

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 9, 2014

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: __ (Insured)
S&P: __ (Underlying)
(See “Ratings” herein)

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

Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”), as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth and the interest on the Bonds is exempt from the Commonwealth’s Personal Income Tax and the Commonwealth’s Corporate Net Income Tax.

The School District has designated the Bonds as “qualified tax exempt obligations”, for purposes and effect contemplated by Section 265 of the Internal Revenue Code of 1986, as amended (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

For further information concerning federal and state tax matters relating to the Bonds, see “Tax Exemption and Other Tax Matters” herein.

\$7,835,000*

Blacklick Valley School District
(Cambria County, Pennsylvania)
General Obligation Bonds, Series of 2014

Bonds Dated: May 21, 2014

Principal Due: November 15, as shown on inside cover

Interest Due: May 15 and November 15

First Interest Payment: November 15, 2014

The General Obligation Bonds, Series of 2014 (the “Bonds”) in the aggregate principal amount of \$7,835,000* will be issued in book-entry only form in denominations of \$5,000 or any integral multiple thereof, registered in the name of Cede & Co., as the 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 Blacklick Valley School District, a public school district located in a portion of 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 due on the Bonds for such year, and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution, 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, credit and available taxing power. (See “Security” and “Taxing Powers of the School District” *infra*).

Interest on each of the Bonds is payable initially on November 15, 2014 and thereafter semiannually on May 15 and November 15 of each year until the maturity date of such Bond. The School District has appointed Manufacturers and Traders Trust Company (the “Paying Agent”), to serve 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 designated corporate trust office (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.

Proceeds of the Bonds will be used to construct additions, alterations and renovations to the Blacklick Valley Elementary Center and other public school facilities, and paying the costs of issuing and insuring the Bonds.

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

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

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS
As Shown on Inside Front Cover

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 the law firm of Rhoads & Sinon LLP, Harrisburg, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Andrews & Beard, Altoona, Pennsylvania, School District Solicitor. Public Financial Management, Inc., Harrisburg, Pennsylvania, will act as Financial Advisor to the School District in connection with the Bonds. It is expected that the Bonds will be available for delivery on or about May 21, 2014.

Public Financial Management, Inc.
Financial Advisor to the School District

Dated:

*Estimated, subject to change

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement 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 such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

\$7,835,000*
Blacklick Valley School District
(Cambria County, Pennsylvania)
General Obligation Bonds, Series of 2014

Bonds Dated: May 21, 2014

Interest Due: May 15 and November 15

Principal Due: November 15, as shown below

First Interest Payment: November 15, 2014

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS

Maturity Date (Nov. 15)	Principal Maturity Amounts	Interest Rates	Initial Offering Yields	Initial Offering Prices
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				

(A portion of the Bonds may be structured as Term Bonds. See "Invitation to Bid".)

*Estimated, subject to change

BLACKLICK VALLEY SCHOOL DISTRICT
(Cambria County, Pennsylvania)

BOARD OF SCHOOL DIRECTORS

Arthur Wurm	President
Carrie Mourey.....	Vice President
William Dunchuck.....	Secretary*
Richard Bartoletti	Member
Joseph Berdomas	Member
Richard Fye	Member
Robert Kish.....	Member
Kenneth Martinazzi	Member
Robert Martinazzi	Member
Kathy Michlena	Member
*Non-Voting Member	

SUPERINTENDENT
DR. JOHN R MASTILLO

BUSINESS MANAGER
WILLIAM F. DUNCHUCK

SCHOOL DISTRICT SOLICITOR
ANDREWS & BEARD
Altoona, Pennsylvania

BOND COUNSEL
RHOADS & SINON LLP
Harrisburg, Pennsylvania

FINANCIAL ADVISOR
PUBLIC FINANCIAL MANAGEMENT, INC.
Harrisburg, Pennsylvania

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Harrisburg, Pennsylvania
Buffalo, New York

SCHOOL DISTRICT ADDRESS
555 Birch Street
Nanty Glo, PA 15943

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 Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary 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 Preliminary 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.

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PRELIMINARY OFFICIAL STATEMENT

\$7,835,000*

Blacklick Valley School District

(Cambria County, Pennsylvania)

General Obligation Bonds, Series of 2014

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover page hereof, is furnished by the Blacklick Valley School District, a public school district located in a portion of Cambria County, Pennsylvania (the "School District") in connection with the offering of \$7,835,000* aggregate principal amount, of its General Obligation Bonds, Series of 2014 (the "Bonds"). The Bonds will be dated the date they are issued and delivered (the "Delivery Date") and are being issued pursuant to, and are secured by, a Resolution of the Board of School Directors of the School District adopted on _____ (the "Resolution"), in accordance with the Pennsylvania Local Government Unit Debt Act 53 PA.C.S.A. Section 8001 et seq., as amended (the "Debt Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to construct additions, alterations and renovations to the Blacklick Valley Elementary Center and other public school facilities, and paying the costs of issuing and insuring 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.

Source of Funds

Bond Proceeds.....

Net Original Issue Premium/(Discount)

Total Source of Funds

=====

Use of Funds

Deposit to Construction Fund.....

Costs of Issuance⁽¹⁾

Total Use of Funds

=====

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

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued in book-entry only form, in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$7,835,000*, will be dated the Delivery Date, 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 Preliminary Official Statement. Interest on the Bonds will be payable initially on November 15, 2014, and thereafter, semiannually on May 15 and November 15 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. (DTC's partnership nominee) of 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. (DTC's partnership 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 directly 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 any certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, by Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its designated corporate trust office (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 November 15, 2014, in which event such Bond shall bear interest from the Delivery Date, 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 certificated Bonds 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 fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under "Book-Entry Only System," certificated Bonds are transferable or exchangeable by the registered owners thereof upon surrender of such Bond 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.

*Estimated, subject to change.

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.

REDEMPTION OF BONDS

Mandatory Redemption

Bidders may elect to structure the issue to include term Bonds, which term Bonds, if selected by the bidder, will be subject to mandatory redemption prior to maturity, in the years and amounts as shown in the Invitation to Bid (subject to adjustment as permitted therein), upon payment of the principal amount of Bonds to be redeemed, together with accrued interest to the date fixed for redemption, or upon maturity, as applicable. Bonds to be redeemed shall be selected by lot by the Paying Agent.

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, 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 Bond or credited against the principal amount of such Bond 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 or after November 15, 2019 shall be 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 maturity as selected by the School District and within a maturity by lot), on May 15, 2019, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

Notice of Redemption

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

Notice of any redemption of certificated Bonds shall be given by depositing a copy of the redemption notice in first class mail 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 so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption. Any notice of redemption of Bonds may state that the redemption is conditioned upon the deposit of sufficient funds prior to the redemption date. If sufficient funds are not received, such notice of redemption shall be of no effect.

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

Manner of Redemption

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

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

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

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 Preliminary Official Statement.

SECURITY FOR THE BONDS

General Obligation Pledge

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 due on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an annual ad valorem taxes on all taxable property within the School District, within the limits provided by law (See "Taxing Powers of the School District" herein). The Debt 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" below).

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series of 2014" (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 fund 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 Debt 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 depositary, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

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

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (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 on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any 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, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depositary 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 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.

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 Debt 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 Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25% 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.

THE SCHOOL DISTRICT

Introduction

The School District is comprised of the Township of Blacklick and the Boroughs of Nanty-Glo and Vintondale, encompassing a combined land area of approximately 34.30 square miles. The School District, located in the west-central portion of Cambria County, lies approximately ten miles northeast of the City of Johnstown and approximately two miles west of the Borough of Ebensburg, the county seat of Cambria County. The School District is also located midway between the cities of Johnstown, Pennsylvania and Altoona, Pennsylvania. The School District was formed as a result of the consolidation of the former Nanty-Glo-Vintondale Joint School District and the Blacklick Township School District. The 2010 population of the School District was 5,161.

Administration

The School District is governed by a nine-member Board of School Directors (the "School Board"). The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Business Manager is responsible for budget and financial operations. Both of these officials are appointed by the School Board.

School Facilities

The School District presently operates an elementary school and a junior/senior high school all as described on the following table.

TABLE 1
BLACKLICK VALLEY SCHOOL DISTRICT FACILITIES

<u>Building</u>	<u>Original Construction Date</u>	<u>Addition Renovation Date</u>	<u>Grades</u>	<u>Rated Pupil Capacity</u>	<u>2013-14 Enrollment</u>
<i>Elementary:</i>					
Blacklick Valley Elementary Center.....	1974	1989	K-6	550	361
<i>Secondary:</i>					
Blacklick Valley Jr./Sr. High School.....	1969	1989/2013	7-12	649	285

Source: School District Officials.

Enrollment Trends

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

TABLE 2
BLACKLICK VALLEY SCHOOL DISTRICT ENROLLMENT TRENDS

<u>Actual Enrollments</u>				<u>Projected Enrollments</u>			
<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2009-10	339	318	657	2014-15	354	294	648
2010-11	343	302	645	2015-16	360	304	664
2011-12	352	295	647	2016-17	363	308	671
2012-13	348	300	648	2017-18	365	324	689
2013-14	361	285	646	2018-19	375	316	691

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 Administrator 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, 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. Kotzan CPA & Associates, P.C., of Johnstown, Pennsylvania, serves as the School District's Auditor.

