690,321. After adjustment for available funds and estimated State Aid, the local effort of direct debt will total \$43,871,719.

TABLE 14
GREATER JOHNSTOWN SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of April 7, 2015)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid ⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt.....	\$54,810,321	\$43,959,034
Lease Rental Debt.....	0	0
TOTAL DIRECT DEBT	\$54,810,321	\$43,959,034
OVERLAPPING DEBT		
Cambria County, General Obligation ⁽²⁾	\$9,359,508	\$9,359,508
Municipal Debt.....	56,456,370	56,456,370
TOTAL OVERLAPPING DEBT	\$65,815,878	\$65,815,878
TOTAL DIRECT AND OVERLAPPING DEBT	\$120,626,199	\$109,774,912
DEBT RATIOS		
Per Capita (2010).....	\$4,050.17	\$3,685.82
Percent 2013-14 Assessed Value.....	62.31%	56.70%
Percent 2013-14 Market Value.....	21.30%	19.38%

*Includes the Bonds offered through this Official Statement. Does not include the 2005 Bonds being refunded herein.

⁽¹⁾The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount estimated to be reimbursed by state sources.

⁽²⁾Pro rata 11.69 percent share of \$80,052,943 principal outstanding.

Interest Rate Swap

On July 2, 2004, relative to the 2001 Series B Bonds and 2001 Series C Bonds, the School District entered into an interest rate swap transaction (the “Basis Cap Swap”) with JPMorgan Chase Bank, N.A. (“JP Morgan”). These Bonds were later refunded by the 2011 Notes to which the Basis Cap Swap is now related until the termination date of the Basis Cap Swap on August 1, 2025. The Basis Cap Swap’s outstanding notional amount is \$31,200,000 which the notional amount reduces annually until expiration on August 1, 2025. Under the Basis Cap Swap, the School District received an up-front payment of \$543,021.80 on July 2, 2004 and, on the first calendar day of each month, commencing February 1, 2012, the School District will only pay JP Morgan if the ratio between SIFMA and 1 Month LIBOR is greater than 70%, determined weekly. In that event, the School District will owe JP Morgan the difference between the ratio of SIFMA and 1 Month LIBOR and 70% multiplied by 1 Month LIBOR multiplied by the outstanding notional amount. In the event that the ratio between SIFMA and 1 Month LIBOR is less than 70%, there is no payment between the School District and JP Morgan. The Basis Cap Swap terminates on August 1, 2025.

Debt Service Requirements

Table 16 presents data on the extent to which State Aid provides coverage for debt service and lease rental requirements.

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

**TABLE 15
GREATER JOHNSTOWN SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

Year	Other Outstanding General Obligation Debt	Series of 2015			Total Outstanding
		Principal	Interest	Subtotal	
2014-15	\$3,821,772	\$0	\$0	\$0	\$3,821,772
2015-16	3,990,888	0	124,163	124,163	4,115,051
2016-17	4,448,375	5,000	177,325	182,325	4,630,700
2017-18	4,447,582	5,000	177,225	182,225	4,629,807
2018-19	4,437,266	5,000	177,125	182,125	4,619,391
2019-20	4,436,118	5,000	177,025	182,025	4,618,143
2020-21	4,433,234	5,000	176,925	181,925	4,615,159
2021-22	4,429,629	5,000	176,825	181,825	4,611,454
2022-23	4,423,694	45,000	176,325	221,325	4,645,019
2023-24	4,415,283	80,000	175,025	255,025	4,670,308
2024-25	4,413,954	80,000	173,275	253,275	4,667,229
2025-26	4,408,249	80,000	171,425	251,425	4,659,674
2026-27	4,362,395	80,000	169,275	249,275	4,611,670
2027-28	4,360,940	85,000	166,800	251,800	4,612,740
2028-29	4,354,186	90,000	164,175	254,175	4,608,361
2029-30	4,347,112	90,000	161,475	251,475	4,598,587
2030-31	4,344,613	90,000	158,775	248,775	4,593,388
2031-32	4,336,550	95,000	156,000	251,000	4,587,550
2032-33	1,281,829	2,570,000	114,419	2,684,419	3,966,248
2033-34	1,739,547	2,285,000	37,131	2,322,131	4,061,678
2034-35	238,045	0	0	0	238,045
2035-36	233,591	0	0	0	233,591
2036-37	229,136	0	0	0	229,136
2037-38	175,938	0	0	0	175,938
Total	\$82,109,926	\$5,700,000	3,010,713	\$8,710,713	\$90,820,639

*Totals may not add due to rounding.

**TABLE 16
GREATER JOHNSTOWN SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL***

2013-14 Commonwealth Aid Received	\$25,681,516
2013-14 Debt Service Requirements	\$3,777,818
Maximum Future Debt Service Requirements after Issuance of Bonds.....	\$4,670,308
Coverage of 2013-14 Debt Service Requirements	6.80 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	5.50 times

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

Future Financing

The School District does not plan to issue additional long term debt over the next 3 years.

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 2011-12.....	\$ 39,047,065
Total Revenues for 2012-13.....	41,015,170
Total Revenues for 2013-14.....	<u>41,196,592</u>
Total	\$ 121,258,827
 Annual Arithmetic Average (Borrowing Base)	 \$ 40,419,609

Under the Act as presently in effect, new lease rental debt or new nonelectoral debt may not be incurred if the net amount of such new debt plus all outstanding net nonelectoral debt and net lease rental debt would cause the total net nonelectoral 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:

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$ 90,944,120	\$54,810,321	\$36,133,799

*Includes the Bonds described herein, does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by State Aid.

LABOR RELATIONS

School District Employees

There are 319 employees of the School District, including 232 teachers and administrators and 87 support personnel and other employees. The support personnel include secretaries, custodial employees, cafeteria staff, maintenance employees, transportation employees and teachers' aides.

There are two unions representing employees of the School District. The Greater Johnstown Education Association ("PSEA") represents the Professional Personnel such as teachers and guidance counselors. The current contract expires June 30, 2016. The Greater Johnstown School Personnel Association ("GJSPA") represents custodial, maintenance employees, secretaries and teacher aides of the School District. The current contract expires June 30, 2015.

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Pension Program

School Districts in Pennsylvania are required to participate in a statewide pension program administered by the Public School Employees Retirement System (PSERS). All of the School District's full-time employees, part-time employees who work more than 80 days in a school year, and hourly employees who work over 500 hours a year participate in the program. However, please note a Pennsylvania Supreme Court decision has 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 their being members of PSERS, for purposes of increasing their pension benefits.

Beginning July 1, 1976, certain revisions were made in the pension program. The Retirement Board, previously under the Department of Education of the Commonwealth, became an independent agency. However, the program is still guaranteed by the Commonwealth. Currently, each party to the program contributes a fixed percentage of the employee's salary. Employees belonging to the Public School Employees Retirement System ("PSERS") prior to July 22, 1983 contribute 5.25% of their salary, and employees who joined the PSERS on or after July 22, 1983 contribute 6.25% of their salary. On February 17, 2002, Governor Ridge signed Act 9 which created a new membership class that sets the employee contribution rate at 7.50% of the employee's salary for those employees hired on or after July 1, 2001. Act 9 also provides an option for those employees hired prior to July 1, 2001 to elect a contribution rate of 6.50%, if they were hired before July 22, 1983, or 7.50% if they were hired on or after July 22, 1983. Act 120 of 2010 was passed by the General Assembly on August 15 and signed by Governor Rendell on November 23, 2010. The benefit reductions contained in this legislation will only impact individuals who become 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%. In accordance with Senate Bill 1042 enacted on July 6, 2010, the employer rate was recertified at 5.64% for fiscal year 2010-11, 8.65% for fiscal year 2011-12, 12.36% for fiscal year 2012-13 and 16.93% for fiscal year 2013-14. The rate for fiscal year 2014-15 has been set at 21.40%.

The School District and the Commonwealth are responsible for paying a portion of the employer's share. School entities are initially responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted monthly for each paycheck and remitted quarterly. Recent School District payments have been as follows:

2009-10	\$1,202,363
2010-11	\$1,680,745
2011-12	\$2,479,513
2012-13	\$2,479,513
2013-14	\$2,895,501
2014-15 (budgeted)	\$4,062,151

The School District is current in all payments. The PSERS complete report is available on the PSERS website on the Internet: www.psers.state.pa.us.

Source: PSERS – Financial Highlights.

Other Post-Employment Benefits

The School District adopted the provisions of GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions to account for its various postretirement benefit programs.

Pursuant to the various employment agreements entered into by the School District, individuals who have retired from the School District prior to July 1, 2007 will receive an annual cash payment towards their health insurance coverage and medical expenses. Such amounts paid by the School District under these employment agreements are recorded as an expenditure of the General Fund at the time payment is made, with no fund liability being recorded by the School District for these items. Currently, there are fifty-one (51) participants entitled to future benefits under this arrangement. The total claims paid on behalf of these participants for the fiscal year ended June 30, 2014, were \$90,867.

For teachers who have retired from the School District under the union contract which was made retroactively effective July 1, 2007, postretirement benefits are funded through a Health Reimbursement Arrangement (HRA). The HRA plan is a defined contribution plan that covers all retirees who have at least 15 years of service. Annual benefits range from \$2,400 to \$4,800, and the benefits are credited to the participants account at the beginning of each plan year up to a maximum of 8 years. Plan provisions and contribution requirements may be amended by the District who is also the named Plan Administrator. Contributions to the Plan are recorded as an expenditure of the General Fund at the time payment is made, with no fund liability being recorded by the School

District for these items. Currently, there are forty four (44) participants entitled to future benefits under this arrangement. Total contributions to the Plan for the fiscal year ended June 30, 2014 amounted to \$348,000.

As of June 30, 2014, the School District has recorded a liability of \$2,078,873 within the statement of net position for the above referenced postretirement medical benefits.

LITIGATION

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

DEFAULTS AND REMEDIES

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

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

Original Issue Discount

The Bonds that mature on August 1, 2022 through and including August 1, 2033 (collectively, the "Tax-Exempt Discount Bonds") were sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (par) over the price to the public at which a substantial amount of bonds of the same maturity are sold pursuant to the initial offering. Under the Code, OID on each Tax-Exempt Discount Bond will accrue over its term and the amount of accretion will be based on the yield to maturity, compounded semi-annually. The amount of OID that accrues during each semi-annual period will do so ratably within that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its initial offering price, the portion of OID that accrues during the period that such purchaser owns such Bond is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as interest, which is excludable from gross income for federal income tax purposes.

Holders of Tax-Exempt Discount Bonds should consult their own tax advisors as to the effect of OID with respect to their federal tax liability.

Original Issue Premium

The Bonds that mature on August 1, 2018 (collectively, the “Tax-Exempt Premium Bonds”) were sold at an original issue premium (“OIP”). An amount equal to the excess of the issue price of a Tax-Exempt Premium Bond over its stated redemption price at maturity constitutes OIP on such Tax-Exempt Premium Bond. An initial purchaser of a Tax-Exempt Premium Bond must amortize any OIP over such Tax-Exempt Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, by amortizing the OIP to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As OIP is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser’s basis in such Tax-Exempt Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Tax-Exempt Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Tax-Exempt Premium Bonds should consult with their tax advisors with respect to the determination and treatment of OIP for federal income tax purposes and with respect to the state and local tax consequences of owning a Tax-Exempt Premium Bond.

Interest Expense Deductions for Financial Institutions

Under Section 265 of the Code, financial institutions are denied any deduction for interest expenses that are allocable, by a formula, to tax-exempt obligations acquired after August 7, 1986. An exception, which permits a deduction for 80% of such interest expenses, is provided in respect of certain tax-exempt obligations issued by a qualified issuer that specifically designates such obligations as “qualified tax-exempt obligations” under Section 265 of the Code.

The School District is a qualified issuer and the School District has designated the Bonds as “qualified tax-exempt obligations” for the purposes and effect contemplated by Section 265 of the Code.

Financial institutions intending to purchase Bonds should consult their own tax advisors to determine the effect of the interest expense deduction on their federal tax liability.

Continuing Compliance

The Code imposes various terms, restrictions, conditions and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The School District has covenanted to comply with all such requirements, including non-arbitrage requirements under Section 148 of the Code, that are necessary to ensure that interest on the Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in gross income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with the aforesaid covenants. Moreover, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax-exempt status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Such changes or actions could constitute an exchange or other tax event with respect to the Bonds, which could result in gain or loss to the holder of a Bond, and a consequent tax liability.

Pursuant to its continuing disclosure obligations made pursuant to SEC Rule 15c2-12 (see “Continuing Disclosure Undertaking” herein), the School District may be required to provide notice of such changes or actions, as Material Events under said Rule. However, holders of the Bonds should consult their own tax advisors as to the effect of such changes or actions with respect to their federal tax liability.

Collateral Tax Liabilities

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

For example, corporations are required to include interest on the Bonds in determining “adjusted current earnings” under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed. Other tax consequences for certain taxpayers include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits under Section 86 of the Code, limiting the use of the Earned Income Credit under Section 32 of the Code, limiting the use of the refundable credit for coverage under a qualified health plan under Section 36B of the Code, and denying an interest expense deduction to certain financial institutions under Section 265 of the Code (unless, and in the circumstance when, the Bonds have been designated by the issuer as “qualified tax-exempt obligations”).

Change in Law; Adverse Determinations

From time to time, certain legislative proposals may be introduced, or are pending, in the Congress of the United States or the various state legislatures, including some that carry retroactive effective dates, that, if, enacted, could alter or amend the federal and state tax matters described above or affect the market value of the Bonds. No prediction can be made whether or in what form any such proposal or proposals might be enacted into law or whether, if enacted, the same would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

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.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, such as the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bondholder who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or to any Bondholder who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns.

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.

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CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the 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 **270 days** following the end of each fiscal year, beginning with the fiscal year ending June 30, 2015, the following financial information and operating information for the School District:
 - (1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units
 - (2) a summary of the budget for the current fiscal year (i.e. the fiscal year following the fiscal year of the financial statements being provided)
- (B) If not submitted as part of the annual financial information, then when and if available, audited financial statements for the School District;
- (C) In a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
 - (7) modifications to rights of holders of the Bonds, if material;
 - (8) bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the School District;
 - (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
- (D) in a timely manner, notice of a failure of the School District to provide the required annual financial information specified above, on or before the date specified above.

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

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

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>.

Certain operating data of the School District may be inherently included in the annual filings of financial statements, the summary of the budget, contents in Official Statements of future bond issues as well as publicly available information.

Existing Continuing Disclosure Filing History

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District's filing history of its annual financial and operating information during the past five (5) years is outlined in the table below.

Fiscal Year Ending	Filing Deadline ^[1]	Financial Statements		Budget		Operating Data	
		Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]
6/30/2010	12/27/2010	11/7/2011	ER453304	Not Required		11/4/2014	ER652055
6/30/2011	12/27/2011	1/17/2012	ER478793	Not Required		11/4/2014	ER652055
6/30/2012	12/27/2012	4/3/2013	EP609309	11/4/2014	ER652058	11/4/2014	ER652055
6/30/2013	12/27/2013	12/4/2013	EP632022	12/4/2013	EP632022	Various ^[4]	Various ^[4]
6/30/2014	12/27/2014	12/8/2014 ^[3]	EA558887	12/8/2014	EA558887	Various ^[5]	Various ^[5]

Notes

^[1] For these purposes, assumes the shortest filing deadline of the School District's previous Continuing Disclosure Agreements

^[2] Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below:
<http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=>

^[3] Interim filing of the School District's PDE-2057 Annual Financial Statement. Audited financial statements were posted on 2/13/2015 under EMMA ID EA558887.

^[4] Included in various EMMA filings. The top 10 taxpayers, tax & millage rates, tax collection data, assessed and market values, and outstanding indebtedness were filed on 12/4/2013 under EMMA ID EP632022. The coverage of debt service and lease rental debt requirements by state aid and debt limit and borrowing capacity were filed on 11/4/2014 under EMMA ID ER652055.