Budgeting Process in School Districts under Act 1 of 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 Act No. 1 of the Special Session of 2006, as amended entitled the Taxpayer Relief Act (“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 “The Taxpayer Relief Act”* 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 Act 1.

With respect to the utilization of any of the three Act 1 referendum exceptions, for which PDE approval is required (*see “The Taxpayer Relief Act”* 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 Act 1 to rule on the school district’s request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district’s request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

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

Summary and Discussion of Financial Results

A summary of General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4 which follow. Table 5 shows revenues and expenditures for the past 5 years and budgeted 2013-14 as adopted May 22, 2013. The 2013-14 budget projects revenues of \$8,781,177 and expenditures of \$10,586,520.

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TABLE 3
BLACKLICK VALLEY SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years Ending June 30)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
ASSETS					
Cash and Cash Equivalents.....	\$4,663,679	\$5,068,890	\$5,774,085	\$5,829,755	\$6,061,973
Taxes Receivable.....	324,557	282,410	268,757	281,380	298,400
Due from Other Funds.....	14,261	14,722	16,171	35,519	180,962
State Revenue Receivables	47,116	41,500	49,115	76,343	108,958
Federal Revenue Receivables	174,605	382,399	298,309	281,208	158,388
Other Receivables.....	35,081	0	0	1,777	0
TOTAL ASSETS.....	<u>\$5,259,299</u>	<u>\$5,789,921</u>	<u>\$6,406,437</u>	<u>\$6,505,982</u>	<u>\$6,808,681</u>
LIABILITIES					
Accounts Payable	80,163	68,572	105,363	144,635	225,762
Due to Other Governments	275,757	178,570	251,146	187,234	225,501
Accrued Salaries and Benefits	289,317	300,580	368,380	198,552	218,917
Payroll Deductions and Withholdings	12,368	9,419	9,825	10,943	11,084
Deferred Revenues	227,382	219,933	191,462	203,465	236,209
Other.....	100	100	27,941	2,237	5,417
TOTAL LIABILITIES.....	<u>\$885,087</u>	<u>\$777,174</u>	<u>\$954,117</u>	<u>\$747,066</u>	<u>\$922,890</u>
FUND EQUITIES					
Assigned Fund Balance	\$0	\$0	\$2,498,582	\$2,516,185	\$2,529,583
Unassigned Fund Balance	4,374,212	5,012,747	2,953,738	3,242,731	3,356,208
TOTAL FUND EQUITIES	<u>\$4,374,212</u>	<u>\$5,012,747</u>	<u>\$5,452,320</u>	<u>\$5,758,916</u>	<u>\$5,885,791</u>
TOTAL LIABILITIES AND FUND EQUITIES.....	<u>\$5,259,299</u>	<u>\$5,789,921</u>	<u>\$6,406,437</u>	<u>\$6,505,982</u>	<u>\$6,808,681</u>

Source: School District Annual Financial Reports.

TABLE 4
BLACKLICK VALLEY SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*

	<u>Actual</u>					<u>Budget</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 ⁽¹⁾</u>
Beginning Fund Balance	\$3,473,849	\$4,354,931	\$5,012,748	\$5,452,320	\$5,758,914	\$5,758,914
Revenues over (under) Expenditure	881,082	638,536	436,623	306,594	126,878	(1,805,343)
Chg In Inv/RS Equity/Prior Year						
Adj.		19,281	2,948	0	2	0
Ending Fund Balance	<u>\$4,354,931</u>	<u>\$5,012,748</u>	<u>\$5,452,319</u>	<u>\$5,758,914</u>	<u>\$5,885,794</u>	<u>\$3,953,571</u>

*Totals may not add due to rounding.

⁽¹⁾ Budget, as of May 22, 2013.

Source: School District Annual Financial Reports and Budget.

Revenue

The School District received \$8,484,368 in revenue in 2012-13, and has projected budgeted revenue of \$8,781,177 in 2013-14. Local sources increased as a share of total revenue in the past five years from 18.0% in 2008-09 to 19.2% in 2012-13. Revenue from Commonwealth sources decreased from 78.5% in 2008-09 to 78.2% in 2012-13. Federal sources decreased as a share of total revenue from 3.5% to 2.6% during this period.

TABLE 5
BLACKLICK VALLEY SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(Years Ending June 30)

REVENUE:	2009	2010	2011	2012	2013	Budget 2014⁽¹⁾
Local Sources:						
Real Estate.....	\$837,768	\$839,444	\$846,256	\$851,317	\$889,280	\$1,031,762
Total Act 511 Taxes.....	320,183	324,924	319,377	363,635	420,900	319,052
Public Utility Taxes.....	1,905	2,007	1,850	1,814	1,802	2,100
Payments in Lieu of Current Taxes.....	5,951	6,475	5,394	6,036	5,894	5,000
Per Capita Tax.....	12,057	13,541	14,335	18,035	11,885	14,052
Delinquent Taxes.....	119,936	117,647	137,409	105,083	101,066	117,000
Earnings from Investments.....	54,916	15,490	20,718	18,864	14,046	25,000
Revenue from Student Activity.....	0	0	25,473	23,435	33,149	0
State Rev.Rec'd-Other Intermediary Srcs.	30,000	0	0	1,200	2,254	0
Fed. IDEA Pass Through Rev.....	141,960	143,585	142,657	154,166	144,598	142,659
Fed. ARRA IDEA Pass Through Rev.....	0	0	85,285	0	0	0
Fed. Rev.Rec'd-Other Intermed. Srcs.....	10,420	6,530	14,675	3,485	0	0
Rentals.....	6,022	6,000	5,827	4,500	4,500	4,500
Receipts from Other LEAS in PA- Ed.....	0	0	0	1,752	0	0
Refund of Prior Years' Expenditures.....	0	0	0	59	0	0
Other Sources.....	1,505	888	1,598	1,288	149	500
Total Local.....	\$1,542,622	\$1,476,531	\$1,620,855	\$1,554,669	\$1,629,524	\$1,661,625
State Sources:						
Instructional Subsidy.....	\$4,954,396	\$4,461,302	\$4,289,267	\$4,953,822	\$4,953,822	\$4,953,822
Tuition - Orphans & Children Placed in Pvt homes.....	23,909	18,493	11,391	8,493	16,222	0
Driver Education – Student.....	1,330	525	560	805	910	1,000
Charter Schools.....	28,310	31,330	19,783	0	0	0
Special Education.....	507,173	514,437	510,784	510,784	510,784	510,784
Transportation.....	511,105	506,674	446,299	517,287	464,557	536,854
Rentals and Sinking Fund Payments.....	0	0	0	0	0	154,599
Health Services.....	13,457	12,473	12,376	12,115	12,295	12,500
State Property Tax Reduction Allocation.....	169,014	169,009	169,018	169,008	169,000	169,028
Homebound instruction.....	574	0	0	0	0	0
PA Accountability Grant.....	160,296	160,296	150,315	59,057	59,057	59,057
Dual Enrollment Grant.....	7,935	5,370	4,295	0	0	0
Revenue for Social Security.....	161,327	142,995	153,950	152,502	155,335	145,516
Revenue for Retirement.....	141,177	101,032	131,131	208,563	293,200	309,877
Additional Grants Not Listed Elsewhere.....	8,520	4,935	4,000	0	0	0
Other.....	5,525	0	0	0	0	0
Classrooms for the Future.....	41,414	0	0	0	0	0
Total State Sources.....	\$6,735,461	\$6,128,872	\$5,903,169	\$6,592,436	\$6,635,183	\$6,853,037
Federal Sources:						
Total Federal Sources.....	\$303,457	\$1,043,480	\$1,198,345	\$425,978	\$219,661	\$266,515
Other Sources:						
Total Other Sources.....	\$0	\$0	\$0	\$9,851	\$0	\$0
TOTAL REVENUE.....	\$8,581,540	\$8,648,883	\$8,722,369	\$8,582,935	\$8,484,368	\$8,781,177
EXPENDITURES:						
Instruction.....	\$4,626,174	\$4,870,581	\$4,992,178	\$4,985,853	\$5,090,725	\$5,933,596
Pupil Personnel.....	382,195	309,585	393,440	400,333	404,110	421,862
Instructional Staff.....	116,927	140,583	186,674	163,630	172,840	229,658
Administration.....	618,904	728,456	646,424	676,158	625,664	792,373
Pupil Health.....	119,373	120,594	153,174	133,828	144,386	129,424
Business.....	169,704	183,277	187,519	195,710	204,088	244,245
Operation and Maintenance of Plant Services ...	696,224	648,486	702,118	762,831	705,225	1,019,075
Student Transportation.....	590,696	557,579	560,511	568,919	573,165	573,571
Central.....	98,546	140,496	116,502	93,847	87,950	178,196
Other Support Services.....	1,251	1,481	2,351	1,260	1,244	2,000
Operation of Noninstructional Services.....	268,460	301,990	344,855	293,971	326,891	407,680
Debt Service.....	0	0	0	0	0	365,840
Refund of Prior Year Receipts.....	0	3,239	0	0	21,202	0
Fund Transfers.....	12,000	4,000	0	0	0	114,000
Budgetary Reserve.....	4	0	0	0	0	175,000
TOTAL EXPENDITURES.....	\$7,700,458	\$8,010,347	\$8,285,746	\$8,276,340	\$8,357,490	\$10,586,520
SURPLUS OF REVENUES OVER (UNDER) EXPENDITURES.....	\$881,082	\$638,536	\$436,623	\$306,595	\$126,878	(\$1,805,343)

*Totals may not add due to rounding.