^[5] Included in various EMMA filings. The top 10 taxpayers, tax & millage rates, tax collection data, assessed and market values, and outstanding indebtedness were filed on 12/8/2014 under EMMA ID EA558887. The coverage of debt service and lease rental debt requirements by state aid and debt limit and borrowing capacity were contained in an Official Statement posted to EMMA on 11/25/2014 and a Notice of Reference to Other Submitted Documents was filed by the School District on 3/24/2015 (EMMA ID EP678637).

Based on the information above, the School District's annual financial and operating filing history over the past five (5) years can be summarized as follows:

For fiscal year ending June 30, 2010, the School District filed the audited financial statements on November 7, 2011 and the required operating data on November 4, 2014.

For fiscal year ending June 30, 2011, the School District filed the audited financial statements on January 17, 2012 and the required operating data on November 4, 2014.

For fiscal year ending June 30, 2012, the School District filed the audited financial statements on April 3, 2013, the budget report and required operating data on November 4, 2014.

For fiscal year ending June 30, 2013, the School District filed the audited financial statements, budget report and a portion of the operating data in a timely fashion. The remaining portion of the operating data was on November 4, 2014.

For fiscal year ending June 30, 2014, the School District filed the available financial statements, budget report and operating data in a timely fashion. A portion of its required operating data was contained in an Official Statement filed on EMMA on November 25, 2014 and a Notice of Reference to Other Submitted Documents was filed to EMMA on March 24, 2015.

Bond Insurance Rating Downgrades and Upgrades by S&P and/or Moody's

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 both S&P and Moody's. This information was publicly available from widely accepted information sources at the time of their respective downgrades or upgrades.

Future Continuing Disclosure Compliance

The School District has conducted a thorough review of its continuing disclosure obligations and submissions. Upon discovering any inadvertent omissions with respect to these filings, the School District, to the best of its knowledge, has attempted to bring its continuing disclosure filings up to date.

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

A member of the School District's business office will be responsible for ensuring ongoing continuing disclosure compliance. Members of the School District's business office will make an effort to participate in any ongoing continuing education regarding continuing disclosure undertaking if offered by local groups or affiliated organizations such as MSRB, PASBO or GFOA. The School District may communicate with its financial advisor, underwriter(s), bond counsel, or solicitor regarding any questions or concerns regarding ongoing continuing disclosure compliance. The School District may also communicate with its local auditor and advise of the School District's need for financial statements in a timely manner. In the event audited financial statements are not available by the filing deadline, the School District will file to EMMA, if available, its State Form PDE-2057 Annual Financial Report as an interim filing until such audited financial statements are available. Some of the operating data requirements may be found contained within the School District's financial statements or budget filing and may not be filed explicitly by themselves.

RATING

Standard & Poor's Ratings Group is expected to assign its underlying municipal Bond rating of "A" (negative outlook) to this issue of Bonds. Standard & Poor's Ratings Group is expected to assign its municipal Bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds will be issued by AGM. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, 38th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency. The rating agency has recently issued press releases or reports stating that they are examining the potential effects of downturns in the market for structured finance ("SF") instruments, including collateralized debt obligations ("CDOs"), on the claims-paying ability of the bond insurance companies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds.

BOND INSURANCE RISK FACTORS

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

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

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies that the Paying Agent exercises and the Bond Insurer's consent may be required in connection with amendments to the applicable Agreements or Indenture.

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

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

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Bondholder and Noteholder may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the Issuer or Underwriter have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer 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 and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased for a purchase price of \$5,505,438.15, equal to the par value of the Bonds less an underwriter's discount of \$58,995.00, less a net original issue discount of \$135,566.85, plus accrued interest from the dated date to the date of delivery of the Bonds.

LEGAL OPINION

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Dinsmore & Shohl LLP, of Pittsburgh, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by John J. Kuzmiak, Esquire, of Johnstown, Pennsylvania, School District Solicitor.

FINANCIAL ADVISOR

The School District has retained Public Financial Management, Inc., 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. Public Financial Management, Inc. 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 Public Financial Management, Inc., Harrisburg, Pennsylvania, in its capacity as Financial Advisor 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 Financial Advisor upon request. The information assembled in this Official Statement is not to be construed as a contract with holders of the Bonds.

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

GREATER JOHNSTOWN SCHOOL DISTRICT
CAMBRIA COUNTY, PENNSYLVANIA

By: _____
President, Board of School Directors

APPENDIX A
Demographic and Economic Information
Relating to the Greater Johnstown School District

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Population

Table A-1 shows population trends for the School District, Cambria County and the Commonwealth of Pennsylvania. The School District's population decreased between 2000 and 2010. Table A-2 shows 2000 age composition in Cambria County and for the Commonwealth.

**TABLE A-1
POPULATION TRENDS**

<u>Area</u>	<u>2000</u>	<u>2010</u>	<u>Compound Average Annual Percentage Change 2000-2010</u>
School District	33,556	29,783	-1.19%
Cambria County.....	152,598	143,679	-0.60%
Pennsylvania.....	12,281,054	12,702,379	0.34%

Source: U.S. Bureau of the Census, Decennial Census and Pennsylvania State Data Center, 2000 & 2010 General Population and Housing Characteristics: Pennsylvania.

**TABLE A-2
AGE COMPOSITION**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>
Cambria County.....	21.0%	59.3%	19.7%
Pennsylvania.....	23.8	60.6	15.6

Source: Pennsylvania State Data Center, 2000 General Population and Housing Characteristics: Pennsylvania.

Employment

Overall NonFarm data are not compiled for the School District or municipalities within it, but such data are compiled for the Johnstown Metropolitan Statistical Area for December 2014.

**TABLE A-3
NONFARM JOBS
(Johnstown Metropolitan Statistical Area)**

<i>ESTABLISHMENT DATA</i>	<u>Industry Employment</u>				<u>Net Change From:</u>	
	Dec 2014	Nov 2014	Oct 2014	Dec 2013	Nov 2014	Dec 2013
Total Nonfarm	58,800	59,300	59,000	58,800	-500	0
Total Private	50,700	51,100	50,800	50,600	-400	100
Goods Producing	5,900	6,100	6,200	5,900	-200	0
Mining, Logging, and Construction	2,300	2,500	2,600	2,200	-200	100
Manufacturing	3,600	3,600	3,600	3,700	0	-100
Service-Providing	52,900	53,200	52,800	52,900	-300	0
Private Service-Providing	44,800	45,000	44,600	44,700	-200	100
Trade, Transportation, and Utilities	12,100	11,800	11,500	11,900	300	200
Retail trade	7,100	7,000	6,800	7,200	100	-100
Information	700	700	700	700	0	0
Financial Activities	2,900	2,900	2,800	2,800	0	100
Professional and Business Services	5,800	5,900	5,900	5,700	-100	100
Educational and Health Services	16,100	16,400	16,300	16,300	-300	-200
Leisure and Hospitality	4,800	4,900	5,000	4,800	-100	0
Other Services	2,400	2,400	2,400	2,500	0	-100
Government	8,100	8,200	8,200	8,200	-100	-100
Federal Government	1,000	1,100	1,100	1,000	-100	0
State Government	1,800	1,800	1,800	1,800	0	0
Local Government	5,300	5,300	5,300	5,400	0	-100

Data benchmarked to March 2013

Data changes of 100 may be due to rounding

Source: Workforce Information News Release

Table A-4 shows recent trends in employment and unemployment for the County and the Commonwealth. The unemployment rate for the County has been higher than that for the Commonwealth during the period shown.

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014(1)</u>	Compound Average Annual % Rate
<i>Cambria County</i>							
Civilian Labor Force (000)	69.4	68.4	68.4	68.6	67.2	65.2	-1.24%
Employment (000)	63.4	61.9	62.5	62.6	61.8	61.5	-0.61%
Unemployment (000)	6.0	6.5	5.9	6.0	5.4	3.7	-9.22%
Unemployment Rate	8.6	9.4	8.6	8.8	8.1	5.7	
<i>Pennsylvania</i>							
Civilian Labor Force (000)	6,414.0	6358.0	6386.0	6466.0	6460.0	6367.0	-0.15%
Employment (000)	5,895.0	5819.0	5879.0	5954.0	5982.0	6058.0	0.55%
Unemployment (000)	519.0	538.0	507.0	513.0	478.0	309.0	-9.85%
Unemployment Rate	8.1	8.5	7.9	7.9	7.4	4.8	

⁽¹⁾As of December 2014.

Major employers in the County include:

Conemaugh Valley Memorial Hospital	Health Care and Social Assistance
State Government	Government
Federal Government	Government
Cambria County	Public Administration
St Francis University	Educational Services
Wal-Mart Associates Inc	Retail Trade
Concurrent Technologies Corporation	Professional and Technical Services
Conemaugh Health Initiatives Inc	Professional and Technical Services
University of Pittsburgh	Educational Services
Giant Eagle Inc.	Retail Trade

Source: Center for Workforce Information & Analysis –4th Quarter 2013 – Initial.

Income

Table A-5 shows trends in per capita income for the School District, Cambria County and Pennsylvania over the 2000-2009 period. Per capita income in the School District and the County is lower than per capita income in the Commonwealth.

**TABLE A-5
TRENDS IN PER CAPITA INCOME***

	<u>2000</u>	<u>2009</u>	<u>Compound Average Annual Percentage Change 2000-2009</u>
<i>School District</i>	N/A	29,783	N/A
<i>Cambria County</i>	16,058	20,782	2.61%
<i>Pennsylvania</i>	20,880	26,678	2.48%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: 2000: U.S. Census Bureau, Summary File 1 (SF 1) and Summary File 3 (SF 3) & 2009: U.S. Census Bureau, 2005-2009 American Community Survey.

Commercial Activity

Table A-6 shows trends for retail sales in the MSA and the Commonwealth.

**TABLE A-6
TOTAL RETAIL SALES
(000)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
MSA	1,774,293	1,791,762	2,003,965	2,003,423	1,995,667
Pennsylvania	180,948,327	174,483,292	188,193,104	188,149,727	187,412,600

Source: Sales and Marketing Management Magazine

Transportation

State Routes 56 and 403, which run in an east-west direction, and State Route 271, which runs in a north-south direction, pass through Cambria County (the "County"). U.S. Route 219, a limited access highway running in a north-south direction, also passes through the County and provides a vital link to major east-west and north-south arteries. U.S. Route 219 is intersected by Interstate Route 80 to the north and Interstate Route 76 (the Pennsylvania Turnpike) to the south. U.S. Route 22 (the William Penn Highway) and Route 30, both major east-west highways, are also located in the County. The County is also served by U.S. Route 422, which runs east-west through the County, and State Route 53, which runs north-south. Johnstown-Cambria County Municipal Airport, approximately five miles east of the City of Johnstown, has daily commuter flight service connecting to all major cities through the Pittsburgh International Airport. Bus service in the County is supplied by the Cambria County Transit Authority, Blue & White Bus Lines, Greyhound Bus Line, Somerset Bus Company, DeBolt and Lone Star. ConRail, the Conemaugh & Blacklick Railroad, and the Johnstown & Stonycreek Railroad serve the freight transportation needs of the County and connect with major marketing areas of the country; Amtrak supplies intercity rail passenger service to the County. In 1982, the Cambria County Transit Authority completed a modern Transit Center within the City of Johnstown as part of the Main Street East complex. This Transit Center was part of a three-tier development comprised of an office building, parking garage and the Transit Center.

Public Utilities

Residents and businesses in the Greater Johnstown Area are served by the following utilities: Electricity is provided by GPU, Dominion Peoples Natural Gas Company supplies gas service, while the AT&T, Verizon, Cellular One and Independent Cellular Network provide telephone service. Water is supplied by the Greater Johnstown Water Authority. The Bureau of Sewage of the City of Johnstown provides sewage treatment services for the seventeen municipalities within the Greater Johnstown Area.

Health Care and Emergency Services

The following hospitals are located within the Component Municipality of the City of Johnstown: Conemaugh Memorial Medical Center, UPMC Lee Regional and Conemaugh Memorial Medical Center merged in 2005. Health care is also provided to area residents by Somerset Hospital, Somerset State Hospital, Windber Medical Center, and Miners Hospital, each of which are located within twenty miles of the School District in the Somerset area.

Nursing home facilities are located throughout the County. These include Allegheny Lutheran Home of Johnstown, Arbutus Park Manor, Haida Manor, Hiram G. Andrews Center, Laurel Crest Manor, Mercy Hospital Nursing Care Center, Presbyterian Home-Johnstown, Richland Manor and Laurel View Village.

The City's police department is comprised of some forty full-time police officers; fire protection in the City is provided by some forty-two full-time fire fighters. Police and fire protection is provided by the remaining Component Municipalities, and ambulance/EMT services are provided by several independent providers throughout the area.

Higher Education

The University of Pittsburgh-Johnstown Campus ("UPJ"), with an estimated enrollment of 2,300 full-time and 700 part-time student, is located in Richland Township, along with Cambria-Rowe Business College. In addition, the following institution of higher education are located within a reasonable commuting distance of the School District; Saint Francis College, Loretto, Pennsylvania; Mt. Aloysius Junior College, Cresson, Pennsylvania; Cambria County Community College, Johnstown; Geneva College, Johnstown; Indiana University of Pennsylvania ("IUP"); Saint Vincent University, Latrobe, Pennsylvania; The Pennsylvania State University, State College, Pennsylvania; and the Altoona Campus of The Pennsylvania State University. In addition to the above, a wide range of programs is offered to both secondary and post-secondary students by the Greater Johnstown Area Vocational-Technical School during both day and evening hours.

Recreational Facilities

In addition to many parks, mini-parks and playgrounds, Roxbury Park is located within the borders of the City. Other parks which are located in the area include Duman Lake Park, Kooser State Park, Laurel Hill State Park, Prince Gallitzin State Park, and Laurel Highlands Trail. This park is a 28-acre site which includes a band pavilion and facilities for baseball, softball, basketball and tennis; a 92 acre 9-hole public golf course; Point Stadium, which seats 11,000 for football, baseball and other outdoor activities; and the 5,500 seat Johnstown War Memorial, which provides facilities for basketball, the Johnstown Chiefs hockey team, which is a member of the East Coast Hockey League and a farm team for the Calgary Flames, and for various exhibitions and concerts. Major sports events which are held in the City include the AAABA Baseball Tournament, the Johnstown Marathon, the Basketball Tournament, the Sunnehanna Amateur Golf Tournament and the Ken Lantzy All Star Football Classic. The Johnstown Flood Museum is also located in the City.

A major tourist attraction is the Inclined Plane Railway, which connects the adjacent Borough of Westmont with the City and is purported to be the world's steepest vehicular inclined plane. Area residents also have access to five private and thirteen public golf courses, and several ski slopes and other recreational facilities located in the area. Prince Gallitzin State Park, the largest state park in the Commonwealth, is located 40 miles north of the City. It features a 1,640 acre mountain lake surrounded by 26 miles of forested shoreline and beaches. The City is the center of cultural activities, supporting a symphony orchestra and other cultural events for residents of the City and surrounding areas. Seven Springs Mountain Resort and Hidden Valley, which both provide facilities for conventions, skiing, golf, year-round swimming and varied recreational activities are located less than one-half hour from the City in adjacent Somerset County.

Another tourist feature which was recently completed is the Johnstown National Cultural Park. The basis for the Cultural Park is the creation of a discreet number of preservation zones within the City which comprise the essential features of its early industrial form and which also illustrate the major themes of the history of the City. Three areas will be included in the Cultural Park, including the Gateway to the Region area, The Land and Technology area, and The Culture and The Flood area.

In addition to the above, other tourism-related productions include the annual national Folk Festival and the 1989 Johnstown Flood Centennial Flood Celebration.

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
Opinion of Bond Counsel

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FORM OF OPINION OF BOND COUNSEL

The form of the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Bond Counsel has no duty, and has assumed no obligation, to revise, update or supplement its opinion to address or reflect a change or changes in such circumstances subsequent to the date of delivery of the Bonds, whether or not it has notice or obtains knowledge of the same, and whether or not this Official Statement shall be recirculated. The approving legal opinion of Bond Counsel represents its considered professional judgment, following a comparison of relevant factual certifications to applicable law. Such opinion is not a guarantee of a particular result, nor is such opinion binding on any administrative or judicial tribunal.