⁽¹⁾ Budget, as of May 22, 2013

Source: School District Annual Financial Reports and Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see “The Taxpayer Relief Act (Act 1)” herein), 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 more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, 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.

The Taxpayer Relief Act (Act 1)

Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (“The Taxpayer Tax Relief Act” or “Act 1”), a school district may not levy any new tax for the support of the public schools or raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions 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 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%

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

A board of school directors may submit, but is not required to submit, a referendum question to the voters in a future municipal election seeking approval to levy or increase the rate of an EIT or a 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.

Status of the Bonds Under Act 1

No exceptions to the Act 1 taxing limits are expected to apply to the Bonds. The School District, however, has included sufficient new millage in its current year budget to cover the full amount of the debt service on the Bonds without exceeding the Act 1 Index (although the actual tax increase may have exceeded the Index as a result of the application of other approved (non-debt related) exceptions to the Index).

Act 48 of 2003

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

<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 fund balance" is defined in Act 2003-48 as that portion of the fund balance which is appropriate 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.

*Applicable to the School District.

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
BLACKLICK VALLEY SCHOOL DISTRICT TAX RATES

	Real Estate (mills)	Real Estate Transfer (%)	Local Services Tax (\$)	Wage and Income (%)	Per Capita⁽¹⁾ (\$)
2009-10	37.00	0.5	10.00	0.5	10.00
2010-11	37.00	0.5	10.00	0.5	10.00
2011-12	37.00	0.5	10.00	0.5	10.00
2012-13	37.96	0.5	10.00	0.5	10.00
2013-14	43.32	0.5	10.00	0.5	10.00

⁽¹⁾Includes \$5.00 under Act 511 and \$5.00 under the School Code.

Source: Department of Community and Economic Development- Municipal Statistics

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<i>School District</i>	37.00	37.00	37.00	37.96	43.32
Blacklick Township	3.30	3.30	3.30	3.30	3.30
Nanty Glo Borough	13.95	13.95	13.95	13.95	13.95
Vintondale Borough	12.35	12.35	12.35	12.35	12.35
Cambria County	26.90	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 \$889,280 in 2012-13, approximately 10.5 percent of revenues. The tax is levied on July 1 of each year. Taxpayers who remit by August 31 receive a 2 percent discount, and those who remit after October 31 are assessed a 5 percent penalty.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide reassessment was in 1974.

TABLE 8
BLACKLICK VALLEY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2008-09	\$112,958,997	\$30,820,640	27.28%
2009-10	113,869,334	30,655,210	26.92%
2010-11	122,018,297	30,668,940	25.13%
2011-12	122,899,705	30,933,420	25.17%
2012-13	125,633,949	31,063,830	24.73%
Compound Average Annual Percentage Change	2.15%	0.16%	

Source: Pennsylvania State Tax Equalization Board.

TABLE 9
BLACKLICK VALLEY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2011 Market Value	2011 Assessed Value	2012 Market Value	2012 Assessed Value
<i>School District</i>	\$122,899,705	\$30,933,420	\$125,633,949	\$31,063,830
Blacklick Township	67,333,084	14,884,630	70,368,678	15,022,900
Nanty Glo Borough	49,794,913	14,269,610	49,127,891	14,271,260
Vintondale Borough	5,771,708	1,779,180	6,137,380	1,769,670
Cambria County	4,706,619,621	1,223,529,620	4,816,945,742	1,227,322,634

Source: Pennsylvania State Tax Equalization Board.

TABLE 10
BLACKLICK VALLEY SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Residential	\$23,620,320	\$23,850,420	\$24,053,420	\$24,203,910	\$24,320,120
Lots	61,890	68,180	78,460	93,930	105,290
Industrial	382,240	365,260	365,260	396,060	357,680
Commercial	2,754,770	2,770,780	2,806,780	2,817,540	2,803,110
Agriculture	3,086,200	3,082,690	3,062,990	3,045,420	3,105,060
Land	892,140	494,660	278,810	351,670	342,440
Mineral	23,080	23,220	23,220	24,890	30,130
Total	<u>\$30,820,640</u>	<u>\$30,655,210</u>	<u>\$30,668,940</u>	<u>\$30,933,420</u>	<u>\$31,063,830</u>

Source: Pennsylvania State Tax Equalization Board.

TABLE 11

**BLACKLICK VALLEY SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

<u>Year</u>	<u>Assessed Value</u>	<u>Adjusted Levy⁽¹⁾</u>	<u>Current Year Collections</u>	<u>Current Year and Delinquent Collections</u>	<u>Percent Current Collections</u>	<u>Total Collections as Percent</u>
2008-09 ⁽²⁾	\$30,820,640	\$971,231	\$837,768	\$970,718	86.26%	99.95%
2009-10	30,655,210	965,234	839,444	964,154	86.97%	99.89%
2010-11	30,668,940	965,733	846,256	961,162	87.63%	99.53%
2011-12	30,933,420	975,529	851,317	949,360	87.27%	97.32%
2012-13	31,063,830	1,010,183	889,280	993,920	88.03%	98.39%

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

⁽²⁾Beginning in 2008-09 the amount of the Adjusted Levy is reduced by the amount of Homestead/Farmstead Exemptions. The Adjusted Levy shown excludes the amount payable from the Property Tax and Rent Rebate Program funded pursuant to Act 1 of the Commonwealth.
Source: School District officials.

The ten largest real property taxpayers, together with 2013 assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 4.1% of total assessed value.

TABLE 12

**BLACKLICK VALLEY SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2013**

<u>Owner</u>	<u>Property/Business</u>	<u>2013 Assessed Value</u>
Glelchman Housing	Senior/Handicap housing	\$400,220
Rite Aid	Pharmacy	152,880
Shop-n-Save	Retail Store	131,680
Inter-Power/AHLCON	Power Plant	121,400
Askew-Houser	Funeral Home	92,280
Doliveria	Single Taxpayer	88,740
St. Stephens Living	Assisted Living housing	70,520
LOGO Development/Dollar General	Retail Store	68,520
Smith Reality/Family Dollar	Retail Store	66,670
Link Trucking	Trucking Depot	63,700
		<u>\$1,256,610</u>

Source: School District officials.

Other Taxes

Under Act 511, the School District collected \$420,900 in other taxes in 2012-13. Among the taxes authorized by Act 511, Local Services Tax, Wage and Income Tax, Per Capita and the Real Estate Transfer Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was \$1,507,607.

Local Services Tax. A tax of \$10.00 is levied on occupations. In 2012-13, the collected portion of this tax yielded \$14,019, or less than 1% of total revenue.

Wage and Income Tax. A tax of 0.5% is levied on the earned income of school district residents. In 2012-13 the collected portion of this tax was \$378,446, or 4.5% of total revenue.

Real Estate Transfer. The School District levies a tax of 0.5% of the value of real estate transfers. In 2012-13 the collected portion of this tax yielded \$16,540, or less than 1% of total revenue.

Per Capita Tax. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the School Code) on each resident over 18 years old yielded \$11,895 in 2012-13, or less than 1% of total revenue.

Commonwealth 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.

The largest subsidy, basic instructional subsidy, is allocated to all school districts based on factors such as: (1) the per pupil market value of assessable real property in the school district; (2) the per pupil earned income in the school district; (3) the school district's tax effort, as compared with the tax effort of other school districts in the Commonwealth; and (4) student count. School districts also receive subsidies for special education, pupil transportation, 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 after the projects financed by the Bonds have received final approval of the Department of Education. Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio. The School District officials have estimated that the "Reimbursable Percentage" of the Bonds will be a maximum of 48.99 percent. The School District Aid Ratio for the 2013-14 school year is currently 79.73 percent. The product of these two factors is 39.06 percent, which is the maximum potential percentage of debt service, which will be reimbursed by the Commonwealth for the Bonds. 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 March 20, 2014, including the issuance of the Bonds.

TABLE 13

**BLACKLICK VALLEY SCHOOL DISTRICT
DEBT STATEMENT*
(As of March 20, 2014)**

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2014 (last maturity 2044).....	\$7,835,000
General Obligation Bonds, Series of 2013 (last maturity 2043).....	\$6,170,000
TOTAL NONELECTORAL DEBT	\$14,005,000
LEASE RENTAL DEBT	
TOTAL LEASE RENTAL DEBT	\$0
TOTAL PRINCIPAL OF DIRECT DEBT	\$14,005,000

*Includes the Bonds offered through this Preliminary Official Statement.