We have served as Bond Counsel to Greater Johnstown School District (Cambria County, Pennsylvania) (the "Local Government Unit") and do hereby undertake to advise you in connection with the issuance, sale and delivery of its \$5,700,000, aggregate principal amount, General Obligation Bonds, Series of 2015 (the "Bonds"), issued in fully registered form, dated and bearing interest from May 19, 2015 maturing on various annual dates ending August 1, 2033, and subject to redemption prior to maturity beginning August 1, 2020.

In that capacity, we have examined the Constitution of the Commonwealth of Pennsylvania; the Public School Code of 1949, Act of March 10, 1949, P.L. 30, No. 14, as amended (the "School Code"); the Local Government Unit Debt Act, 53 Pa.C.S.A. §8001 *et seq.*, as amended (the "Debt Act"); the formal action of the Governing Body of the Local Government Unit authorizing the incurrence of nonelectoral debt evidenced by the Bonds (the "Debt Ordinance"); the corresponding Certificate of Approval of the Department of Community and Economic Development; the Internal Revenue Code of 1986, as amended (the "Tax Code"); and such other proceedings and law as we deemed necessary in order to render this opinion. We have reviewed the Federal Income Tax Certificate of an authorized officer of the Local Government Unit, along with other closing certificates of the Local Government Unit and other parties to the issuance and sale of the Bonds. Unless separately noted, we have relied upon, but have not independently verified, factual certifications made to us by the Local Government Unit, its officers and agents, and by said other parties, both in such certificates and otherwise during the course of our engagement.

Both principal of and interest on the Bonds are payable at the designated corporate trust office of U.S. Bank, National Association, Pittsburgh, Pennsylvania, as Paying Agent for the Local Government Unit; the bank has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

These proceedings demonstrate that, in the absence of any meritoriously-based action in a governmental or judicial forum affecting the validity of the Bonds, the same have been delivered upon full payment.

We have not been engaged nor undertaken to review the adequacy of disclosure in the Official Statement nor in any other securities offering material produced in respect of the Bonds and, except as to matters set forth in this opinion and described as such in said Official Statement, we express no opinion or belief with respect thereto.

Based on the foregoing, we are of the opinion on this date as follows:

1. The Bonds are valid and binding general obligations of the Local Government Unit.
 - (a) The Bonds are issued for a valid purpose under the School Code.

(b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.

(c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.

(d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.

2. The Bonds are secured by a pledge of the full faith, credit and taxing power of the Local Government Unit. The Local Government Unit has effectively covenanted in the Debt Ordinance to include the amount of debt service on this issue, in each fiscal year for which such sums are due, in its budget for that year; to appropriate such amounts to the payment of such debt service; and to pay or cause to be paid, from time to time as and when due, the principal of the Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds.

3. Presently included among the general revenues of the Local Government Unit available for the payment of the Bonds are ad valorem real estate taxes, whose levy is subject to the limitations of Pennsylvania Act No. 1 of Special Session 2006, which became effective June 27, 2006. Based on the expected use of the proceeds of the Bonds to refund indebtedness which was incurred prior to the effective date of Act 1, such ad valorem taxes may be levied without limitation as to rate or amount, following administrative review and approval by the Pennsylvania Department of Education, in order to pay the debt service on the Bonds.

4. The Bonds are payable and enforceable according to their own terms, those of the Debt Ordinance and all provisions of the Debt Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors' rights, as then applicable.

5. The Bonds, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are negotiable instruments.

6. The Bonds are an authorized investment, under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.

7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is excludable from gross income for Federal income tax purposes, pursuant to the Tax Code. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax for individuals and corporations. Due to the designation of the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Tax Code, certain financial institutions may be able to deduct 80% of the interest expense incurred in purchasing or carrying the Bonds. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.

8. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income, corporate net income and personal property taxes within the Commonwealth of Pennsylvania.

This opinion is rendered as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter be brought to our attention, or any changes in law that may hereafter arise.

APPENDIX C
Audited Financial Report

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GREATER JOHNSTOWN SCHOOL DISTRICT
JOHNSTOWN, PA

Single Audit Reporting Package
For The Fiscal Year Ended June 30, 2014

**GREATER JOHNSTOWN SCHOOL DISTRICT
SINGLE AUDIT REPORTING PACKAGE
JUNE 30, 2014**

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The Greater Johnstown School District

1092 Broad Street, Johnstown, PA 15906

Superintendent (814) 533-5650 Business Manager (814) 533-5683 Fax Number (814) 533-5655

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) Required Supplementary Information (RSI) June 30, 2014

The discussion and analysis of the Greater Johnstown School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of the Management Discussion and Analysis is to look at the District's financial performance as a whole. The readers should also review the transmittal letter, notes to the financial statements and financial statements which will enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is a component of the reporting model adopted by the Governmental Accounting Standards Board (GASB) - Statement No. 34, Basic Financial Statements, 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 prior year financial trends and current year results revealed that the Greater Johnstown School District experienced significant increases in special education instruction, retirement, and health insurance. Fortunately, the District's School Board was able to adopt a budget without a tax increase.

At the District's balance sheet date, the School District's total liabilities and deferred inflows exceeded total assets and deferred outflows by \$3,712,998. Despite a relatively stagnant property tax base, debt service payments and increasing employee costs, the School District was able to absorb a major decline in fund balance at the conclusion of the current audit year as compared to the posted budget.

USING THE ANNUAL FINANCIAL REPORT

The annual report consists of two distinct sets of financial statements: "district-wide" financial statements and "individual fund" financial statements.

The Statement of Net Position and Statement of Activities are "district-wide" governmental financial statements. The governmental statements inform the reader of the District's long and short term financial status, funding of instructional, non-instructional, support and community services.

The “individual-fund” statements focus on District’s operations not presented in the “district-wide” financial statements. Proprietary fund statements, such as the food service and radio station funds, present the financial information of the “business-like” entities. The fiduciary fund statements, such as the Student Activity Funds and the Health Reimbursement Arrangement, present financial information of the District acting as trustee or agent of the assets.

The financial statements contain notes of selected financial information. The notes provide additional information so that the reader has a greater understanding of the District’s financial position, results of operation and cash flow.

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
Greater Johnstown School District’s
Financial Report

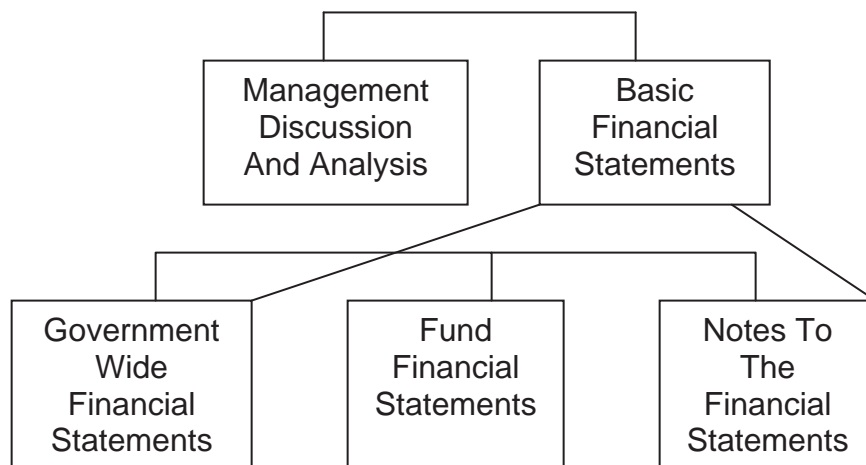


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis explains the structure and contents of each of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

Figure A-2
Major Features of Greater Johnstown School District's
Government-wide and Fund Financial Statements

	Government- Wide Statements	Fund 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	Instances in which the District is the trustee or agent to someone else's resources –
Required financial statements	Statement of net position and Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position, Statement of revenues, expenses and changes in net position and Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all District assets, deferred outflows, liabilities, deferred inflows and net position. Current year revenues and expenditures are accounted for in the Statement of Activities regardless of the receipt or disbursement of cash.

The government-wide statements report the Net Position and the Change in Net Position (Net position is the difference between the assets, deferred outflows, liabilities and deferred inflows). Net position, or fund balance, provide the user of the financial statements insight to the financial health of the District. Increases in net position indicate financial health while decreases in net position indicate financial weakness. The reader should also consider the non-financial components of the District, such as the vitality of the local economy, tax base and educational performance of the students.

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

- ☐ Governmental activities – Includes the District’s basic services, such as instruction, administration and community services. Property taxes, state and federal subsidies, and grants finance substantially all District services.
- ☐ Business type activities – The School Board contracts with a food service management company to operate the District’s food service program. The District’s cost of operations is determined by meals served and predominately maintenance cost incurred during ordinary course of business. To offset operational costs, revenue is derived from two major sources. First, the District charges staff, students and visitors a School Board approved meal fee. Second, the food service fund is subsidized with federal and state funds which significantly contribute to the financial health and stability for the food service program.

Fund Financial Statements

The District’s individual fund financial statements provide detailed information on all District funds – but not the District as a whole. Some funds are administered according to state law and bond requirements.

Governmental funds – Most District activities are reported in governmental funds, which illustrate the District’s financial position and change in financial position. Governmental funds are reported using modified accrual accounting, which measures cash and 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 services. Governmental fund information allows the reader to determine whether there are adequate resources available to finance District programs. The relationships (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

Proprietary funds – The funds are used to account for District activities that are similar to private sector business operations. Financial reporting illustrates net income, financial position, changes in financial position.

A significant source of funding the proprietary funds is user charges. The District charges customers (whether internal or external) for the services rendered or goods provided. One such proprietary fund is the food service fund. The fund is a business-type activity reported in the government-wide statement, providing the reader with more detail and information, such as the Statement of Cash Flows.

Fiduciary funds – The District is the trustee, or fiduciary, for several agency funds. All of the District's fiduciary activities are reported in separate Statements for Fiduciary Net Position. The activities from Fiduciary funds are excluded from the District's other financial statements since the fund assets cannot be used to finance District operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$(3,712,998) and \$592,498 at June 30, 2014 and 2013, respectively.

Table A-1
Fiscal Year Ended June 30, 2014, and 2013
Net Position

	2014			2013		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
Current Assets	\$18,514,261	\$ 615,139	\$19,129,400	\$21,645,725	\$580,092	\$22,225,817
Long-term Assets	43,870,904	215,006	44,085,910	46,895,591	207,092	47,102,683
Deferred Outflows	681,888	---	661,888	---	---	---
Total Assets and Deferred Outflows	\$63,047,053	\$ 830,145	\$63,877,198	\$68,541,316	\$ 787,184	\$69,328,500
Current and other Liabilities	\$ 8,022,197	\$ 180,881	\$ 8,203,078	\$ 7,726,078	\$ 97,418	\$ 7,823,496
Long-term Liabilities	58,988,405	---	58,988,405	60,912,506	---	60,912,506
Total Liabilities	\$67,010,602	\$ 180,881	\$67,191,483	\$68,638,584	\$ 97,418	\$68,736,002
Deferred Inflows	\$ 390,914	\$ 7,799	\$ 398,713	\$ ---	\$ ---	\$ ---
Net Position restricted Invested in capital Assets, net of related debt						
Unrestricted	(14,160,918)	215,006	(13,945,912)	(13,310,088)	207,092	(13,102,996)
Total Net Position	9,806,455	426,459	10,232,914	13,212,820	482,674	13,695,494
	\$ (4,354,463)	\$ 641,465	\$(3,712,998)	\$ (97,268)	\$ 689,766	\$ 592,498
Total Liabilities, Deferred Inflows & Net Position	\$ 63,047,053	\$ 830,145	\$63,877,198	\$ 68,541,316	\$ 787,184	\$69,328,500

While a significant majority of the School District's net position are unrestricted appear to be available for spending at the discretion of the Board, the remaining net position negatively reflects a sixty nine percent (-69%) divestiture in capital assets, (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets.

The School District uses capital assets to provide services to its students; consequently the assets are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, the reader should be aware that the funds needed to satisfy the debt must be provided from other sources. Capital assets cannot be liquidated to satisfy debt.

The results of current year 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 the specific expense categories are presented to inform the reader of District activities and the funds supporting the activity.

The largest revenue source is the Basic Education Subsidy, provided by the Commonwealth of Pennsylvania. Levied property taxes provide the second largest source of revenue. Other revenue sources include earnings on investments, earned income levies, various federal, state, and local grants and other state subsidies.

Table A-2 reflects the information the Statement of Activities, and is presented so the reader can easily compare current and prior results of operations.

Table A-2
Fiscal Year Ended June 30, 2014, and 2013
Changes in Net Position

	2014			2013		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
Revenues						
Program Revenues						
Charges for Services	\$ 43,837	\$ 380,111	\$ 423,948	\$ 43,175	\$ 428,508	\$ 471,683
Operating Grants & Contributions	31,728,596	1,838,854	33,567,450	31,302,045	1,821,686	33,123,731
Capital Grants & Contributions						
General Revenues						
Property Taxes	9,741,180	---	9,741,180	9,912,617	---	9,912,617
Other Taxes						
Grants, Subsidies & Contributions, Unrestricted						
Investment	18,485	1,860	20,345	73,123	1,913	75,036
Miscellaneous	115,619	---	115,619	95,462	---	95,462
Total Revenues	\$41,647,717	\$2,220,825	\$43,868,542	\$41,426,422	\$2,252,107	\$43,678,529
Expenses						
Instruction	\$28,272,296	\$ ---	\$28,272,296	\$28,329,796	\$ ---	\$28,329,796
Instructional						
Student Support	3,052,655	---	3,052,655	2,800,837	---	2,800,837
Administrative &						

Financial Support	3,355,795	---	3,355,795	3,602,557	---	3,602,557
Operation & Maintenance of Plant	2,872,629	---	2,872,629	2,196,757	---	2,196,757
Pupil Transportation	2,331,816	---	2,331,816	2,474,184	---	2,474,184
Student Activities	824,213	---	824,213	865,701	---	865,701
Community Services	28,870	---	28,870	24,292	---	24,292
Capital Outlay	---	---	---	---	---	---
Interest on Long-term Debt	2,141,822	---	2,141,822	2,156,659	---	2,156,659
Unallocated Depreciation Expense	2,545,970	---	2,545,970	2,642,987	---	2,642,987
Food Services	102,945	2,100,495	2,203,440	---	1,988,273	1,988,273
Radio Station	---	92,824	92,824	---	82,156	82,156
Total Expenses	45,529,011	2,193,319	47,722,330	45,069,478	2,070,429	47,164,200
Increase/(Decrease) in Net Position	(3,881,294)	27,506	(3,853,788)	(3,667,348)	181,678	(3,485,670)
Gain on Derivative Transaction	203,493	---	203,493	102,839	---	102,839
Loss on termination of Swap	---	---	---	---	---	---
Transfer In/Out	75,807	(75,807)	---	(23,636)	23,636	---
Net Position – Beg. original	(97,268)	689,766	592,498	3,490,878	484,452	3,975,330
Prior Period Adjustment	(655,201)	---	(655,201)	---	---	---
Net Position – Beg. restated	<u>(752,469)</u>	<u>689,766</u>	<u>(62,703)</u>	<u>3,490,878</u>	<u>484,452</u>	<u>3,975,330</u>
Net Position - Ending	<u>\$(4,354,463)</u>	<u>\$ 641,465</u>	<u>\$(3,712,998)</u>	<u>\$ (97,268)</u>	<u>\$ 689,766</u>	<u>\$ 592,498</u>

The tables below present the expenses of both the governmental Activities and the Business-type Activities of the District.