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 \$14,005,000. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total \$7,924,745.

TABLE 14
BLACKLICK VALLEY SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of March 20, 2014)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
General Obligation Bonds	\$14,005,000	\$7,924,745
Lease Rental Debt.....	0	0
TOTAL DIRECT DEBT	\$14,005,000	\$7,924,745
OVERLAPPING DEBT		
Cambria County, General Obligation ⁽²⁾	1,249,748	1,249,748
Municipal Debt	7,470,042	7,470,042
TOTAL OVERLAPPING DEBT	\$8,719,790	\$8,719,790
TOTAL DIRECT AND OVERLAPPING DEBT	\$22,724,790	\$16,644,535
DEBT RATIOS		
Per Capita (2010)	\$4,403.18	\$3,225.06
Percent 2011-12 Assessed Value.....	73.16%	53.58%
Percent 2011-12 Market Value.....	18.09%	13.25%

*Includes the Bonds offered through this Preliminary Official Statement.

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See "Commonwealth Aid to School Districts". The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount.

⁽²⁾Pro rata 2.61% share of \$47,916,717 principal outstanding.

Debt Service Requirements

Table 15 presents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

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

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

TABLE 15
BLACKLICK VALLEY SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

Year	Other Outstanding General Obligation	Series of 2014			Total Outstanding
	Debt	Principal	Interest	Subtotal	
2013-14	\$187,551				
2014-15	325,933				
2015-16	330,105				
2016-17	327,515				
2017-18	328,240				
2018-19	329,565				
2019-20	326,565				
2020-21	328,515				
2021-22	330,365				
2022-23	327,165				
2023-24	328,915				
2024-25	329,715				
2025-26	329,540				
2026-27	329,215				
2027-28	328,740				
2028-29	328,115				
2029-30	327,145				
2030-31	325,825				
2031-32	329,265				
2032-33	327,465				
2033-34	330,425				
2034-35	327,685				
2035-36	329,225				
2036-37	325,495				
2037-38	326,495				
2038-39	327,135				
2039-40	327,071				
2040-41	326,291				
2041-42	330,030				
2042-43	328,288				
2043-44	326,160				
Total	\$10,029,758				

*Totals may not add due to rounding.

TABLE 16
BLACKLICK VALLEY SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL*

2012-13 Commonwealth Aid Received.....	\$6,635,183
2012-13 Debt Service Requirements	\$0
Maximum Future Debt Service Requirements after Issuance of Bonds.....	
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	

*Assumes current Commonwealth Aid Ratio.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Debt 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 Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2010-11.....	\$ 8,722,369
Total Revenues for 2011-12	8,573,084
Total Revenues for 2012-13	<u>8,474,517</u>
Total	\$ 25,769,970
Annual Arithmetic Average (Borrowing Base)	\$ 8,589,990

Under the Debt 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 combined would 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.....	\$19,327,477	\$14,005,000	\$5,322,477

*Includes the estimated 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 Commonwealth Aid.

Future Financing

The School District does not anticipate issuing additional long-term debt in the next 1-2 years.

LABOR RELATIONS

School District Employees

There are presently 104 employees of the School District, including 65 teachers and administrators and 39 support personnel including secretaries, maintenance staff, custodial staff, cafeteria staff, transportation and teacher aides.

The School District's teachers are represented by the Blacklick Valley Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on June 30, 2014.

The Maintenance and Custodial employees are represented by the Blacklick Valley School Service Personnel Association, an affiliate of the Pennsylvania School Service Personnel Association/Pennsylvania State Education Association (PSSPA/PSEA), which represents food service workers, teacher assistants, secretary/clerks and custodians. The expiration date of this collective bargaining agreement is June 30, 2014.

Pension Program

School districts in the Commonwealth participate in The Public School Employees' Retirement System (PSERS), a State administered, governmental cost sharing multiple employer defined benefit plan established under legislative authority. Established by the Authority of Public School Employees' Retirement Code (Act 96 of October 2, 1975, as amended) (24 Pa. C.S. 8101-8535), contributions are made by each of three parties: the School District, the Commonwealth, and the employee. The plan provides retirement and disability benefits, legislative mandated ad hoc cost of living adjustments, and health care insurance premium assistance to qualifying annuitants. All of the School District's full-time employees, part-time employees salaried over eighty days, and hourly employees working more than 500 hours per year participate in the program. Currently, each party to the program contributes a fixed percentage of employees' gross earnings.

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

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

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

Members, who joined PSERS after June 30 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

The PSERS Board of Trustees has set the fiscal year 2013-14 employer retirement contribution rate at 16.93 percent of payroll. Both the School District and the Commonwealth are responsible for paying a portion of the employer's share. Employers are divided into two groups; school entities and non-school entities. School entities are responsible for paying 100 percent of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. Recent School District payments have been as follows:

2009-10.....	\$168,770
2010-11.....	\$204,125
2011-12.....	\$305,062
2012-13.....	\$432,675
2013-14 (Budgeted).....	\$619,809

The School District is current in all payments. Future projections are indicating increases in the contribution rate for future years. The PSERS complete report is available on its website on the Internet: www.psers.state.pa.us.

Source: PSERS – Financial Highlights.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The estimated net OPEB Obligation for fiscal year ended June 30, 2012 was \$62,067. The following table shows the Schedule of Employer Contributions.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$289,439	91.4%	\$62,067
6/30/2011	290,971	89.1%	\$37,180
6/30/2010	291,228	98.2%	\$5,351

For a full description of the School District's OPEB plan, see Appendix D- Audited Financial Statements – Note 11.

LITIGATION

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

TAX EXEMPTION

Federal Income Tax Matters

On the date of delivery of the Bonds, Rhoads & Sinon LLP, Harrisburg, Pennsylvania, as Bond Counsel to the School District, will issue an opinion to the effect that under existing statutes, regulations and judicial decisions, interest on the Bonds is excludable from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although such interest is taken into account in determining adjusted current earnings of corporations (as defined for federal income tax purposes) for purposes of such alternative minimum tax. This opinion of Bond Counsel will assume the accuracy of representations made by the School District and will be subject to the condition that the School District will comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. See the proposed text of the opinion of Bond Counsel appended to this Preliminary Official Statement. The School District has covenanted to comply with all such requirements, which include, among others, restrictions upon the yield at which proceeds of the Bonds and other money held for the payment of the Bonds and deemed to be "proceeds" thereof may be invested and the requirement to calculate and rebate any arbitrage that may be generated with respect to investments allocable to the Bonds. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

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

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

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

Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") as presently enacted and construed, the Bonds are exempt from personal property taxes within the Commonwealth and the interest on the Bonds is exempt from the Commonwealth's Personal Income Tax and the Commonwealth's Corporate Net Income Tax. See the proposed text of the opinion of Bond Counsel appended to this Preliminary Official Statement.

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

Certain maturities of the Bonds may be sold to the public in the initial offering at a price less than their stated redemption price at maturity (that is, at an "original issue discount"). For Pennsylvania Personal Income Tax purposes, original issue discount on publicly offered obligations is treated under current regulations of the Pennsylvania Department of Revenue as

interest and, for purposes of determining taxable gain upon sale or other disposition of an obligation the interest on which is exempt from income taxation by the Commonwealth, as an adjustment to basis. For Pennsylvania Corporate Net Income Tax purposes, original issue discount is to be accorded similar treatment, according to a Private Letter Ruling issued by the Office of the Chief Counsel of the Pennsylvania Department of Revenue dated December 2, 1993, but such Private Letter ruling may be relied upon only by the taxpayer to whom it was addressed.

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

No representation is made or can be made by the School District, or any other party associated with the issuance of the Bonds, as to whether or not any legislation now or hereafter introduced and enacted in the Commonwealth will be applied, either prospectively or retroactively, so as to subject interest on such Bonds to taxation in the Commonwealth or so as to otherwise affect the marketability or market value of such bonds. Enactment of any legislation that subjects the interest on such bonds to state or local taxes in the Commonwealth or otherwise imposes taxation on such Bonds may have an adverse effect on the market value or marketability of such bonds.

Federal Income Tax Interest Expense Deductions for Financial Institutions

Under Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), no deduction is allowed for the portion of a financial institution's interest expense which is allocable to tax-exempt interest, such portion being an amount which bears the same ratio to the financial institution's interest expense as the financial institution's average adjusted bases (within the meaning of Section 1016 of the Code) of tax-exempt obligations acquired after August 7, 1986, bears to such average adjusted bases for all assets of the financial institution.

An exception which reduces the amount of the disallowance is provided for certain tax-exempt obligations that are designated or "deemed designated" by the issuer as "qualified tax-exempt obligations" under Section 265 of the Code.

The Bonds are "qualified tax-exempt obligations" for purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

Financial institutions intending to purchase Bonds should consult with their professional tax advisors to determine the effect of the interest expense disallowance on their federal income tax liability.

Proposed or Future Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15-c2-12 (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 certain financial and operating information to the Municipal Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent as set forth in its Continuing Disclosure Agreement, substantially in the form attached hereto as Appendix D.

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 School District is required to give notice of certain events as set forth in Section 6 of the Continuing Disclosure Agreement (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Agreement, but does not commit to provide notice of the occurrence of any events except those specifically listed in Section 6 of the Continuing Disclosure Agreement.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Agreement is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner 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 defined "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>.

The School District has entered into prior undertakings to provide information pursuant to continuing disclosure agreements for several outstanding bond issues. The following table provides information regarding the undertaking, annual filing deadlines and history of filing under the EMMA System:

Bond Issues Subject to Continuing Disclosure	Annual Filing Deadline	Annual Filing Due Date (Last 5 years)*	Actual Filing Date (Last 5 years)*
General Obligation Bonds, Series of 2013	FY End + 180 days	12/27/2013	12/20/2013

*Filings with EMMA began in July, 2009.

RATING

Standard & Poor's Ratings Group has assigned its municipal bond rating of "___" to the Bonds and has done so with the understanding that upon delivery of the Bonds, a municipal bond insurance policy with respect to the Bonds will be issued by _____. Standard & Poor's Ratings Group has assigned an underlying rating of "___" to the Bonds. 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, New York, New York 10041-0003. 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.

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 \$_____, equal to the par value of the Bonds less an underwriters' discount of \$_____, plus a net original issue premium of \$_____.

LEGAL OPINION

The Bonds are offered with the approving legal opinion of Rhoads & Sinon LLP, as Bond Counsel to the School District, of Harrisburg, Pennsylvania. Certain other legal matters will be passed upon for the School District by Andrews & Beard, Altoona, Pennsylvania, as 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 Preliminary 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 Preliminary 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 Preliminary 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 Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

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

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

BLACKLICK VALLEY SCHOOL DISTRICT
Cambria County, Pennsylvania

By: _____
President, Board of School Directors

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APPENDIX A
Demographic and Economic Information
Relating to the Blacklick Valley School District

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	5,782	5,161	-1.13%
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 January 2014.

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

<i>ESTABLISHMENT DATA</i>	<u>Industry Employment</u>				<u>Net Change From:</u>	
	Jan 2014	Dec 2013	Nov 2013	Jan 2013	Dec 2013	Jan 2013
Total Nonfarm	57,400	58,800	59,400	57,900	-1,400	-500
Total Private	49,400	50,600	51,000	49,300	-1,200	100
Goods Producing	5,700	5,900	6,000	5,800	-200	-100
Mining, Logging, and Construction	2,000	2,200	2,300	1,900	-200	100
Manufacturing	3,700	3,700	3,700	3,900	0	-200
Service-Providing	51,700	52,900	53,400	52,100	-1,200	-400
Private Service-Providing	43,700	44,700	45,000	43,500	-1,000	200
Trade, Transportation, and Utilities	11,400	11,900	11,700	11,500	-500	-100
Retail trade	6,800	7,200	7,100	6,900	-400	-100
Information	700	700	800	700	0	0
Financial Activities	2,800	2,800	2,800	2,800	0	0
Professional and Business Services	5,600	5,700	5,700	5,400	-100	200
Educational and Health Services	16,000	16,300	16,500	15,800	-300	200
Leisure and Hospitality	4,700	4,800	4,800	4,500	-100	200
Other Services	2,500	2,500	2,700	2,800	0	-300
Government	8,000	8,200	8,400	8,600	-200	-600
Federal Government	1,000	1,000	1,000	1,000	0	0
State Government	1,800	1,800	1,800	2,300	0	-500
Local Government	5,200	5,400	5,600	5,300	-200	-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	66.8	-0.76%
Employment (000)	63.4	61.9	62.5	62.6	61.8	61.7	-0.54%
Unemployment (000)	6.0	6.5	5.9	6.0	5.4	5.1	-3.20%
Unemployment Rate	8.6	9.4	8.6	8.8	8.1	7.6	
<i>Pennsylvania</i>							
Civilian Labor Force (000)	6,414.0	6358.0	6386.0	6466.0	6460.0	6416.0	0.01%
Employment (000)	5,895.0	5819.0	5879.0	5954.0	5982.0	6005.0	0.37%
Unemployment (000)	519.0	538.0	507.0	513.0	478.0	411.0	-4.56%
Unemployment Rate	8.1	8.5	7.9	7.9	7.4	6.4	

⁽¹⁾As of January 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
Wal-Mart Associates Inc	Retail Trade
St Francis University	Educational Services
Concurrent Technologies Corporation	Professional and Technical Services
American Red Cross Blood Services	Health Care and Social Assistance
Conemaugh Health Initiatives Inc	Professional and Technical Services
University of Pittsburgh	Educational Services

Source: Center for Workforce Information & Analysis –1st Quarter 2012 – Final.

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*

			Compound Average Annual Percentage Change
	<u>2000</u>	<u>2009</u>	<u>2000-2009</u>
<i>School District</i>	\$13,979	\$19,038	3.14%
<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
(Millions of Dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
MSA	1,822,130	1,774,293	1,791,762	2,003,965	2,003,423
Pennsylvania	NR	180,948,327	174,483,292	188,193,104	188,149,727

NR: Not Reported.

Source: Sales and Marketing Management Magazine

Educational Facilities

While there are no institutions of higher education located within the School District, the following institutions of higher education are within commuting distance, Saint Francis University, located in Loretto; Mt. Aloysius College, Cresson; the University of Pittsburgh at Johnstown, Johnstown; and Indiana University of Pennsylvania; Indiana; Pennsylvania State University, State College; the Altoona Campus of the Pennsylvania State University, Altoona; and the Penn Highlands College.

Medical

Conemaugh Health Systems, in Johnstown; Indiana Regional Medical Center, in Indiana; Excelsa Health Latrobe Hospital, in Latrobe; and Miners Hospital, in Hastings, Pennsylvania provide medical care to residents of the School District.

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 flanked 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 Greater 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.

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**APPENDIX B –
Form of Bond Counsel Opinion**

[LETTERHEAD OF BOND COUNSEL]

[Date of Closing]

**Re: BLACKLICK VALLEY SCHOOL DISTRICT,
Cambria County, Pennsylvania**

\$_____ Aggregate Principal Amount of
General Obligation Bonds, Series of 2014
Dated the Date of Delivery

OPINION

We have acted as Bond Counsel to the Blacklick Valley School District, in Cambria County, Pennsylvania (the “School District”), a public school district of the Commonwealth of Pennsylvania (the “Commonwealth”), in connection with the issuance of its General Obligation Bonds, Series of 2014, in the aggregate principal amount of _____ Dollars (\$_____) (the “Bonds”).

The Board of School Directors of the School District has adopted a resolution (the “Resolution”), that authorized the issuance of and secures the Bonds. The Resolution provides that the proceeds of the Bonds are to be used to construct additions, alterations and renovations to the Blacklick Valley Elementary Center and other public school facilities, and pay the costs of issuing the Bonds, all in accordance with the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the “Debt Act”), of the Commonwealth.

The Resolution contains covenants of the School District to comply with the Internal Revenue Code of 1986, as amended (the “Code”), and regulations promulgated thereunder to preserve the Federal income tax exemption of the interest on the Bonds. The School District has taken appropriate action to qualify the Bonds as “qualified tax-exempt obligations,” as defined in Section 265(b)(3)(B) of the Code.

As Bond Counsel, we have examined, among other things: the approval of proceedings related to the issuance and delivery of the Bonds, as issued by the Department of Community and Economic Development of the Commonwealth, a certified copy of the Resolution, a certificate of no litigation, a non-arbitrage and rebate compliance certificate of the School District, and usual closing certificates and documents. We have also examined a specimen of an executed Bond and assume that all the Bonds have been similarly executed and that all Bonds will be issued in registered form as required by the Resolution.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other representations of public officials furnished to us without undertaking to verify such facts by independent investigation.

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

1. The Bonds are valid and binding general obligations of the School District enforceable in accordance with their terms.

2. The School District has covenanted in the Resolution, to and with the registered owners, from time to time, of the Bonds that shall be outstanding, from time to time, pursuant to the Resolution, that the School District: (i) shall include the amount of the debt service for the Bonds, for each fiscal year of the School District in which such sums are payable, in its budget for that fiscal year, (ii) shall appropriate such amounts from its general revenues for the payment of such debt service, and (iii) shall duly and punctually pay or cause to be paid from the sinking fund established under the Resolution 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 in the Bonds, according to the true intent and meaning thereof; and, for such budgeting, appropriation and payment, the School District has pledged, irrevocably, its full faith, credit and taxing power.

3. Under the laws of the Commonwealth as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth and the interest on the Bonds is exempt from the Commonwealth's Personal Income Tax and the Commonwealth's Corporate Net Income Tax.

4. Assuming investment and application of the proceeds of the Bonds as set forth in the Resolution and the aforementioned non-arbitrage and rebate compliance certificate, the Bonds are not presently "arbitrage bonds" as described in Section 103(b)(2) and Section 148 of the Code and applicable regulations promulgated thereunder.

5. Under present statutes, regulations and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although it should be noted that in the case of corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for purposes of such alternative minimum tax. The opinions expressed in this paragraph are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes, as the School District has covenanted to do in the Resolution and other aforementioned documents. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income retroactive to the date of issuance of the Bonds.