Table A-3 shows the District's seven largest functions – instruction, instructional student support, administrative, operation & maintenance of plant, pupil transportation, student activities, community services, 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, 2014, and 2013
Governmental Activities

Functions/Programs	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$28,272,296	\$ 1,451,994	\$28,329,796	\$ 1,140,752
Instructional Student Support	3,052,655	(2,873,269)	2,800,837	(2,672,158)
Administrative	3,355,795	(3,136,922)	3,602,557	(3,445,222)
Operation & Maintenance	2,872,629	(2,872,629)	2,196,757	(2,196,757)
Pupil Transportation	2,331,816	(1,075,025)	2,474,184	(1,310,936)
Student Activities	824,213	(780,376)	865,701	(822,526)
Food Services	102,945	(102,945)	---	---
Community Services	28,870	(28,870)	24,292	(24,292)
Capital Outlay	---	---	---	---
Interest on Long-term Debt	2,141,822	(1,792,566)	2,156,659	(1,174,424)
Unallocated Depreciation	<u>2,545,970</u>	<u>(2,545,970)</u>	<u>2,642,987</u>	<u>(2,642,987)</u>
Total Governmental Activities	\$45,529,011	\$(13,756,578)	\$45,093,770	\$ (13,748,550)
Total Needs from Local Taxes And Other Revenues		\$(13,756,578)		\$ (13,748,550)

Table A-4 reflects the business-type activities of the District.

Table A-4
Fiscal Year Ended June 30, 2014, and 2013
Business-type Activities

Functions/Programs	2014		2013	
	Total Cost of Services	Net Cost Services	Total Cost of Services	Net Cost Services
Food Services	\$2,100,495	\$ 104,062	\$1,988,273	\$ 244,162
Less: Investment Earnings	(1,860)	1,860	(1,913)	1,913
Less: Transfer In/Out	(75,807)	(75,807)	23,636	23,636
Radio Station	92,824	(78,416)	82,156	(64,397)
Total business-type Activities	\$2,115,652	\$ (48,301)	\$2,092,152	\$ 205,314

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

THE DISTRICT FUNDS

At June 30, 2014 the District's general fund reported a fund balance of \$9,754,345. \$449,835 represents assigned fund balance, \$7,000,000 represent a committed fund balance, leaving an unassigned fund balance of \$2,304,510. The fund balance decreased by \$2,395,264.

General Fund Budget

At the conclusion of the prior fiscal year the School Board Directors approves a budget for the current fiscal year. At the conclusion of the current fiscal year, the approved budgeted revenues and expenditures may not agree with the final budgeted revenues and expenditures.

During the fiscal year, the Board of School Directors authorizes revisions to the approved budget. The authorized transfers are between expenditure object codes which account for the differences from the approved budget to the final budget. All adjustments are confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. The practice is not prohibited by state law. Also, during the school fiscal year, the district administration, when available, applies for federal, state and local grants. The totality of the grants cannot always be anticipated during the budgeting process. The district administration reconciles the projected to the actual grants received.

A schedule showing the District's original and final budget is compared with the amounts actually paid and owed and received and due is in the annual financial report.

Capital Assets

Governmental Fund Types

At June 30, 2014, and 2013, the District had \$43,870,904 and \$46,017,272 invested in capital assets, including land, buildings and furniture and equipment, respectively. This amount includes accumulated depreciation of \$41,003,429 and \$39,026,873, respectively.

Business Fund Types

At June 30, 2014, and 2013, the District had \$215,006 and \$207,092 invested in capital equipment, respectively. This amount includes accumulated depreciation of \$879,269 and \$847,847, respectively.

Table A-5 reflects the capital assets of both the governmental activities and the business-type activities of the District.

Table A-5
Governmental & Business-Type Activities
Fiscal year Ended June 30, 2014 and 2013
Capital Assets – Net of Depreciation

	Government Activities		Business-Type Activities	
	2014	2013	2014	2013
Land & Construction-in-Progress	\$ 3,683,036	\$ 3,683,036	\$ 5,000	\$ 5,000
Construction in Progress	---	---	---	---
Land & Site Improvements	4,447,816	4,447,816	---	---
Building & Improvements	68,576,733	68,509,686	---	---
Furniture & Equipment	5,632,007	5,373,582	1,068,466	1,029,130
Capital Leases	2,534,741	3,030,025	20,809	20,809
Less:				
Accumulated Depreciation	<u>(41,003,429)</u>	<u>(39,026,873)</u>	<u>(879,269)</u>	<u>(847,847)</u>
Total Capital Assets	\$ 43,870,904	\$ 46,017,272	\$ 215,006	\$ 207,092

DEBT ADMINISTRATION

At June 30, 2014 and 2013 the School District had \$57,054,166 and \$58,697,733 of outstanding debt. Table A-6 summarized the District's outstanding obligations:

Table A-6
Outstanding Debt

	FY Ending	Outstanding 6/30/13	(Paid)	Increase/ Issued	Outstanding 6/30/14	Due Within One Year
<u>Governmental Activities:</u>						
Bonds & Notes Payable:						
2001A,B,C GOBs	2032	\$ 4,980,320	\$ ---	\$ ---	\$ 4,980,320	\$
2003B GOBs	2014	100,000	(100,000)	---	---	
2005 GOBs	2034	5,325,000	(20,000)	---	5,305,000	
2011 A,B GOBs	2034	<u>43,370,000</u>	<u>(2,050,000)</u>	---	<u>41,320,000</u>	
Increase in Capital Appreciation Bonds		4,511,062	---	546,870	5,057,932	
Premium (Discount), Net of Amortization		<u>411,349</u>	<u>(20,435)</u>	---	<u>390,914</u>	
Total		<u>58,697,731</u>	<u>(2,190,435)</u>	<u>546,870</u>	<u>57,054,166</u>	
Other Liabilities:						
Comp Absences		1,475,315	(25,600)	---	1,449,715	
Derivative liability		942,778	(203,493)	---	739,285	
Post-Retirement		1,403,397	---	675,476	2,078,873	
Equip Lease Obligation		<u>565,170</u>	<u>(198,248)</u>	<u>83,502</u>	<u>450,424</u>	
Total		<u>4,386,660</u>	<u>(427,341)</u>	<u>758,978</u>	<u>4,718,297</u>	
Gov Long-term Liability		<u>\$63,084,391</u>	<u>\$ (2,617,776)</u>	<u>\$ 1,305,848</u>	<u>\$ 61,772,463</u>	

Revenue – Fund Financials

The revenue for the school district is primarily derived from local, state, and federal sources. During the 2013-14 fiscal year, \$10,961,933 local funds \$25,681,516 state funds and \$4,902,398 federal funds were recognized as revenue by the general fund, totaling \$41,545,847. When compared to the budgeted amount of \$40,833,856, the result is a favorable variance of \$711,911.

Local funding is primarily from real estate taxes, \$6,441,719. During 2013-14, collection of real estate taxes was higher than budget. The budgeted rate of collection is based on history. The collection of real estate taxes came up over by \$40,134 when compared to budget. There was no change in the millage in 2013-14 year. The assessed value of real estate taxable properties has decreased from \$200,805,170 in 2008 to \$191,167,520 in 2014. Local Revenues in 2013-14 were more than in 2012-13 by \$83,272. State revenues increased \$629,173, in large part due to increased contributions to retirement created increased retirement subsidy from the state in the amount of \$489,553 when compared to the prior year. Despite increases to Title I funding due to increased census poor poverty, there was an offsetting decrease in Federal funding of (\$556,378) due primarily to decreases in 21st Century Schools (\$800,584) and School Based Access (\$97,456).

Expenditures – Fund Financials

Total wages of \$18,678,103 in 2013-2014 were favorable to 2012-13 by \$797,568. In 2012-13, eighteen (18) teachers retired. Nine (9) staff members were replaced at a lower salary than the retirees and (9) were not replaced at all. This is the primary contributor to favorable wages when compared to the prior year. The outlook for 2014-15 is to continue to reduce staff where possible without doing further harm to the educational programs. Despite lower wages, benefits increased by \$373,378 primarily due to higher retirement costs of \$329,144 and higher medical costs of \$103,733, slightly offset by reductions to social security contributions.

Regular education - professional services decreased by \$404,440 when compared to the prior year. This decrease was primarily due the reduction of staff wages costs and the implementation of a district operated cyber-school. For the first time since 2009 cyber school tuition costs reduced. In 2012-13 cyber school costs reduced from \$1,831,209 to \$1,264,422 despite an increased cost in regular and special education cyber school tuition. .

Overall, special education costs have decreased by \$3,845 when compared to 2012-13. Purchased professional and technical services increased by \$188,334 from the prior year primarily due to increased costs of the Intermediate Unit.

There was a slight decrease in the number of students attending the Greater Johnstown CTC, costs in this area decreased by \$5,017 when compared to the prior year.

Fewer students attended Greater Johnstown who needed alternative education. This reduced \$482,822 of other instructional cost when compared to last year.

There was \$133,986 more PreK costs provided from district funds in the 2013-14 school year due to increase in student enrollments and salary and benefits for teaching staff. There were increases to pupil personnel of \$141,418, instructional staff of \$199,283, administrative expense of \$367,730 and business expense of \$74,567 due primarily to increases in wage and benefit costs, pupil health costs decreased by \$80,291 primarily through the reduction of a staff member.

Operation and maintenance costs increased \$427,262 due to increases in energy costs \$79,898 and a reclassification of school security services \$143,984, despite reductions of staff.

Transportation costs reduced \$142,368 due to a new contract, despite an increased cost for special education and student activity runs.

In 2013-14 there was \$94,783 less spent on technology supplies when compared to 2012-13. A computer lease was put into place and technology was purchased from the School Improvement grant

A freeze on capital projects was initiated for the 2013-14 school year resulting in \$1,842,941 cost reduction from the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the School District was aware of several circumstances that will affect its future financial health in fiscal year 2014-2015:

The assessed value of the residential properties is expected to continue to decline. However, there is expected to be an increase in real estate taxes for 2015-16 due to the sale of Conemaugh Hospital to a for-profit hospital, the currently exempt properties are over \$40,000,000 in assessed value, the District expects that 25% will remain in taxation once the real estate tax applies, which will equate to over \$500,000 in new revenue. During the past 16 years, the tax rate for real estate has remained flat is 46.8 mils, it is anticipated that the tax rate will be increased for 2015-16 to the Act 1 index.

The teacher contract expires at the end of the 2015-16 school year. The support staff contract expires at the end of the 2014-15 school year. It is expected that wages and healthcare costs will be reduced from the current trend. In addition, the District will reduce staff members to lower these costs in future years through retirements. It is estimated that twelve (12) total staff members will be retiring in the 2015-16 school year and it is unlikely that any of these positions will be replaced.

The District has not received additional funding for 21st Century funds but plans to apply for the grant funding annually. In the meantime, the District has used its funds to support the program.

Healthcare costs are expected to stabilize through better utilization and benefit plan changes. Specifically, a high qualified high deductible plan of \$1,500 individual / \$3,000 family coverage will go into effect during the 2014-15 school year for administrators. The following year, teachers and support staff will be moved to the plan. The plan is designed to create more educated healthcare consumers. The District will continue to provide education about employee health and wellness programs. The projection for healthcare increase for 2015-16 is 6.1% as compared to 8% in 2014-15 and 13.3% in 2013-14.

It is expected that the retirement rate will continue to escalate. The PSERS rate is going from 16.93% in 2013-14 to 21.4% in 2014-15 and expected to continue to increase until it reaches its peak of 32.08% in 2019-20.

The District created a cyber-school which has reduced the payment to the other approved cyber charter schools in Pennsylvania. The District will continue to maintain a cyber-school as long as needed.

It is expected that future costs in special education will decline due to decreasing special education enrollments. Caseloads for special education teachers have been reviewed and will be maximized resulting in less special education teachers through attrition.

Due to the increasing costs of wages and benefits, the District outsourced the PreK program during the 2014-15 school-year and expects to see \$260,000 in cost reduction.

It is expected that as E-Rate changes so will the District's priorities regarding technology funding.

The Johnstown Middle School is in need of repair in future years and options have been explored to repair the building including the uses of a Qualified Zone Academy Bond and Act 39.

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 regarding this report or wish to request additional financial information, please contact John Zahorchak, Business Manager at Greater Johnstown School District, 1091 Broad Street, Johnstown, PA 15906, (814) 533-5684.

INDEPENDENT AUDITORS' REPORT

December 02, 2014

Board of School Directors
Greater Johnstown School District
Johnstown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greater Johnstown School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greater Johnstown School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Greater Johnstown School District implemented Governmental Accounting Standards Board (GASB) Statements No. 65 – Items Previously Reported as Assets and Liabilities for the year ended June 30, 2014, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Prior Period Adjustment

As discussed in the previous paragraph, Greater Johnstown School District implemented GASB 65 which resulted in a prior period adjustment to the net position of the governmental activities. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I through XIII and 37 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Greater Johnstown School District's basic financial statements. The Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for the purpose of additional analysis and is not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 02, 2014 on our consideration of Greater Johnstown 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 *Governmental Auditing Standards* in considering Greater Johnstown School District's internal control over financial reporting and compliance.



WESSEL & COMPANY
Certified Public Accountants

GREATER JOHNSTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Current Assets:			
Cash and cash equivalents (Note 2)	\$ 13,688,942	\$ 1,326,943	\$ 15,015,885
Investments (Note 2)	1,199,034	-	1,199,034
Receivables:			
Taxes receivable, net of allowance (Note 6)	408,119	-	408,119
Due from other governments	2,267,861	79,218	2,347,079
Internal balances	904,267	(904,267)	-
Other accounts receivable	46,038	105,446	151,484
Inventory	-	7,799	7,799
	<u>18,514,261</u>	<u>615,139</u>	<u>19,129,400</u>
Non-current Assets:			
Capital assets, net of depreciation (Note 3)	<u>43,870,904</u>	<u>215,006</u>	<u>44,085,910</u>
Total Non-current Assets	<u>43,870,904</u>	<u>215,006</u>	<u>44,085,910</u>
Deferred Outflows			
Prepaid expenses	449,835	-	449,835
Deferred loss on defeasement	<u>212,053</u>	<u>-</u>	<u>212,053</u>
Total Deferred Outflows	<u>661,888</u>	<u>-</u>	<u>661,888</u>
Total Assets and Deferred Outflows	<u>\$ 63,047,053</u>	<u>\$ 830,145</u>	<u>\$ 63,877,198</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
Current Liabilities:			
Accounts payable	\$ 1,092,696	\$ 180,881	\$ 1,273,577
Accrued salaries and benefits	3,878,065	-	3,878,065
Bonds payable (Note 7)	2,210,000	-	2,210,000
Leases payable (Note 7)	183,144	-	183,144
Other liabilities	<u>658,292</u>	<u>-</u>	<u>658,292</u>
Total Current Liabilities	<u>8,022,197</u>	<u>180,881</u>	<u>8,203,078</u>
Non-current Liabilities			
Bonds payable (Note 7)	54,453,252	-	54,453,252
Leases payable (Note 7)	267,280	-	267,280
Derivative liability (Note 8)	739,285	-	739,285
Post retirement (Note 10)	2,078,873	-	2,078,873
Compensated absences (Note 4)	<u>1,449,715</u>	<u>-</u>	<u>1,449,715</u>
Total Non-current liabilities	<u>58,988,405</u>	<u>-</u>	<u>58,988,405</u>
Deferred Inflows			
Unearned revenue	-	7,799	7,799
Bond issue premium	<u>390,914</u>	<u>-</u>	<u>390,914</u>
Total Deferred Inflows	<u>390,914</u>	<u>7,799</u>	<u>398,713</u>
Net Position			
Investment in fixed assets, net of related debt	(14,160,918)	215,006	(13,945,912)
Net position - restricted	-	-	-
Net position - unrestricted	<u>9,806,455</u>	<u>426,459</u>	<u>10,232,914</u>
Total Net Position	<u>(4,354,463)</u>	<u>641,465</u>	<u>(3,712,998)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 63,047,053</u>	<u>\$ 830,145</u>	<u>\$ 63,877,198</u>