6. Each of the Bonds is a "qualified tax-exempt obligation" for purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions). The opinion expressed in the preceding sentence is subject to the condition that interest on the Bonds is, and continues to be, excluded from gross income for federal income tax purposes under the Code.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

It is to be understood that rights of holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

Very truly yours,

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**APPENDIX C –
Form of Continuing Disclosure Certificate**

CONTINUING DISCLOSURE CERTIFICATE

Re: BLACKLICK VALLEY SCHOOL DISTRICT,
Cambria County, Pennsylvania
\$_____ Aggregate Principal Amount
General Obligation Bonds, Series of 2014
Dated [Date of Closing]

[Date of Closing]

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by BLACKLICK VALLEY SCHOOL DISTRICT, in Cambria County, Pennsylvania (the “School District”), in connection with the issuance of its General Obligation Bonds, Series of 2014, dated [Date of Closing] (the “Bonds”). The Bonds are being issued pursuant to a Resolution duly adopted by the Board of School Directors of the School District (the “Resolution”). The School District makes the following certifications and representations as an inducement to the Participating Underwriters and others to purchase the Bonds:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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” shall mean any Annual Report filed by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Bondholder” shall mean any registered owner of the Bonds or any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding through any nominee, securities depository or other intermediary) or (ii) is treated as the holder of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday, a Sunday, or a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized or required by law or executive order to close.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“Listed Events” shall mean any of the events listed in Section 6 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the final official statement relating to the Bonds prepared by or on behalf of the School District and distributed in connection with the offering and sale of the Bonds by the Participating Underwriters.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Filing of Annual Reports. The School District shall file with the MSRB within **270 days** following the close of each of the School District’s fiscal years, beginning with its fiscal year ending June 30, 2014, an Annual Report that 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, however, that if the audited financial statements of the School District for the most recent completed fiscal year are not available to be included in the Annual Report when filed, such audited financial statements may be filed separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements of the School District for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed with the MSRB as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the School District reasonably expects the audited financial statements to become available and to be filed with the MSRB.

SECTION 4. Content of Annual Reports. The School District’s Annual Report shall contain or incorporate by reference the following financial information and operating data with respect to the School District:

- financial statements for the most recent fiscal year, audited in accordance with generally accepted auditing standards
- a summary of the budget for the current fiscal year
- the total assessed value and market value of all taxable real estate for the current fiscal year
- the taxes and millage rates imposed for the current fiscal year
- the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate

- dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount)
- a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year
- pupil enrollment figures, including enrollment at the end of the most recent fiscal year, current enrollment and projected enrollment for the beginning of the next fiscal year, including a breakdown between elementary and secondary enrollment (to the extent reasonably feasible)

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities, which have been made available to the public on the MSRB's internet website or filed with the SEC. The School District shall clearly identify each other document so incorporated by reference.

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.

SECTION 5. Notices of Late Filing of Annual Information. If the School District has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3 above, the School District will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the School District expects to file the Annual Report.

SECTION 6. Reporting of Listed Events. In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the School District will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-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.

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

SECTION 7. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB.

As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using the MSRB's Electronic Municipal Market Access System ("EMMA") at <http://emma.msrb.org>.

SECTION 8. Dissemination Agent. The School District may, at any time and from time to time, appoint or engage another person (the "Dissemination Agent") to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor and without notice to Bondholders.

SECTION 9. Termination of Disclosure Obligation. The School District's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the School District no longer remains an "obligated person" with respect to the Bonds, within the meaning of the Rule.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriters and Bondholders, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, The School District causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors all as of the date set forth above.

BLACKLICK VALLEY SCHOOL DISTRICT,
Cambria County, Pennsylvania

By: _____
President of the Board of
School Directors

**APPENDIX D –
Audited Financial Statements**

**Blacklick Valley School District
555 Birch Street
Nanty Glo, Pennsylvania**

**Single Audit as required
by OMB Circular A-133**

**For the Year Ended
June 30, 2013**

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List of Report Distribution

December 19, 2013

To the Members of the Board
Blacklick Valley School District
555 Birch Street
Nanty Glo, Pennsylvania 15943

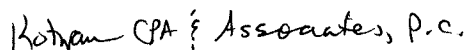
Board Members:

Not later than thirty days after receipt of the audit report, Blacklick Valley School District must distribute the audit report as follows:

One (1) copy to: Commonwealth of Pennsylvania –
Bureau of Audits
(submitted electronically)

One (1) copy to: Single Audit Clearing House
(submitted electronically)

Sincerely,



Kotzan CPA & Associates, P.C.

Independent Auditors' Report

To the Members of the Board
Blacklick Valley School District
555 Birch Street
Nanty Glo, Pennsylvania 15943

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Blacklick Valley School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Blacklick Valley School District as of June 30, 2013, and the respective changes

in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 11 and page 49, respectively, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards and certain state grants is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and certain state grants 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 additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 and certain state grants 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 19, 2013 on our consideration of Blacklick Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blacklick Valley School District's internal control over financial reporting and compliance.

Kotzan CPA & Associates, P.C.

Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
December 19, 2013

Management's Discussion and Analysis

Blacklick Valley School District

2012-2013

The Management's Discussion and Analysis (MD&A) of the Blacklick Valley School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The MD&A is to provide reader friendly insight into management's analysis of the audit. This MD&A looks at the district's financial performance as a whole, although readers should review the independent auditors' transmittal letter and notes to the financial statements to enhance their understanding of the district's financial performance.

Background

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

Previous standards (pre GASB 34) required modified accrual (no accruals beyond 60 days), no capital assets depreciation and no reports of combined net position. GASB 34 requires full accrual accounting including fixed asset accounting, proper combination of multiple funds, and the realization of depreciation expense as part of the Statement of Net Position and Statement of Activities.

Various statements required under GASB 34 are:

- Statement of Net Position
- Statement of Activities
- Balance Sheet of Governmental Funds
- Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
- Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
- Reconciliation of Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
- Statement of Revenues, Expenditures and Changes in Fund Balance – Budget vs. Actual – General Fund

The Statement of Net Position provides a consolidation of all governmental funds into one statement with current and non-current assets, deferred outflows of resources, current and non-current liabilities, deferred inflows of resources, and displays the total net position of all governmental funds properly reconciled. It also provides the same for those business activities run by the District. In the Blacklick Valley School District only the Cafeteria is structured as a business activity, subject to a business activity classification.

The Statement of Activities intends to display expenses net of program revenues and classifies revenues into the two categories of program and general operating revenue. It identifies program revenue as charges, operating grants, and capital grants, and then allocates them to particular expense categories where appropriate.

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position reconciles the fund balance per the fund financial statements to the net position per the government-wide financial statements by outlining the accounting changes necessary to convert from modified accrual to the full accrual method of accounting.

Blacklick Valley School District
Management's Discussion & Analysis (MD&A)

The Reconciliation of Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities reconciles the change in fund balances of the governmental funds to the change in net position of all governmental activities.

Funds analyzed in this audit include:

- Major governmental activities including:
 - General fund
 - Capital Projects fund
- Major business-type activities:
 - Food Service fund
- Fiduciary funds:
 - Agency fund – student activity accounts
 - Private Purpose Trust fund – student scholarship account

Financial Overview

The Blacklick Valley School District general fund had revenues of \$8,484,368 and expenditures of \$8,357,493. The difference resulted in a surplus of revenues over expenditures in the amount of \$126,875. Blacklick Valley School District general fund maintains a healthy fund balance of \$5,885,791 at June 30, 2013. These amounts are reflected in the fund financial statements (modified accrual basis).

Assets, Liabilities and Net Position – Government-Wide

Current assets represented 80% of the total assets comprised primarily of cash and cash equivalents and investments totaling \$12,062,088. Fixed assets including land, construction in progress, site and building improvements, furniture and equipment represent 19% of total assets at \$2,922,824. Building renovations will be completed for the Jr.-Sr. High School in December 2013 and the Elementary building renovations are slated to start in the Spring of 2014.

The total liability amount of \$7,576,045 consists primarily of Bonds Payable, including premium, of \$6,189,660. Current liabilities primarily include payables (\$777,421) and accrued salaries and benefits (\$222,092). Other non-current liabilities include compensated absences (\$232,933), capital lease obligation (\$8,705), and the OPEB liability (\$29,333).

The resulting net position of \$8,171,280 includes \$2,137,516 invested in capital assets, net of related debt and \$6,033,764 in unrestricted net position.

Blacklick Valley School District
Management's Discussion & Analysis (MD&A)

Table 1 summarizes the assets, liabilities, and net position of the District at June 30, 2013, as compared to June 30, 2012.

Table 1
Condensed Schedule of Net Position

	Governmental Activities		Business-Type Activities		Total School District	Change
	2013	2012	2013	2012	2012-13	2012-13
Assets						
Current assets	\$ 12,480,047	\$ 6,470,463	\$ 163,398	\$ 162,793	\$ 12,643,445	\$ 6,010,189
Capital assets	3,073,346	2,550,633	30,534	32,513	3,103,880	520,734
Total assets	<u>\$ 15,553,393</u>	<u>\$ 9,021,096</u>	<u>\$ 193,932</u>	<u>\$ 195,306</u>	<u>\$ 15,747,325</u>	<u>\$ 6,530,923</u>
Deferred Outflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Liabilities						
Current liabilities	\$ 1,052,415	\$ 564,614	\$ 62,999	\$ 42,704	\$ 1,115,414	\$ 508,096
Long-term liabilities	6,456,769	303,015	3,862	3,300	6,460,631	6,154,316
Total liabilities	<u>\$ 7,509,184</u>	<u>\$ 867,629</u>	<u>\$ 66,861</u>	<u>\$ 46,004</u>	<u>\$ 7,576,045</u>	<u>\$ 6,662,412</u>
Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Position						
Invested in capital assets, net of related debt	\$ 2,106,982	\$ 2,527,024	\$ 30,534	\$ 32,513	\$ 2,137,516	\$ (422,021)
Unrestricted	5,937,227	5,626,443	96,537	116,789	6,033,764	290,532
Total net position	<u>\$ 8,044,209</u>	<u>\$ 8,153,467</u>	<u>\$ 127,071</u>	<u>\$ 149,302</u>	<u>\$ 8,171,280</u>	<u>\$ (131,489)</u>

The increase in net position of the governmental activities is the result of an increase in current assets over prior year (\$6,009,584) and an increase in net capital assets (\$522,713), offset by an increase in current liabilities (\$487,801) and an increase in long-term liabilities (\$6,153,754). The increase in current assets is largely attributable to an increase in cash and cash equivalents and investments of \$6,084,546 and an increase in taxes receivable of \$17,020, offset by a decrease in intergovernmental receivables of \$90,205. The increase in net capital assets reflects the current year additions resulting from the construction on the Jr.-Sr. High School offset by current year depreciation (\$300,087). The increase in current liabilities reflects an increase in payables of \$445,552 and an increase in accrued salaries and wages \$20,365. The increase in long-term liabilities primarily reflects the liability associated with the Series of 2013 General Obligation Bond Issue, including premium (\$6,189,660).

The business-type activities reported a decrease in net position, reflecting a loss of \$22,231 for the 2012-2013 year. Cash increased \$4,878, while accounts payable were \$0. The loss reflects an increase in food service expenditures compared to the prior year.

Blacklick Valley School District
Management's Discussion & Analysis (MD&A)

Table 2 summarizes the revenues, expenses, and changes in net position of the District for the year ended June 30, 2013, compared to the year ended June 30, 2012.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total School District		Change
	2013	2012	2013	2012	2013	2012	2012-13
Program Revenues:							
Charges for services	\$ 37,649	\$ 29,687	\$ 128,611	\$ 148,255	\$ 166,260	\$ 177,942	\$ (11,682)
Operating grants and contributions	1,878,874	2,048,986	309,552	294,600	2,188,426	2,343,586	(155,160)
Capital grants and contributions	0	0	0	0	0	0	0
General Revenues:							
Taxes	1,448,571	1,354,256	0	0	1,448,571	1,354,256	94,315
Grants and entitlements	5,122,822	5,128,280	0	0	5,122,822	5,128,280	(5,458)
Investment earnings	14,134	18,864	24	45	14,158	18,909	(4,751)
Other	150	11,197	0	0	150	11,197	(11,047)
Total Revenues	8,502,200	8,591,270	438,187	442,900	8,940,387	9,034,170	(93,783)
Program Expenses:							
Instruction	5,223,708	5,175,699	0	0	5,223,708	5,175,699	48,009
Support service							
Instructional student support	598,003	589,762	0	0	598,003	589,762	8,241
Administrative and financial support services	1,094,203	1,119,146	0	0	1,094,203	1,119,146	(24,943)
Operation and maintenance	718,597	793,466	0	0	718,597	793,466	(74,869)
Pupil transportation	593,871	590,570	0	0	593,871	590,570	3,301
Student activities	338,895	305,267	0	0	338,895	305,267	33,628
Interest on long-term debt	22,979	0	0	0	22,979	0	22,979
Food service	0	0	460,418	426,519	460,418	426,519	33,899
Total Expenses	8,590,256	8,573,910	460,418	426,519	9,050,674	9,000,429	50,245
Change in net position before transfers	(88,056)	17,360	(22,231)	16,381	(110,287)	33,741	(144,028)
Transfers	0	0	0	0	0	0	0
Increase (decrease) in net position	\$ (88,056)	\$ 17,360	\$ (22,231)	\$ 16,381	\$ (110,287)	\$ 33,741	\$ (144,028)

Blacklick Valley School District
Management's Discussion & Analysis (MD&A)

Changes in Net Position – Comparative

Revenues

Revenues decreased by \$88,715 primarily due to the Access and Title I funds being reduced.

Expenses

The expenditures remained relatively consistent with the prior year with a slight increase of \$50,245.

Blacklick Valley School District
Management's Discussion & Analysis (MD&A)

Table 3 breaks out expenditures by function per the fund financial statements (general fund) with a comparison to the prior year as well as current year budget variances.

Table 3
Expenditures by Function – Budget vs. Actual

Function	Description	Actual 2012-13 Expenses	Actual 2011-12 Expenses	Over/(Under) From P/Y	2012-13 Budget	(Unfavorable)/Favorable 2012-2013 Budget Variance
1100	Regular Educational Programs	\$ 3,441,196	\$ 3,179,770	\$ 261,426	\$ 3,792,609	\$ 351,413
1200	Special Programs	1,260,078	1,395,745	(135,667)	1,345,032	84,954
1300	Vocational Education	367,108	380,307	(13,199)	344,552	(22,556)
1400	Other Instructional Programs	7,378	21,166	(13,788)	25,777	18,399
1400	Non-Public School Programs	14,966	4,748	10,218	8,317	(6,649)
1700	Community/Jr. College Programs	0	4,115	(4,115)	0	0
2100	Support Services - Pupil	404,110	400,333	3,777	391,657	(12,453)
2200	Support Services - Instructional Staff	172,840	163,630	9,210	219,776	46,936
2300	Support Services - Administration	625,665	676,158	(50,493)	753,490	127,825
2400	Support Services - Pupil Health	144,386	133,828	10,558	120,412	(23,974)
2500	Support Services - Business	204,088	195,710	8,378	234,407	30,319
2600	Operation and Maintenance	705,225	762,831	(57,606)	990,786	285,561
2700	Student Transportation Services	573,165	568,919	4,246	573,571	406
2800	Support Services - Central	87,950	93,847	(5,897)	174,481	86,531
2900	Other Support Services	1,244	1,260	(16)	2,000	756
3200	Student Activities	308,030	287,471	20,559	373,731	65,701
3300	Community Services	18,862	6,500	12,362	9,000	(9,862)
5100	Debt Service	0	0	0	13,840	13,840
5130	Refund of Prior Year Receipts	21,202	0	21,202	0	(21,202)
5200	Fund Transfers	0	0	0	114,000	114,000
5900	Budgetary Reserve	0	0	0	159,838	159,838
	Total Expenditures	8,357,493	8,276,338	81,155	9,647,276	1,289,783
	Revenues/Other financing sources	8,484,368	8,582,934	(98,566)	8,367,433	116,935
	Net Change	\$ 126,875	\$ 306,596	\$ (179,721)	\$ (1,279,843)	\$ 1,406,718

Blacklick Valley School District
Management's Discussion & Analysis (MD&A)

Revenue – Fund Financials – General Fund

The revenue for the school district comes from local, state, and federal sources. During the 2012-13 fiscal year, \$1,629,524 local funds (19%), \$6,635,183 state funds (78%) and \$219,661 federal funds (3%) were recognized by the general fund.

Local funding is primarily from real estate taxes, \$889,280, and earned income taxes \$378,446. Delinquent taxes in the amount of \$101,066 were collected during the fiscal year. Also, Federal IDEA Pass Through revenue represented \$144,598 in 2012-13.

Basic Education Subsidy of \$4,953,822 makes up 75% of the total state subsidies received. It also represents 58% of the total revenue by the school district. Other significant receipts for the state include Transportation Subsidy, \$464,557; Special Education, \$510,784; and Revenue for Social Security and Retirement Payments, \$448,535.

Title I revenue for the education of disadvantaged children received was \$170,898 and Title II Funds were received in the amount of \$48,763 which make up a significant portion of the Federal funds received.

Expenses – Fund Financials – General Fund

There were no significant unfavorable variances in 2012-13. Most functions came in under budget.

Technology

There were 25 workstation computers added to our computer labs along with 13 notebooks.

Capital Assets

Table 4 illustrates changes in capital assets, net of depreciation, by asset type.