GREATER JOHNSTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 28,272,296	\$ -	\$ 29,724,290	\$ -	\$ 1,451,994	\$ -	\$ 1,451,994
Instructional Student Support	3,052,655	-	179,386	-	(2,873,269)	-	(2,873,269)
Administration	3,355,795	-	218,873	-	(3,136,922)	-	(3,136,922)
Operation of Maintenance of Plant	2,872,629	-	-	-	(2,872,629)	-	(2,872,629)
Student Transportation	2,331,816	-	1,256,791	-	(1,075,025)	-	(1,075,025)
Student Activities	824,213	43,837	-	-	(780,376)	-	(780,376)
Food Services	102,945	-	-	-	(102,945)	-	(102,945)
Community services	28,870	-	-	-	(28,870)	-	(28,870)
Unallocated interest on long-term debt	2,141,822	-	349,256	-	(1,792,566)	-	(1,792,566)
Unallocated depreciation and amortization	2,545,970	-	-	-	(2,545,970)	-	(2,545,970)
Total Governmental Activities	45,529,011	43,837	31,728,596	-	(13,756,578)	-	(13,756,578)
Business-type Activities:							
Food Service	2,100,495	365,703	1,838,854	-	-	104,062	104,062
Radio Station	92,824	14,408	-	-	-	(78,416)	(78,416)
Total Business-type Activities	2,193,319	380,111	1,838,854	-	-	25,646	25,646
Total Primary Government	\$ 47,722,330	\$ 423,948	\$ 33,567,450	\$ -	(13,756,578)	25,646	(13,730,932)
General Revenues							
Taxes, Levied for General Purposes, net					9,741,180	-	9,741,180
Unrestricted Investment Earnings					18,485	1,860	20,345
Gain - Derivative transaction (Note 8)					203,493	-	203,493
Transfer in/(out)					75,807	(75,807)	-
Other Revenues					115,619	-	115,619
Total General Revenues					10,154,584	(73,947)	10,080,637
Change in Net Position					(3,601,994)	(48,301)	(3,650,295)
Net Position - Beginning of Year, as originally stated					(97,268)	689,766	592,498
Prior Period Adjustment					(655,201)	-	(655,201)
Net Position - Beginning of Year, as restated					(752,469)	689,766	(62,703)
Net Position - End of Year					\$ (4,354,463)	\$ 641,465	\$ (3,712,998)

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

GREATER JOHNSTOWN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	Governmental Fund Types		Total Governmental Fund Types
	General	Capital Projects	
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Cash and cash equivalents	\$ 10,674,171	\$ 3,014,771	\$ 13,688,942
Investments	-	1,199,034	1,199,034
Receivables:			
Taxes receivable (Note 6)	382,934	-	382,934
Due from other funds (Note 1P)	904,267	-	904,267
Due from governments	2,267,861	-	2,267,861
Other Receivables	46,038	-	46,038
Total Assets	14,275,271	4,213,805	18,489,076
Deferred Outflows			
Prepaid expenses	449,835	-	449,835
Total Assets and Deferred Outflows	\$ 14,725,106	\$ 4,213,805	\$ 18,938,911

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

Liabilities			
Accounts Payable	\$ 970,996	\$ -	\$ 970,996
Due to other funds (Note 1P)	121,700	-	121,700
Accrued salaries and benefits	2,947,926	-	2,947,926
Payroll deductions and withholdings	930,139	-	930,139
Total Liabilities	4,970,761	-	4,970,761
Deferred Inflows	-	-	-
Fund Balance:			
Assigned	449,835	-	449,835
Committed	7,000,000	4,213,805	11,213,805
Unassigned	2,304,510	-	2,304,510
Total Fund Balance	9,754,345	4,213,805	13,968,150
Total Liabilities and Fund Balance	\$ 14,725,106	\$ 4,213,805	\$ 18,938,911

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

GREATER JOHNSTOWN SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014

Total Governmental Fund Balance (Page 5)		\$	13,968,150
Amounts reported for governmental activities in the statement of net position are different because:			
Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.			
			25,185
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:			
The cost of capital assets	84,874,333		
Accumulated Depreciation	<u>(41,003,429)</u>		43,870,904
Bond related financing costs are not financial resources and therefore are not reported as assets in governmental funds.			
Defeased loss on refunded bonds	212,053		
Unamortized premium	<u>(390,914)</u>		(178,861)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:			
Bonds payable	(56,116,381)		
Accrued interest on the bonds	(658,292)		
Compensated absences	(1,449,715)		
Capital lease obligations	(450,424)		
Increase in value of bonds	(546,871)		
Postretirement healthcare liability	(2,078,873)		
Derivative liability	<u>(739,285)</u>		
Total Liabilities			<u>(62,039,841)</u>
Net position on Governmental Activities (Page 3)		\$	<u>(4,354,463)</u>

GREATER JOHNSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Governmental Fund Types		Total Governmental Fund Types
	General	Capital Projects	
<u>Revenues</u>			
Local sources	\$ 11,015,230	\$ 4,775	\$ 11,020,005
State sources	25,825,425	-	25,825,425
Federal sources	4,814,549	-	4,814,549
Total Revenues	<u>41,655,204</u>	<u>4,775</u>	<u>41,659,979</u>
<u>Expenditures</u>			
Current:			
Instruction	27,622,420	-	27,622,420
Support services	11,952,871	-	11,952,871
Student activities	824,213	-	824,213
Food service	102,945	-	102,945
Community services	28,870	-	28,870
Capital outlay - Facilities acquisition and improvement services	183,743	-	183,743
Debt service	-	-	-
Principal	2,170,000	-	2,170,000
Interest	1,610,818	-	1,610,818
Total Expenditures	<u>44,495,880</u>	<u>-</u>	<u>44,495,880</u>
Excess of Revenues Over/(Under) Expenditures	(2,840,676)	4,775	(2,835,901)
Other Financing Sources/(Uses):			
Interfund transfers in	457,673	-	457,673
Interfund transfers out	-	(381,866)	(381,866)
Refund prior year expenditures	(12,261)	-	(12,261)
Total Other Financing Sources/(Uses)	<u>445,412</u>	<u>(381,866)</u>	<u>63,546</u>
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	(2,395,264)	(377,091)	(2,772,355)
Fund Balance - Beginning	<u>12,149,609</u>	<u>4,590,896</u>	<u>16,740,505</u>
Fund Balance - Ending	<u>\$ 9,754,345</u>	<u>\$ 4,213,805</u>	<u>\$ 13,968,150</u>

GREATER JOHNSTOWN SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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

Net change in fund balance - total governmental funds (page 7). \$ (2,772,355)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.

	Capital Outlays	408,974	
	Depreciation expense	<u>(2,555,343)</u>	(2,146,369)

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

114,746

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not effect the statement of activities and repayment of principal reduces the liability.

	Bond Principal Payments		2,170,000
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In the statement of activities, the change in the fair value of the derivative instrument as more fully described in Note 8 is recorded in accordance with Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivatives*. Such fair value adjustments are not recorded in the governmental funds.

203,493

Interest is recognized as an expenditure in the governmental funds when due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due.

	Accrued interest on bonds	15,867	
	Increase in value of capital appreciation bonds	<u>(546,871)</u>	(531,004)

GREATER JOHNSTOWN SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014

Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

	20,436	
Bond premium	20,436	
Defeased loss on refunded bonds	<u>(11,064)</u>	9,372

In the statement of activities, certain operating expenses - compensated absences, special termination benefits (post-retirement healthcare liability) are measured by the amounts earned during the year. In the governmental funds, however expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount paid. During the year compensated absences decreased by \$25,600 and post retirement healthcare payable increased by \$675,477.

(649,877)

Change in net assets of governmental activities (page 4).

\$ (3,601,994)

GREATER JOHNSTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Proprietary Fund Types		Total
	Food Service	Radio Station	
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Cash	\$ 1,311,350	\$ 15,593	\$ 1,326,943
Receivables			
Accounts receivable	104,644	802	105,446
Due from other governments	79,218	-	79,218
Inventory	7,799	-	7,799
Fixed assets, net (Note 3)	156,037	58,969	215,006
Total Assets	1,659,048	75,364	1,734,412
Deferred Outflows	-	-	-
Total Assets and Deferred Outflows	\$ 1,659,048	\$ 75,364	\$ 1,734,412
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
Liabilities			
Due to other funds (Note 1P)	\$ 223,186	\$ 681,081	\$ 904,267
Accounts payable	179,445	1,436	180,881
Unearned revenue	7,799	-	7,799
Total Liabilities	410,430	682,517	1,092,947
Deferred Inflows	-	-	-
Net Position			
Investment in fixed assets	156,037	58,969	215,006
Unrestricted (deficit)	1,092,581	(666,122)	426,459
Total Net Position	1,248,618	(607,153)	641,465
Total Liabilities, Deferred Inflows and Net Position	\$ 1,659,048	\$ 75,364	\$ 1,734,412

GREATER JOHNSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Proprietary Fund Types</u>		
	<u>Food Service</u>	<u>Radio Station</u>	<u>Total</u>
Operating Revenues:			
Food service revenue	\$ 365,703	\$ -	\$ 365,703
Charges for services	-	14,408	14,408
Total Operating Revenues	<u>365,703</u>	<u>14,408</u>	<u>380,111</u>
Operating Expenses			
Purchased professional & technical services	40,314	87,474	127,788
Other purchased services	2,026,220	-	2,026,220
Supplies	3,098	-	3,098
Depreciation	29,876	1,546	31,422
Other operating expenditures	987	3,804	4,791
Total Operating Expenses	<u>2,100,495</u>	<u>92,824</u>	<u>2,193,319</u>
Operating (Loss)	<u>(1,734,792)</u>	<u>(78,416)</u>	<u>(1,813,208)</u>
Non-Operating Revenues			
Earnings on investments	1,835	25	1,860
State sources	70,050	-	70,050
Federal sources	1,768,804	-	1,768,804
Total Non-Operating Revenues	<u>1,840,689</u>	<u>25</u>	<u>1,840,714</u>
Non-Operating Expenses			
Transfer to/from other funds	<u>(75,807)</u>	<u>-</u>	<u>(75,807)</u>
Total Non-Operating Expenses	<u>(75,807)</u>	<u>-</u>	<u>(75,807)</u>
Net Income (Loss)	30,090	(78,391)	(48,301)
Net Position - Beginning of Year	<u>1,218,528</u>	<u>(528,762)</u>	<u>689,766</u>
Net Position - End of Year	<u>\$ 1,248,618</u>	<u>\$ (607,153)</u>	<u>\$ 641,465</u>

GREATER JOHNSTOWN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Proprietary Fund Types		Total
	Food Service	Radio Station	
Cash Flows From Operating Activities			
Cash Received from Users	\$ 365,703	\$ 17,637	\$ 383,340
Cash Payments to Suppliers for Goods and Services	(2,055,542)	(17,637)	(2,073,179)
Net Cash (Used In) Operating Activities	(1,689,839)	-	(1,689,839)
Cash Flows From Investing Activities			
Cash Received from Earnings on Investments	1,836	25	1,861
Cash Flows From Non-Capital Financing Activities			
State Sources	70,050	-	70,050
Federal Sources	1,775,632	-	1,775,632
Net Cash Provided By Non-Capital Financing Activities	1,845,682	-	1,845,682
Cash Flows From Capital Financing Activities			
Cash Payments on Leased Equipment	-	-	-
Cash Payments to Purchase Fixed Assets	(39,337)	-	(39,337)
Net Cash (Used In) Capital Financing Activities	(39,337)	-	(39,337)
Net Increase in Cash During the Year	118,342	25	118,367
Cash and Cash Equivalents - Beginning of Year	1,193,008	15,568	1,208,576
Cash and Cash Equivalents - End of Year	<u>\$ 1,311,350</u>	<u>\$ 15,593</u>	<u>\$ 1,326,943</u>
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (Loss)	\$ (1,734,792)	\$ (78,416)	\$ (1,813,208)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation	29,876	1,546	31,422
Decrease in Account Receivable	-	7,033	7,033
(Increase) in Inventories	529	-	529
Increase in Accounts Payable	90,355	1,436	91,791
Increase in Due to other funds	(75,807)	68,401	(7,406)
Total Adjustments	44,953	78,416	123,369
Net Cash (Used In) Operating Activities	<u>\$ (1,689,839)</u>	<u>\$ -</u>	<u>\$ (1,689,839)</u>

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

GREATER JOHNSTOWN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Student Activity</u>	<u>Health Reimbursement Arrangement (HRA)</u>	<u>Total</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Cash and cash equivalents	\$ 48,107	\$ 477,619	\$ 525,726
Investments	10,000	-	10,000
Due from other funds	-	121,700	121,700
Total Assets	<u>58,107</u>	<u>599,319</u>	<u>657,426</u>
Deferred Outflows	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 58,107</u>	<u>\$ 599,319</u>	<u>\$ 657,426</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
Liabilities			
Due to student groups	\$ 58,107	\$ -	\$ 58,107
Due to eligible participants	<u>-</u>	<u>599,319</u>	<u>599,319</u>
Total Liabilities	<u>58,107</u>	<u>599,319</u>	<u>657,426</u>
Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>
Net Position			
Net Position	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 58,107</u>	<u>\$ 599,319</u>	<u>\$ 657,426</u>

GREATER JOHNSTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Greater Johnstown School District (the "School District") is a Local Education Agency of the second class located in Cambria County in the Commonwealth of Pennsylvania. The School District serves the townships of Lower Yoder, Stonycreek, and West Taylor, Geistown Borough, and the City of Johnstown. The School District has approximately 3,500 enrolled students in the four school buildings that are operated.

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

A. Reporting Entity

The Greater Johnstown School District is a second class school district located in Johnstown, PA. The financial statements have been prepared to reflect all activity of the School District. The School District does not serve as an oversight unit over any other governmental unit and, therefore, the reporting entity consists of only the School District.

B. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for two business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the

operational, or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

FUND FINANCIAL STATEMENTS

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

C. Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. School District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into two (2) generic fund types and three (3) broad fund categories as follows:

GOVERNMENTAL FUNDS

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

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

Capital Projects Fund -- The Capital Projects Fund is used to account for financial resources to be used for capital outlays, including the acquisition or construction of major capital facilities and other capital assets other than those financed by the Proprietary Funds.

PROPRIETARY FUNDS

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

Food Service Fund -- The Food Service Fund is used to account for the operation of the food services provided to the student population and staff. The fund is established with the intention to recover part or all of its cost through user charges.

Radio Station Fund – The Radio Station Fund was established to account for all revenues and expenditures pertaining to the WCRO radio station operations.

FIDUCIARY FUNDS

The School District's fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

Health Reimbursement Arrangement (HRA) Fund – The HRA Fund is an Agency Fund used to measure the total assets and liabilities of the Greater Johnstown School District Health Reimbursement Arrangement (HRA) Plan.

D. 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 proprietary activities.

E. Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 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 (See Note 6). 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 nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unearned revenue.

Expenses/Expenditures

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

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

F. Budgetary Data

An operating budget is adopted prior to the beginning of each year for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. 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 two newspapers of general circulation in the municipality in which it is located and within fifteen 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.

Notice that public hearing will be held on the proposed operating budget must be included in the advertisement and such hearings are required to be scheduled at least ten days prior to when final action an adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period.

Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

Encumbrance accounting is employed in the governmental funds. Encumbrances outstanding at year end are cleared out at year end and there are no reservations of fund balance.

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

G. Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as deferred outflows in the specific governmental fund in which benefits will be derived.

H. Inventory

Proprietary Fund inventories include purchased food items, which are valued at cost, and Federally donated commodities which are valued at amounts established by the United States Department of Agriculture and are recorded as expenditures when consumed rather than when purchased.

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.

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 defines capital assets as assets with an initial, individual cost of more than \$100,000 for land and improvements, buildings and improvements, and athletic field improvements, and \$10,000 for vehicles and equipment, and \$5,000 for furniture and fixtures. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Building Improvements	20 – 40 Years
Land Improvements	15 Years
Furniture and Fixtures	7 Years
Equipment	7 – 15 Years

J. Deferred Charges

In the government-wide financial statements, bond premiums (deferred inflow) and deferred losses on defeasement (deferred outflows) are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. In the governmental funds, these costs are reported as expenditures when the related liability is incurred.

K. Compensated Absences

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

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

In the governmental fund financial statements, the current portion is reported as a liability as it is expected to be paid using expendable available resources. In proprietary funds, the entire amount of compensated absences related to employees of those funds is reported as a fund liability.

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 represents the difference between assets, deferred outflows, liabilities and deferred inflows. 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 borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or other 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 positions are available.

N. Fund Balance

The District follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which requires the governmental funds' fund balances to be classified into the following five categories:

Non-spendable fund balance – fund balance permanently restricted and unavailable for current operations.

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

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

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

Unassigned fund balance – fund balance available for operations without any restriction.

Fund balance is assigned for prepaid expenses in the amount of \$449,835.

Fund balance is committed for future capital projects and purchases of the district in the amount of \$4,213,805 and committed for securing future debt, compensated absences, technology, retirement payouts, health care costs and unanticipated expenditures in the amount of \$7,000,000.

O. Operating Revenues and Expenses

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

P. Individual Fund Interfund receivables, payables, and transfers.

Such balances at June 30, 2014 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 904,267	\$ 121,700
Capital Projects Fund	---	---
Food Service Fund	---	223,186
Radio Station Fund	---	681,081
HRA Fund	<u>121,700</u>	<u>---</u>
	<u>\$ 1,025,967</u>	<u>\$ 1,025,967</u>
	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 457,673	\$ ---
Food Service Fund	---	75,807
Capital Improvement Fund	<u>---</u>	<u>381,866</u>
	<u>\$ 457,673</u>	<u>\$ 457,673</u>

Q. Estimates

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

R. New GASB Pronouncement

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, is effective for financial statements for periods beginning after December 31, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District has implemented this statement in the year ended June 30, 2014. As a result, prior year "deferred charges" of \$655,202 have been expensed in the prior period adjustment explained in note 12. In addition, \$212,053 representing the difference between the reacquisition price and the net carrying amount of old debt on the current year's previous refundings, has been reported as "deferred outflows of resources", respectively, and will be recognized as a component of interest expense over the

remaining life of the refunded debt, which is shorter than the life of the new debt issued.

NOTE 2 - CASH AND INVESTMENTS

The organization has a policy that requires all deposits and investments, other than U.S. government obligations, to be covered by Federal insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not insured by the Federal Deposit Insurance Corporation are collateralized using the pooled asset method to 100% of value as required by Pennsylvania Law.

The securities pledged as collateral are held by the trust department of a financial institution or by its agents in the financial institution's name. When certificates of deposit are purchased, the Organization or its agent either holds the actual certificate of deposit or receives a safekeeping certificate as its proof of ownership.

Pennsylvania Law limits investment and deposit types the organization may purchase as follows:

- (a) U.S. Treasury bills.
- (b) Short-term obligations of the U.S. government or its agencies.
- (c) Demand, savings and time deposits with institutions insured by the FDIC or the National Credit Union Share Funds or collateralized with securities as provided by law.
- (d) Obligations of the United States or any of its agencies, the Commonwealth of Pennsylvania or any of its agencies or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies providing the obligations are backed by the full faith and credit of the political subdivision.

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 16,214,919
Fiduciary funds:	
Cash and investments	<u>535,726</u>
Total Cash and Investments	<u>\$ 16,750,645</u>

Cash and investments as of June 30, 2014 consist of the following:

Deposits with financial institutions	\$ 9,936,609
Pennsylvania School District Liquid Asset Fund (PSDLAF)	<u>6,814,036</u>
Total Cash and Investments	<u>\$ 16,750,645</u>

Pennsylvania School District Liquid Asset Fund (PSDLAF)

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

Investment Type	Weighted Average Days to Maturity	Rating	% of Portfolio
Tri-Party Repurchase Agreement	1	A-1+	22.73%
Collateralized Bank Demand Deposit	1	A-1	11.70%
Collateralized Bank Demand Deposit	1	N/A	6.10%
Federal Home Loan Bank	41	A-1+	31.32%
Federal National Mortgage Assn.	9	A-1+	8.23%
Federal Home Loan Mortgage Co.	5	A-1+	5.17%
Federal Farm Credit Bank	1	A-1+	0.50%
Municipal Bond – General Obligations	2	A-1+	3.63%
Overseas Private Investment Corp	1	A-1+	0.79%
United States Treasury Notes/Bonds	3	A-1+	<u>9.83%</u>
TOTAL			<u>100.00%</u>

Interest Rate Risk. As a means of limiting its exposure to losses arising from rising interest rates, the Fund's investment policy requires that the Fund maintain a weighted average maturity of not greater than ninety days.

Credit Risk. The Fund is only authorized to invest in instruments authorized by Section 440.1 of the School Code which governs the temporary investment of funds by school entities.

Concentration of Credit Risk. PSDLAF complies with the diversification guidelines of Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. rating service which specifically limits repurchase agreements to: 1) up to 40% maximum concentration per counterparty depending on the counterparty rating and if the transaction is overnight or to the next business day, and 2) only 25% maximum concentration if the repurchase agreement uses the same counterparty and if maturity is 2-7 days, and 3) a 10% limit beyond 7 days to maturity for repurchase agreements for all Portfolios. For government agencies the average days to maturity is expected to be lowered if the government agency exposure exceeds 40%. More than 5 percent of the Fund's total investments are in the following issuers: Tri-Party Repurchase Agreement (22.73%), Collateralized Bank Demand Deposit (17.80%), Federal Home Loan Bank (31.32%), Federal National Mortgage Association (8.23%), Federal Home Loan Mortgage Company (5.17%), and United States Treasury Notes/Bond (9.83%).

NOTE 3 - FIXED ASSETS

A summary of changes in capital assets during the year is as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental Activities				
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 3,683,036	\$ ---	\$ ---	\$ 3,683,036
<u>Capital Assets Being Depreciated</u>				
Land Improvements	4,447,816	---	---	4,447,816
Buildings and improvements	68,509,685	67,048	---	68,576,733
Furniture and equipment	5,373,582	258,425	---	5,632,007
Capital leases	<u>3,030,025</u>	<u>83,502</u>	(<u>578,786</u>)	<u>2,534,741</u>
Total Assets	<u>85,044,144</u>	<u>408,975</u>	(<u>578,786</u>)	<u>84,874,333</u>
	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Ending</u> <u>Decreases</u>	<u>Balance</u>
Less Accumulated Depreciation:				
Land improvements	2,168,440	270,131	---	2,438,571
Buildings and improvements	29,307,222	1,939,580	---	31,246,802
Furniture and equipment	5,072,788	136,478	---	5,209,266
Capital leases	<u>2,478,423</u>	<u>209,153</u>	(<u>578,786</u>)	<u>2,108,790</u>
Total Accum. Depr.	<u>39,026,873</u>	<u>2,555,342</u>	(<u>578,786</u>)	<u>41,003,429</u>
Governmental Activities Net Capital Assets	<u>\$ 46,017,271</u>	(<u>\$ 2,146,367</u>)	\$ <u>---</u>	<u>\$ 43,870,904</u>
Business-Type Activities				
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 5,000	\$ ---	\$ ---	\$ 5,000
<u>Capital Assets Being Depreciated</u>				
Furniture and equipment	1,029,130	39,336	---	1,068,466
Capital Leases	<u>20,809</u>	<u>---</u>	<u>---</u>	<u>20,809</u>
Total Assets	<u>1,054,939</u>	<u>39,336</u>	<u>---</u>	<u>1,094,275</u>
Less Accumulated Depreciation Equipment	(<u>847,847</u>)	(<u>31,422</u>)	<u>---</u>	(<u>879,269</u>)
Business-Type Activities Net Capital Assets	<u>\$ 207,092</u>	<u>\$ 7,914</u>	\$ <u>---</u>	<u>\$ 215,006</u>

NOTE 4 - LIABILITY FOR COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, the School District accrues liabilities for retirement incentive pay and compensated absences when incurred.

Retirement incentive pay is paid to qualifying School District employees who elect to retire early.

All of the School District's employees are included in a sick pay plan. Under the plan, the employees generally earn one sick day for each month worked, and unused sick days can be carried over indefinitely. Sick pay is paid at the employees' actual pay rate, except for settlements made upon retirement, or other termination of employment. Upon retirement, or other termination, the payment for unused sick days is generally at the rate of \$35 for nonprofessionals, \$64 for teachers or \$100 for administrators per day, for all unused sick days.

Accrued compensated absences expected to be liquidated with expendable available resources have been recorded in the general fund as a current liability in the amount of \$105,861. The non-current portion (the amount estimated to be used in subsequent fiscal years), amounting to \$1,449,715 for governmental funds, is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Teachers do not receive paid vacations but are paid only for the number of days they are required to work each year.

Custodial and administrative employees are granted vacation leave, which must be used in the year received. The School District has no liability for unused vacation pay since all vacation leave is lost if not taken each year. Vacation pay is charged to operations when taken by the employees of the District.

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Plan Description

Employees of the School District participate in the Commonwealth of Pennsylvania Public School Employees' Retirement System ("System"), a Governmental cost sharing multiple-employer defined benefit plan. In addition to regular retirement benefits, the System also provides for disability, legislative mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended) has the authority to establish and amend benefit provisions. The System issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Barbara D. Flurie, Office of Financial Management and Budget, Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125. The publication is also available on the PSERS site on the internet at www.psers.state.pa.us/publications/cafr/index.htm.

Funding Policy

Membership in the System is mandatory for substantially all full-time public school employees. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of service; (b) age 60 with 30 or more years of service; or (c) 35 or more years of service. Such benefits are generally equal to two or two and a half percent (2% or 2.5%) of the member's final average salary (as defined) multiplied by the number of years of credited service. In most cases after completion of 5 years of service, a member's right to the defined benefit is vested and early retirement benefits may be elected. Under certain features of the System, participants may purchase credit for various types of prior school and non-school service on a lump sum, installment purchase basis, or through an actuarially calculated benefit reduction.

The contribution policy is established in the Public School Employees' Retirement Code, and requires contributions by active members, employers and the Commonwealth. Contribution rates for active members are set by law (redefined with the provisions of Act 9 of 2001) and are dependent upon members' class. For members joining the System on or after July 22, 1983, the rate of contribution is 6.25%. Members who joined the system after June 30, 2001, contribute at 7.50%. The contributions required of employers and the Commonwealth are based upon an actuarial valuation computed as a percentage of the total compensation of all active members during the period for which the amount is determined. The employer contribution requirement for the year ended June 30, 2014 was \$2,895,501; this contribution represented 15.91% covered payroll respectively. The School District is required to contribute 16.93% of covered wages and then is reimbursed quarterly for their share of the contribution. Payroll for the School District was \$19,057,104 for the year ended June 30, 2014.

The amount shown below as "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. The measure is independent of the actuarial funding method used to determine contributions to the System. The pension benefit obligation, of \$90.0 billion, was determined as part of an actuarial valuation at June 30, 2013, the most recent actuarial report. The System's net assets available for benefits on that date (at Actuarial Value) were \$57.4 billion, leaving an underfunded pension benefit asset under GASB Statement No. 25 of \$32.6 billion. The School District's contribution represented approximately .12% of total contributions required of all participating entities.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 2014 Comprehensive Annual Financial Report.

NOTE 6 - PROPERTY, WAGE, OCCUPATIONAL, AND PER CAPITA TAXES

Based upon assessments provided by the County, the School District collects property taxes through tax collectors employed by the District. The School District tax rate for the year ended June 30, 2014 was 46.8 mills as levied by the Board of School Directors on June 4, 2013. The Board of School Directors also levies per capita taxes based on the census of residents in the school district. The tax rate under Section 679 is \$10/person and Under Act 511 is \$5/person. The following is a summary of the tax calendar for the year ended June 30, 2014:

Mailing Date - July 1, 2013
 Discount Period at 2% - July 1, 2013 to September 30, 2013
 Face Period - October 1, 2013 to November 30, 2013
 Penalty Period at 10% - December 1, 2013
 Lien Date – January 15, 2014

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

Government Wide Financial Statement

Taxes receivable balances at June 30, 2014 are as follows:

	<u>Gross Taxes Receivable</u>	<u>Allowance for Uncollectibles</u>	<u>Net Estimated to be Collectible</u>
Per Capita	\$ 72,434	(\$ 22,480)	\$ 49,954
Occupational	51,607	(16,017)	35,590
Earned Income	197,579	(61,320)	136,259
Mercantile	56,593	(17,564)	39,029
Other	<u>158,872</u>	<u>(11,585)</u>	<u>147,287</u>
Grand Total	<u>\$ 537,085</u>	<u>(\$ 128,966)</u>	<u>\$ 408,119</u>

Sale of Delinquent Property Taxes Receivable

During the school year ended June 30, 2014, the School District sold delinquent property tax receivables from tax year 2013 totaling \$450,451. Total fees on the above tax sales amounted to \$6,240, which resulted in net cash proceeds of \$444,211. This amount is displayed with tax revenue on the statement of revenues, expenditures, and changes in fund balances.

As defined in the agreement, the purchase price of future property taxes receivable may be adjusted based upon the result of collection of taxes previously sold. Additionally, the School District is committed to repurchase outstanding tax claims in the event the agreement is not renewed. Management has determined that the amount of cash received approximates the present value of future collections.

NOTE 7 - LONG-TERM OBLIGATIONS

The following is a description of the long-term obligations as reported in the financial statements at June 30, 2014:

\$48,890,321 General Obligation Bonds, Series of 2001 A,B, and C, with interest ranging from 2.30% to 5.69%	\$ 10,061,159
\$5,560,000 General Obligation Bonds, Series of 2005, with interest ranging from 3.60% to 4.50%	5,267,444
\$46,020,000 General Obligation Bonds, Series of 2011 A,B, with interest ranging from 1.13% to 5.00%	41,725,563
Lease Obligations	<u>450,424</u>
Total	<u>\$ 57,504,590</u>

General Obligation Bonds

Series of 2001

In December 2001, the School District issued the following Bonds, Series of 2001 in the amount of \$48,890,321:

\$2,760,000 Taxable General Obligation Bonds, Series of 2001A. These bonds matured at various dates through August 2004 with interest rates varying from 2.30% to 4.55%.

\$27,015,000 Tax-Exempt General Obligation Bonds, Series of 2001B. These bonds were refunded through the issuance of the 2011 Series A General Obligation Bonds. The original bonds had interest rates varying from 3.00% to 5.50%.

\$19,115,321 Tax-Exempt General Obligation Bonds, Series of 2001C, issued as \$14,135,000 of current interest bonds and \$4,980,321 of capital appreciation bonds. The current issue bonds were refunded through the issuance of the 2011 Series A General Obligation Bonds. The capital appreciation bonds will not pay interest currently but will accrete in value and will be payable at par at maturity. The capital appreciation bonds remain outstanding and will mature at various dates from August 2026 through August 2031 with interest rates varying from 5.67% to 5.69% (the payments at maturity date for the capital appreciation bonds will amount to \$22,620,000).

The proceeds of the bonds were used to provide amounts to fund the costs of various capital projects, currently refund the Series of 1993 bonds, partially advance refund the Series of 1995AA bonds, partially advance refund the Series of 1998 bonds, advance refund the Series of 2000 bonds, and to pay all costs of the issuance of the bonds.

Series of 2005

In December 2005, the School District issued General Obligation Bonds, Series of 2005 in the principal amount of \$5,560,000. The proceeds of the bonds were used to advance refund of all the series of 2003A bonds. The 2005 bonds mature on February 1, 2033 and bear interest at rates ranging from 3.60% to 4.50%.

Series of 2011

In November 2011, the School District issued the following Bonds, Series of 2011 in the amount of \$46,020,000:

\$37,925,000 Tax-Exempt General Obligation Bonds, Series of 2011A. These bonds mature at various dates through August 2024 with interest rates varying from 1.00% to 5.00%, and an effective rate of 3.48%. The proceeds of the bond were used to currently refund the Series of 2001B bonds, partially refund the Series of 2001C bonds, and to pay all costs of the issuance of the bond.

\$8,095,000 General Obligation Bonds, Series of 2011B. These bonds mature at various dates through August 2015 with interest rates varying from 1.35% to 2.23%. The proceeds of the bond were used to fund certain costs of terminating the School Districts outstanding interest rate management agreement, and to pay all costs of the issuance of the bond.

Capital Lease Obligations

The School District has entered into various lease agreements, classified as capital lease agreements, to acquire photocopy and computer equipment. The terms of the various agreements are 60 months, and expire by fiscal year 2018. The interest rates in the agreements range from 1.91% to 5.12%.

Governmental Activities:

	<u>Bonds Payable</u>	<u>Capital Lease Obligations</u>	<u>Total Long-Term Debt</u>
Balance, July 1, 2013	\$ 58,697,731	\$ 565,170	\$ 59,262,901
Net principal additions	---	83,502	83,502
Principal payments	(2,170,000)	(198,248)	(2,368,248)
Bond premium - net of amortization decrease	(20,436)	---	(20,436)
Increase in capital appreciation bonds	<u>546,871</u>	<u>---</u>	<u>546,871</u>
Balance, June 30, 2014	<u>\$ 57,054,166</u>	<u>\$ 450,424</u>	<u>\$ 57,504,590</u>

Debt maturity:

Debt service requirements at June 30, 2014 were as follows:

Governmental Activities – Bonds

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,210,000	\$ 1,567,627
2016	2,530,000	1,519,627
2017	2,920,000	1,465,486
2018	2,980,000	1,408,248
2019	3,050,000	1,336,373
Thereafter	<u>37,915,321</u>	<u>26,396,686</u>
Total	51,605,321	33,694,047
Accreted interest on capital appreciation bonds	5,057,931	---
Premium, net of amortization	<u>390,914</u>	<u>---</u>
Total full accrual	<u>\$ 57,054,166</u>	<u>\$ 33,694,047</u>

Governmental Activities – Capital Leases

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>
2015	\$ 183,144	\$ 3,524
2016	184,859	1,809
2017	80,162	61
2018	2,259	2
2019	<u>---</u>	<u>---</u>
Total	<u>\$ 450,424</u>	<u>\$ 5,396</u>

NOTE 8 - SWAPTION CONTRACT

In July 2004, the School District entered into a swaption contract that provided the School District an upfront payment of \$803,022, which consisted of a floating-to-fixed interest rate swaption in the amount of \$260,000 and a basis cap swap in the amount of \$543,022. As a synthetic refunding of its Series 2001B and C bonds, this payment represents the risk-adjusted, present-value savings of a refunding as of February 1, 2012, without issuing refunding bonds at July 2004. The School District recorded the \$803,022 in the Athletic Capital Improvement Fund as other financing sources.

As discussed in Note 7, the District issued the 2011 Series B General Obligation Bonds in the amount of \$8,095,000 for the purpose of terminating the District's swaption contract.

At June 30, 2014, the basis cap derivative recognized a gain of \$203,493. While the District terminated the floating-to-fixed interest rate swaption piece of the contract, the basis cap remained outstanding and had a negative fair value of (\$739,286). The fair value of the respective derivative instrument was valued by an independent third party, and was derived from proprietary models based upon industry standards and reasonable estimates that considers relevant future market conditions.

There are certain risks associated for both the floating-to-fixed swaption and the basis cap swap. The risks are explained as follows:

Basis cap risks:

Basis Risk – mismatch between the two variable rate indexes used to determine swap payments (SIFMA and 70% of LIBOR).

Credit Risk – the occurrence of an event modifying the credit rating of the issuer or its counterparty. The basis risk derivative counterparty was rated Aa3 by Moody's, A+ by Standard & Poor's, and A+ by Fitch.

NOTE 9 - MEDICAL INSURANCE CONSORTIUM

The School District provides medical benefits for its employees pursuant to Section 513 of the Public School Code of 1949. Beginning in January 1993, the School District began participation with other area school districts in the Greater Johnstown Area Schools Major Medical Health Insurance Consortium (the "Consortium"). The purpose of the Consortium was to allow the participants (the local school districts) to purchase medical benefits on a group basis to provide the best insurance coverage in the most cost effective manner.

The Consortium is administered by the Consortium Cooperative Committee (the "Committee"), which is composed of one member of each of the administrative staff of each participating school district. The Committee is responsible for selecting an insurance carrier or third party administrator to provide medical benefits coverage for all employees of the member districts.

The Consortium has been designed as a self-funding program, which includes the purchase of stop-loss insurance by the Consortium (for both specific claims and aggregate claims). On an annual basis, the Committee establishes the amount of medical insurance payments that each member must make to the Consortium, which are paid on a monthly basis by the member districts. The Consortium is then responsible for the payment of medical costs through the insurance carrier or third party administrator.

Under the terms of the Consortium agreement, the Consortium is to file with each member district within sixty days following the close of every calendar year an accounting of all transactions of the calendar year. In addition, any interest earned on excess funds on hand with the Consortium shall be distributed to the member districts on an annual basis before the end of the first month following a complete calendar year.

NOTE 10 - POST RETIREMENT BENEFITS

The School District adopted the provisions of GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions to account for its various postretirement benefit programs.

Pursuant to the various employment agreements entered into by the School District, individuals who have retired from the School District prior to July 1, 2007 will receive an annual cash payment towards their health insurance coverage and medical expenses. Such amounts paid by the School District under these employment agreements are recorded as an expenditure of the General Fund at the time payment is made, with no fund liability being recorded by the School District for these items. Currently, there are forty-one (41) participants entitled to future benefits under this arrangement. The total claims paid on behalf of these participants for the fiscal year ended June 30, 2014, were \$90,867.

For teachers who have retired from the School District under the union contract which was made retroactively effective July 1, 2007, postretirement benefits are funded through a Health Reimbursement Arrangement (HRA). The HRA plan is a defined contribution plan that covers all retirees who have at least 15 years of service. Annual benefits range from \$2,400 to \$4,800, and the benefits are credited to the participants account at the beginning of each plan year up to a maximum of 8 years. Plan provisions and contribution requirements may be amended by the District who is also the named Plan Administrator. Contributions to the Plan are recorded as an expenditure of the General Fund at the time payment is made, with no fund liability being recorded by the School District for these items. Currently, there are seventy-seven (77) participants entitled to future benefits under this arrangement. Total contributions to the Plan for the fiscal year ended June 30, 2014 amounted to \$348,000.

As of June 30, 2014, the School District has recorded a liability of \$2,078,873 within the statement of net position for the above referenced postretirement medical benefits.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Risk Financing

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Litigation

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

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The District has restated beginning net position as of July 1, 2013 to reflect the effects of implementing GASB 65 (see Note 1R) that requires bond issuance costs to be shown as current-period outflows of resources (expenses). The impact on net position is as follows:

Net Position, beginning, as originally stated:	\$ (97,269)
Governmental Activities	<u>(655,202)</u>
Net Position, beginning, as restated:	<u><u>\$ (752,471)</u></u>

NOTE 13 – SUBSEQUENT EVENTS

Contribution

Subsequent to year end, the District received a generous contribution of \$750,000 from a donor to assist District students by providing college scholarships.

General Obligation Bonds - Series 2014

In October of 2014, the School Board authorized the issuance of General Obligation Qualified Zone Academy Bonds, Series 2014, in the amount of \$5,000,000 for capital improvements to the middle school.

Subsequent events have been considered through December 02, 2014, the date the financial statements were available to be issued.

REQUIRED
SUPPLEMENTARY
INFORMATION

GREATER JOHNSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 10,532,858	\$ 10,616,573	\$ 11,015,230	\$ 398,657
State sources	25,385,938	25,207,260	25,825,425	618,165
Federal sources	4,715,645	5,029,903	4,814,549	(215,354)
Total Revenues	40,634,441	40,853,736	41,655,204	801,468
Expenditures				
Instruction:				
Regular programs	18,594,923	18,791,224	17,624,181	1,167,043
Special programs	6,694,951	6,732,150	5,740,407	991,743
Vocational education program	1,767,207	1,793,646	1,666,962	126,684
Other instructional programs	809,437	1,494,610	1,671,918	(177,308)
Adult education programs	911,365	955,326	918,952	36,374
Total Instruction	28,777,883	29,766,956	27,622,420	2,144,536
Support Services:				
Pupil personnel	1,420,001	1,535,815	1,378,655	157,160
Instructional staff	1,510,407	1,671,263	1,354,578	316,685
Administration	2,732,811	2,782,893	2,752,351	30,542
Pupil health	556,252	556,252	319,422	236,830
Business	574,835	566,935	571,844	(4,909)
Operation & maintenance of plant services	3,514,940	3,582,868	3,097,860	485,008
Student transportation services	2,120,000	2,120,150	2,331,816	(211,666)
Central and other support services	167,009	127,681	136,390	(8,709)
Other support services	11,406	12,362	9,955	2,407
Total Support Services	12,607,661	12,956,219	11,952,871	1,003,348

GREATER JOHNSTOWN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Operation of Noninstructional Services:				
Student activities	1,067,635	1,078,487	824,213	254,274
Food service	103,552	103,552	102,945	607
Community services	31,869	31,655	28,870	2,785
Capital outlay - Facilities acquisition construction and improvement services	967,765	645,037	183,743	461,294
Total Operation of Noninstructional Services	<u>2,170,821</u>	<u>1,858,731</u>	<u>1,139,771</u>	<u>718,960</u>
Debt service	<u>3,786,820</u>	<u>3,786,820</u>	<u>3,780,818</u>	<u>6,002</u>
Total Expenditures	<u>47,343,185</u>	<u>48,368,726</u>	<u>44,495,880</u>	<u>3,872,846</u>
Excess of Revenues Over Expenditures	<u>(6,708,744)</u>	<u>(7,514,990)</u>	<u>(2,840,676)</u>	<u>4,674,314</u>
Other Financing Sources/(Uses):				
Interfund transfer in/(out)	30,000	31,000	457,673	426,673
Refund prior year expenditures	<u>(15,000)</u>	<u>(15,000)</u>	<u>(12,261)</u>	<u>2,739</u>
Total Other Financing Sources/(Uses)	<u>15,000</u>	<u>16,000</u>	<u>445,412</u>	<u>429,412</u>
Revenues and Other Financing Sources Over/ (Under) Expenditures & Other Financing Uses	<u>(6,693,744)</u>	<u>(7,498,990)</u>	<u>(2,395,264)</u>	<u>\$ 5,103,726</u>
Fund Balance - Beginning of year			<u>12,149,609</u>	
Fund Balance - End of year			<u>\$ 9,754,345</u>	

See Independent Auditor's Report

GREATER JOHNSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Source Code	Federal CFDA Number	Program Area/ Project Code	Grant Period From - To	Program or Award Total	Cash Total Received For The Year	Accrued (Deferred) Revenue 7/1/2013	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2014
U.S. DEPARTMENT OF AGRICULTURE										
Passed through Pennsylvania Department of Agriculture:										
National School Lunch Program (Commodities)	I	10.555	N/A	07/12-06/13	N/A	\$ -	\$ (8,328)	\$ 8,328	\$ 8,328	\$ -
National School Lunch Program (Commodities)	I	10.555	N/A	07/13-06/14	N/A	\$ 91,246	-	83,447	83,447	(7,799)
Passed through Pennsylvania Department of Education:										
School Breakfast Program	I	10.553	367	07/13-06/14	N/A	316,858	-	316,858	316,858	-
National School Lunch Program	I	10.555	359,362	07/12-06/13	N/A	97,454	7,015	90,439	90,439	-
National School Lunch Program	I	10.555	359,362	07/13-06/14	N/A	1,000,810	-	1,049,699	1,049,699	48,889
Summer Food Service Program for Children	I	10.559	264	07/12-06/13	N/A	23,938	23,938	-	-	-
Summer Food Service Program for Children	I	10.559	264	07/13-06/14	N/A	63,580	-	92,528	92,528	28,948
Total Child Nutrition Cluster						1,593,886	22,625	1,641,299	1,641,299	70,038
Child and Adult Care Food Program	I	10.558	164	07/13-06/14	N/A	135,832	-	135,832	135,832	-
Food Nutrition-Breakfast-Needy	S	N/A	511	07/13-06/14	N/A	18,157	-	18,157	18,157	-
Food Nutrition Service-Lunch	S	N/A	510	07/13-06/14	N/A	50,511	-	51,893	51,893	1,382
TOTAL U.S. DEPARTMENT OF AGRICULTURE						1,798,386	22,625	1,847,181	1,847,181	71,420
U.S. DEPARTMENT OF EDUCATION										
Unrestricted Grants in Aid:										
Impact Aid	D	84.041	S041B-2014-4442	07/13-06/14	7,355	7,355	-	7,355	7,355	-
Impact Aid	D	84.041	S041B-2014-4442	07/13-06/14	12,258	12,258	-	12,258	12,258	-
Passed through Appalachia Intermediate Unit 08:										
Special Education - Grants to States (IDEA)	I	84.027	062-11-0-008	07/12-06/13	673,010	673,010	673,010	-	-	-
Special Education - Grants to States (IDEA)	I	84.027	N/A	07/13-06/14	658,988	-	-	658,988	658,988	-
IDEA-619 (Pass Thru)	I	84.173	N/A	07/12-06/13	5,752	2,876	2,876	-	-	-
IDEA-619 (Pass Thru)	I	84.173	N/A	07/13-06/14	7,685	-	-	7,685	7,685	-
IDEA-EI (Pass Thru)	I	84.173	N/A	07/12-06/13	9,196	4,598	4,598	-	-	-
Special Education Cluster	I				680,484	680,484	680,484	666,673	666,673	666,673
Race to the Top	I	84.395	RTT-13	07/01/2012-09/30/15	146,858	63,686	7,626	56,060	56,060	-
Title IIB - Mathematics and Science Partnerships/SEEDS	I	84.366B	N/A	7/01/12 to 6/30/13	4,500	4,500	4,500	-	-	-
Title IIB - Mathematics and Science Partnerships/SEEDS	I	84.366B	N/A	7/01/13 to 6/30/14	4,000	-	-	291	291	291
Passed through to Cambria County Child Development Authority:										
21st Century Learning Center (Trojan Learning)	I	84.287C	4100058686	12/01/12 to 9/30/13	473,641	206,418	72,437	133,981	133,981	-
21st Century Learning Center (Trojan Learning)	I	84.287C	4100058686	12/01/13 to 9/30/14	394,162	234,258	-	331,377	331,377	97,119
Passed through to Cambria County Child Development Authority:										
21st Century Learning Center (Trojan Afterschool)	I	84.287C	4100052553	7/01/12 to 6/30/13	105,609	121,801	121,801	-	-	-
21st Century Learning Center (Pride & Tradition)	I	84.287C	4100052550	7/01/12 to 6/30/13	69,915	85,064	85,064	-	-	-
Passed through Old Dominion Research Foundation:										
Investing in Innovation	I	84.411A	U411A110004	01/01/12 to 12/31/16	21,275	-	-	21,275	21,275	21,275
TOTAL U.S. DEPARTMENT OF EDUCATION						1,415,824	971,912	1,229,270	1,229,270	785,358

See accompanying notes to Schedule of Expenditures of Federal Awards

GREATER JOHNSTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Source Code	Federal CFDA Number	Program Area/ Project Code	Grant Period From - To	Program or Award Total	Cash Total Received For The Year	Accrued (Deferred) Revenue 7/1/2013	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2014
Passed through Pennsylvania Department of Education:										
Title I Improving Basic	I	84.010	* 013-130169	07/01/12-09/30/14	2,004,524	647,240	185,335	461,905	461,905	-
Title I Improving Basic	I	84.010	* 013-120169	07/01/11-09/30/13	2,104,721	-	5,755	(5,755)	(5,755)	-
Title I Improving Basic	I	84.010	* 013-140169	07/01/13-09/30/15	1,904,297	1,454,970	-	1,742,645	1,742,645	287,675
Title IIA Improving Teacher Quality	I	84.367	020-130169	07/01/12-09/30/14	366,912	73,060	-	21,001	21,001	(7,867)
Title IIA Improving Teacher Quality	I	84.367	020-140169	07/01/13-09/30/15	350,529	280,544	-	330,459	330,459	49,915
Carl Perkins-Secondary Allocations	I	84.048	380-142063	7/01/13-6/30/14	73,876	73,876	-	73,876	73,876	-
Program Improv-Set Aside	I	84.010	* 042-120169	04/16/12-9/30/13	48,436	10,764	9,331	1,433	1,433	-
Program Improv-Set Aside	I	84.010	* 042-130169	05/30/13-9/30/14	50,403	38,543	-	48,352	48,352	9,809
School Improvement Grant (SIG 1003g)	I	84.377	142-12-2169	08/12 - 9/30/13	1,065,322	228,283	128,540	175,838	175,838	76,095
School Improvement Grant (SIG 1003g)	I	84.377	142-13-2169	07/24/13 - 9/30/14	971,195	647,463	-	823,985	823,985	176,522
TOTAL U.S. DEPARTMENT OF EDUCATION						3,454,743	373,153	3,673,739	3,673,739	592,149
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES										
Passed through Pennsylvania Department of Education:										
Temporary Assistance for Needy Families (Elect)	I	93.558	4100051633	07/01/13-06/30/14	N/A	28,392	-	28,392	28,392	-
Temporary Assistance for Needy Families (Elect)	I	93.558	4100060957	07/01/13-06/30/14	N/A	26,567	-	26,567	26,567	-
Temporary Assistance for Needy Families (Elect)	I	93.558	4100060957	07/01/13-06/30/14	N/A	27,418	-	27,418	27,418	-
Temporary Assistance for Needy Families (Elect)	I	93.558	4100060957	07/01/13-06/30/14	N/A	54,210	-	54,210	54,210	-
Passed through Pennsylvania Department of Public Welfare:										
Access Reimb for Admin/Time Study: Apr - June 12	I	93.778	2131318401	07/1/12-6/30/13	N/A	11,046	-	11,046	11,046	-
Access Reimb for Admin/Time Study: July-Sept. 12	I	93.778	2131326001	07/1/12-6/30/13	N/A	10,915	-	10,915	10,915	-
Access Reimb for Admin/Time Study: Oct.-Dec. 12	I	93.778	2131332601	07/1/13-6/30/14	N/A	10,880	-	10,880	10,880	-
Medical Assistance - Access	I	93.778	2131411501	07/1/13-6/30/14	N/A	73,448	-	73,448	73,448	-
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES						242,876	-	242,876	242,876	-
TOTAL U.S. DEPARTMENT OF EDUCATION (1&2)						4,870,567	1,345,065	4,903,009	4,903,009	1,377,507
TOTAL FEDERAL AND STATE AWARDS						6,911,829	1,367,690	6,993,066	6,993,066	1,448,927
LESS STATE AWARDS						68,668	-	70,050	70,050	1,382
TOTAL FEDERAL AWARDS						\$ 6,843,161	\$ 1,367,690	\$ 6,923,016	\$ 6,923,016	\$ 1,447,545

SOURCE CODES: I - INDIRECT
S - STATE
D - DIRECT

* DENOTES MAJOR PROGRAM

GREATER JOHNSTOWN SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 JUNE 30, 2014

NOTE 1 - REPORTING ENTITY

The Greater Johnstown School District ("School District") is a Local Education Agency of the second class located in the Commonwealth of Pennsylvania. The School District does not exercise control over any other government agency or authority. Therefore, no other government agency or authority is included as part of the School District's reporting entity.

All federal revenues of the School District are passed through the Commonwealth of Pennsylvania except for Impact Aid Assistance which is received directly from the Federal Government and funding received from pass through entities identified on the Schedule. The IDEA program has been identified as being funded with Federal revenues but for reporting purposes has been included under the local revenue category of the General Fund in the financial statements.

NOTE 2 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Greater Johnstown School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 - VALUE OF USDA DONATED COMMODITIES INVENTORY

Inventories are accounted for under the first-in, first-out method. Purchased commodities are valued at fair value. Donated commodities are based on USDA valuations.

NOTE 4 – SUBRECIPIENTS

The School District provided federal awards to certain subrecipients that administer the programs on behalf of the School District, as follows:

<u>Subrecipient/Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Cambria County Child Development Corporation		
Trojan Learning Center Cohort 6	84.287C	<u>\$ 465,358</u>

**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***

December 02, 2014

Board of School Directors
Greater Johnstown School District
Johnstown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greater Johnstown School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Greater Johnstown School District's basic financial statements, and have issued our report thereon dated December 02, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greater Johnstown School District's internal control over financial reporting 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 Greater Johnstown School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Johnstown School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over that we consider to be material weaknesses and significant deficiencies.

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

timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-001 through 2014-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Johnstown 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*.

We noted certain matters that we reported to management of Greater Johnstown School District in a separate letter dated December 02, 2014.

Purpose of this Report

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

Wessel & Company

WESSEL & COMPANY
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

December 02, 2014

Board of School Directors
Greater Johnstown School District
Johnstown, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Greater Johnstown School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Greater Johnstown School District's major federal programs for the year ended June 30, 2014. Greater Johnstown School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each Greater Johnstown School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greater Johnstown 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 Greater Johnstown School District's compliance.

Basis for Qualified Opinion on a Major Federal Program

As described in Finding 2014-004, in the accompanying schedule of findings and questioned costs, the Greater Johnstown School District did not comply with Eligibility requirements for CFDA# 10.553/10.555/10.559 Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the Greater Johnstown School District to comply with the requirements applicable to that program.

Qualified Opinion on a Major Federal Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph above, Greater Johnstown 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 CFDA# 10.553/10.555/10.559 Child Nutrition Cluster.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Greater Johnstown 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Greater Johnstown 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 Greater Johnstown School District's internal control over compliance with 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greater Johnstown School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-004 to be a material weakness.

The Greater Johnstown School District's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the Greater Johnstown School District's responses and, accordingly, we express no opinion on the responses.

Restricted Use

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Wessel & Company

WESSEL & COMPANY
Certified Public Accountants

GREATER JOHNSTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Greater Johnstown School District.
2. Three material weaknesses in internal control were disclosed in the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Greater Johnstown School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. One material weakness in internal control over major programs was disclosed by the audit.
5. The auditor's report on compliance for the major federal award programs for Greater Johnstown School District expresses a qualified opinion on CFDA#10.553/10.555/10.559 Child Nutrition Cluster and an unqualified opinion on all of the other major federal programs listed below.
6. The audit disclosed one finding relating to major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.027/.173	Special Education/IDEA Cluster
10.553/.555/.559	Child Nutrition Cluster

8. The dollar threshold used to distinguish between Type A and Type B Programs was \$300,000.
9. Greater Johnstown School District does not qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness

2014-001: Year End Reconciliation Process and Material Adjustments

Criteria: The School District is responsible for complying with U.S. generally accepted accounting principles (GAAP). Financial statements, presented for audit, should not be materially misstated and should be stated in accordance with “Generally Accepted Accounting Principles”.

Condition: Material journal entries were required during the year end audit to adjust the financial statements to be in accordance with “Generally Accepted Accounting Principles”.

Cause: The cause of the condition is that year end reconciliations were not performed in a timely manner.

Effect: The effect of the condition above results in a significant deficiency with more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the School District’s internal controls which is defined as a material weakness.

Recommendation: We recommend the School District review the year end closing procedures for preparing year end reconciliations to determine the responsible individuals. Prior to the start of the audit, the responsible individuals should communicate and coordinate with the Business Manager as to the status of their areas of responsibility to ensure that all adjustments are prepared and material accounts are reconciled.

Material Weakness

2014-002: Financial Statement Preparation

Condition: The financial statement of the School District are prepared in conjunction with the audit, by the auditors and coordinated with the Business Manager.

Cause: The financial statements of the School District are required to be prepared by the District and to be the responsibility of the District. The auditors are precluded from being part of the internal control system for financial statement preparation.

Effect: The School District's internal controls over financial reporting do not have a mechanism to generate the District's financial statement package including the footnote disclosures.

Recommendation: We recommend the School District review its year-end closing process and make the necessary changes to include procedures to prepare the annual financial statement presented for audit, including appropriate footnote disclosures.

Material Weakness

2014-003: Cash Disbursement Process

Condition: During our testing of the internal controls over the cash disbursement process, 10 out of 40 invoices selected did not properly document the Business Manager's approval.

Cause: The invoices were not initially provided to the accounts payable clerk along with other invoices for approval.

Effect: The School District's internal controls over cash disbursements were bypassed, therefore, resulting in a material weakness in the key controls designed to approve invoices for payment.

Recommendation: We recommend the Business Manager work with the accounts payable clerk to review the cash disbursement process and make the necessary changes to ensure all invoices properly document the District's review and approval of the invoice for payment. We also recommend the District periodically monitor its system of internal controls to ensure key control activities are functioning as designed.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Material Weakness in Internal Control and Compliance

Child Nutrition Cluster

CFDA# 10.553	School Breakfast Program
CFDA# 10.555	National School Lunch Program
CFDA# 10.559	Summer Food Service Program for Children

2014-004: Eligibility

Criteria: A child's eligibility for free or reduced price meals under a Child Nutrition Cluster program may be established by the submission of an annual application which furnishes such information as family income and family size. The District is responsible for determining eligibility by comparing the data reported to the published Income Eligibility Guidelines in the *Federal Register*.

Condition: Multiple weaknesses in the control activities of the District were noted. One (1) out of forty (40) applications did not comply with the Federal Income Eligibility Guidelines. Two (2) out of forty (40) applications were for the prior school year. Eight (8) out of forty (40) applications did not properly document the District's review of the application and did not properly document the District's approval of the application.

Cause: Unknown

Effect: The combined effect of the conditions above results in a significant deficiency with more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School District's internal controls on a timely basis, which is defined as a material weakness.

Recommendation: We recommend the Business Manager work with the Child Nutrition Cluster personnel to gain a complete understanding of the program requirements and ensure that controls are put in place to mitigate the risk of noncompliance with the compliance requirements of the federal program. We also recommend the District periodically monitor its system of internal controls to ensure key control activities are functioning as designed.

GREATER JOHNSTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014

FINDINGS – FINANCIAL STATEMENT AUDIT

2013-001: Year End Reconciliation Process and Material Adjustments

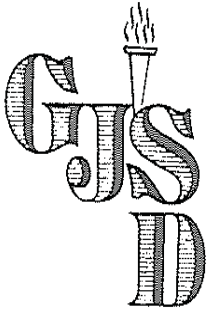
Condition: Material journal entries were required during the year end audit to adjust the financial statements to be in accordance with “Generally Accepted Accounting Principles”.

Status: This finding was repeated in the current year as 2014-001.

2013-002: Financial Statement Preparation

Cause: The financial statements of the School District are required to be prepared by the District and to be the responsibility of the District. The auditors are precluded from being part of the internal control system for financial statement preparation.

Status: This finding was repeated in the current year as 2014-002.



The Greater Johnstown School District

1091 Broad Street, Johnstown, PA 15906

Superintendent (814) 533-5650

Business Manager (814) 533-5684

Fax Number (814) 533-5662

CORRECTIVE ACTION PLAN

US Department of Education
PA Department of Education

The Greater Johnstown School District respectfully submits the following corrective action plan for the year ended June 30, 2014.

Name and address of independent public accounting firm:
Wessel & Company
215 Main Street
Johnstown, PA 15901

Audit period: July 1, 2013 through June 30, 2014.

The findings from the June 30, 2014 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Material Weakness

2014-001: Year End Reconciliation Process and Material Adjustments

Recommendation: We recommend the School District review the year end closing procedures for preparing year end reconciliations to determine the responsible individuals. Prior to the start of the audit, the responsible individuals should communicate and coordinate with the Business Manager as to the status of their areas of responsibility to ensure that all adjustments are prepared and material accounts are reconciled.

Action Taken or Planned: The District business office staff plans to meet with the auditing firm in January, 2015 to review the year end journal entries along with the supporting documents needed when preparing for the audit.

Material Weakness

2014-002: Financial Statement Preparation

Recommendation: We recommend the School District review its year-end closing process and make the necessary changes to include procedures to prepare the annual financial statement presented for audit, including appropriate footnote disclosures.

Action Taken or Planned: The District business staff will continue to review and implement procedures on the year end closing.

Material Weakness

2014-003: Cash Disbursement Process

Recommendation: We recommend the Business Manager work with the accounts payable clerk to review the cash disbursement process and make the necessary changes to ensure all invoices properly document the District's review and approval of the invoice for payment. We also recommend the District periodically monitor its system of internal controls to ensure key control activities are functioning as designed.

Action Taken or Planned:

The District has a purchase order process in place where orders to be placed are reviewed and signed by the Business Manager and Superintendent. In addition, all checks are reviewed by the Business Manager prior to the monthly school board meeting. The School Board also reviews the check register prior to issuing payments. An additional process has been implemented as of November 13, 2014 for direct invoices. The accounts payable clerk will stamp the invoices to be signed by the Business Manager.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Material Weakness in Internal Control and Compliance

Child Nutrition Cluster

CFDA# 10.553	School Breakfast Program
CFDA# 10.555	National School Lunch Program
CFDA# 10.559	Summer Food Service Program for Children

2014-004: Eligibility

Recommendation: We recommend the Business Manager work with the Child Nutrition Cluster personnel to gain a complete understanding of the program requirements and ensure that controls are put in place to mitigate the risk of noncompliance with the compliance requirements of the federal program. We also recommend the District periodically monitor its system of internal controls to ensure key control activities are functioning as designed.

Action Taken or Planned: The District has decided to implement the CEP food program and will no longer be sending the free and reduced lunch applications to determining eligibility.

If the Department of Education has questions regarding this plan, please call John Zahorchak at (814) 533-5684.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'John Zahorchak', is written over a light blue rectangular background.

John Zahorchak
Business Manager
Greater Johnstown School District

If the Department of Education has questions regarding this plan, please call John Zahorchak at (814) 533-5684.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'John Zahorchak', written in a cursive style.

John Zahorchak
Business Manager
Greater Johnstown School District

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APPENDIX D
Continuing Disclosure Agreement

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This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Greater Johnstown School District (the "Issuer"), in connection with the issuance of its \$5,700,000 General Obligation Bonds, Series of 2015 (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the Issuer on April 7, 2015 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. **Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to comply, and constitutes the written undertaking for the benefit of the holders of the Bonds required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule").

Section 2. **Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Disclosure Representative*" means the business manager of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

"*Dissemination Agent*" means any person or entity designated by the Issuer.

"*EMMA*" means the continuing disclosure service of the MSRB's Electronic Municipal Market Access system, as established by SEC Release No. 34-58256, as amended, and approved by SEC Release No. 34-59061.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate with respect to the Bonds.

"*Tax-exempt*" means that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

Section 3. **Provision of Annual Reports.** The Issuer shall provide the Annual Report within 270 days following the end of each fiscal year (the "Report Date"), beginning with the fiscal year ending June 30, 2015 to EMMA which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate, provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

Section 4. **Content of Annual Reports.** The Issuer's Annual Report shall contain or incorporate by reference the following financial information and operating information for the Issuer:

- (a) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units;

(b) if not submitted as part of the Annual Report, then when and if available, audited financial statements for the Issuer;

(c) the budget for the current fiscal year;

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board or EMMA. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. **Reporting of Significant Events.** (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB) or other similar events affecting the tax-exempt status of the security;
- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
- (ix) tender offers and defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event, such as determination of distressed status, affecting the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition of the Issuer or the sale of all or substantially all of the assets of the Issuer, 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
- (xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) If the Issuer has determined the occurrence of a Listed Event, the Issuer shall promptly notify the Paying Agent in writing and report the event pursuant to subsection (c) so that the requirements of the Rule may be satisfied.

(c) Issuer determines to report the occurrence of Listed Events pursuant to subsection (b) above, then the Issuer shall file a notice of such occurrence with EMMA within a timely basis not to exceed ten (10) day after occurrence.

Section 6. **Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. **Dissemination Agent.** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. If no replacement Dissemination Agent is appointed, the Issuer shall undertake all obligations thereof hereunder.

Section 8. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 9. **Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. **Default.** In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Certificate any holder of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Resolution or the Bonds and the rights and remedies provided by the Resolution, the Bonds upon the occurrence of a default shall not apply to any such failure. The sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. **Immunities of Individuals.** No recourse shall be had for any claim based hereon against any member, officer or employee, past, present or future, of the Issuer or the officers of the Issuer or of any successor body, as such.

Section 12. **Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the Issuer, the initial purchaser of the Bonds, and holders from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. **Notices.**

Any notices or communications to or with the Issuer may be given as follows:

Greater Johnstown School District
1091 Broad Street
Johnstown, PA 15906
Attention: Director of Operations and Financial Services

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Certificate as of this 19th day of May, 2015.

GREATER JOHNSTOWN SCHOOL DISTRICT

By: _____
President, Board of School Directors

APPENDIX E
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.
31 West 52nd Street, New York, N.Y. 10019
(212) 974-0100

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