Table 4
Capital Assets – Net of Depreciation

	Governmental Activities		Business-type Activities		Total School District		Percentage Change 2012-13
	2013	2012	2013	2012	2013	2012	
Land	\$ 21,670	\$ 21,670	\$ 0	\$ 0	\$ 21,670	\$ 21,670	0.0%
Construction in Progress	602,242	0	0	0	602,242	0	100.0%
Buildings	1,838,644	2,024,043	0	0	1,838,644	2,024,043	-9.2%
Equipment and furniture	403,504	475,551	30,534	32,513	434,038	508,064	-14.6%
Site improvements	26,230	29,369	0	0	26,230	29,369	-10.7%
Total	<u>\$ 2,892,290</u>	<u>\$ 2,550,633</u>	<u>\$ 30,534</u>	<u>\$ 32,513</u>	<u>\$ 2,922,824</u>	<u>\$ 2,583,146</u>	13.1%

While capital additions for the District in 2012-13 totaled \$641,744, depreciation expense totaled \$302,066 resulting in an overall increase in capital assets over prior year.

Contacting the School District Financial Management

The financial report is designed to provide the School District's citizens, taxpayers, parents, students, investors and creditors with a general overview of the School District's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact William Dunchuck, Business Manager, Blacklick Valley School District, 555 Birch Street, Nanty Glo, PA 15943.

BASIC FINANCIAL STATEMENTS

Blacklick Valley School District
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and equivalents	\$ 10,572,301	\$ 147,787	\$ 10,720,088
Investments	1,342,000	0	1,342,000
Taxes receivable	298,400	0	298,400
Intergovernmental receivables	267,346	67	267,413
Other receivables	0	11,319	11,319
Inventories	0	4,225	4,225
Total current assets	<u>12,480,047</u>	<u>163,398</u>	<u>12,643,445</u>
Noncurrent assets:			
Land	21,670	0	21,670
Construction in progress	602,242	0	602,242
Depreciable capital assets, net	2,268,378	30,534	2,298,912
Deferred bond costs, net	181,056	0	181,056
Total noncurrent assets	<u>3,073,346</u>	<u>30,534</u>	<u>3,103,880</u>
Total assets	15,553,393	193,932	15,747,325
Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Total assets and deferred outflows of resources	<u><u>\$ 15,553,393</u></u>	<u><u>\$ 193,932</u></u>	<u><u>\$ 15,747,325</u></u>

See accompanying notes to the basic financial statements.

Blacklick Valley School District
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Internal balances	\$ (53,827)	\$ 53,827	\$ 0
Intergovernmental payables	225,501	0	225,501
Accounts payable	551,920	0	551,920
Current portion of long-term obligations	45,741	187	45,928
Other short-term payables	4,000	0	4,000
Accrued salaries and wages	218,917	3,175	222,092
Accrued interest payable	22,979	0	22,979
Payroll deductions and withholdings	11,084	0	11,084
Deferred revenues	26,000	5,810	31,810
Other current liabilities	100	0	100
Total current liabilities	<u>1,052,415</u>	<u>62,999</u>	<u>1,115,414</u>
Noncurrent liabilities:			
Bonds payable, net	6,189,660	0	6,189,660
Long-term portion of compensated absences	229,071	3,862	232,933
Lease purchase obligation	8,705	0	8,705
Other post-employment benefits (OPEB)	29,333	0	29,333
Total noncurrent liabilities	<u>6,456,769</u>	<u>3,862</u>	<u>6,460,631</u>
Total liabilities	<u>7,509,184</u>	<u>66,861</u>	<u>7,576,045</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Net Position			
Invested in capital assets, net of related debt	2,106,982	30,534	2,137,516
Unrestricted	<u>5,937,227</u>	<u>96,537</u>	<u>6,033,764</u>
Total net position	<u>8,044,209</u>	<u>127,071</u>	<u>8,171,280</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 15,553,393</u>	<u>\$ 193,932</u>	<u>\$ 15,747,325</u>

See accompanying notes to the basic financial statements.

Blacklick Valley School District
Statement of Activities
For the Year Ended June 30, 2013

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 5,223,708	\$ 4,500	\$ 1,402,022	\$ 0	\$ (3,817,186)	\$ 0	\$ (3,817,186)
Instructional student support	598,003	0	0	0	(598,003)	0	(598,003)
Administration and financial support	1,094,203	0	12,295	0	(1,081,908)	0	(1,081,908)
Operations and maintenance of plant	718,597	0	0	0	(718,597)	0	(718,597)
Pupil transportation	593,871	0	464,557	0	(129,314)	0	(129,314)
Student activities	338,895	33,149	0	0	(305,746)	0	(305,746)
Interest on long-term debt	22,979	0	0	0	(22,979)	0	(22,979)
Total governmental activities	8,590,256	37,649	1,878,874	0	(6,673,733)	0	(6,673,733)
Business-Type Activities:							
Food service	460,418	128,611	309,552	0	0	(22,255)	(22,255)
Total primary government	\$ 9,050,674	\$ 166,260	\$ 2,188,426	\$ 0	(6,673,733)	(22,255)	(6,695,988)
General Revenues:							
Taxes levied							
Grants, subsidies and contributions, not restricted					1,448,571	0	1,448,571
Investment earnings					5,122,822	0	5,122,822
Miscellaneous					14,134	24	14,158
					150	0	150
Total general revenues					6,585,677	24	6,585,701
Change in net position					(88,056)	(22,231)	(110,287)
Net position, beginning of year, restated					8,132,265	149,302	8,281,567
Net position, end of year					\$ 8,044,209	\$ 127,071	\$ 8,171,280

See accompanying notes to the basic financial statements.

Blacklick Valley School District
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Major Fund Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 6,061,973	\$ 4,510,328	\$ 10,572,301
Investments	0	1,342,000	1,342,000
Taxes receivable	298,400	0	298,400
Due from other funds	175,645	0	175,645
Due from other governments	267,346	0	267,346
Other receivables	<u>0</u>	<u>0</u>	<u>0</u>
 Total assets	 <u>\$ 6,803,364</u>	 <u>\$ 5,852,328</u>	 <u>\$ 12,655,692</u>
Liabilities and Fund Balance			
Liabilities			
Due to other funds	\$ 0	\$ 121,818	\$ 121,818
Due to other governments	225,501	0	225,501
Accounts payable	225,762	326,158	551,920
Accrued salaries and benefits	218,917	0	218,917
Payroll deductions and withholding	11,084	0	11,084
Deferred revenue	236,209	0	236,209
Other current liabilities	<u>100</u>	<u>0</u>	<u>100</u>
 Total liabilities	 <u>917,573</u>	 <u>447,976</u>	 <u>1,365,549</u>
Fund Balance			
Restricted	0	5,404,352	5,404,352
Assigned	2,529,583	0	2,529,583
Unassigned	<u>3,356,208</u>	<u>0</u>	<u>3,356,208</u>
 Total fund balance	 <u>5,885,791</u>	 <u>5,404,352</u>	 <u>11,290,143</u>
 Total liabilities and fund balance	 <u>\$ 6,803,364</u>	 <u>\$ 5,852,328</u>	 <u>\$ 12,655,692</u>

See accompanying notes to the basic financial statements.

**Blacklick Valley School District
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2013**

Total fund balance – governmental funds	\$11,290,143
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$15,136,354 and the accumulated depreciation is \$12,244,064.	2,892,290
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Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	210,209
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Bond issuance costs are expensed in the year of issue in the funds. However, on the government-wide financial statements, these costs are deferred and amortized over the term of the bond issue. Bond costs are \$182,067 net of accumulated amortization of \$1,011.	181,056
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Long-term liabilities 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	\$(6,170,000)	
Unamortized bond premiums	(19,660)	
Accrued interest payable	(22,979)	
Compensated absences	(267,177)	
Post-employment benefits	(4,000)	
Lease obligations	(16,340)	
OPEB obligation	(29,333)	(6,529,489)

Net position of governmental activities	<u>\$ 8,044,209</u>
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See accompanying notes to the basic financial statements.

Blacklick Valley School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Major Fund Capital Projects Fund	Total Governmental Funds
Revenues			
Local sources	\$ 1,629,524	\$ 88	\$ 1,629,612
State sources	6,635,183	0	6,635,183
Federal sources	<u>219,661</u>	<u>0</u>	<u>219,661</u>
 Total revenues	 <u>8,484,368</u>	 <u>88</u>	 <u>8,484,456</u>
Expenditures			
Instruction	5,090,726	0	5,090,726
Support services	2,918,673	183,264	3,101,937
Non-instructional services	326,892	0	326,892
Capital outlay	0	602,242	602,242
Refund of prior year receipts	<u>21,202</u>	<u>0</u>	<u>21,202</u>
 Total expenditures	 <u>8,357,493</u>	 <u>785,506</u>	 <u>9,142,999</u>
Excess of revenues over (under) expenditures	<u>126,875</u>	<u>(785,418)</u>	<u>(658,543)</u>
Other financing sources (uses)			
Bond proceeds	0	6,170,000	6,170,000
Bond premium	<u>0</u>	<u>19,770</u>	<u>19,770</u>
 Total other financing sources (uses)	 <u>0</u>	 <u>6,189,770</u>	 <u>6,189,770</u>
 Net change in fund balance	 126,875	 5,404,352	 5,531,227
 Fund balance, beginning of year	 <u>5,758,916</u>	 <u>0</u>	 <u>5,758,916</u>
 Fund balance, end of year	 <u>\$ 5,885,791</u>	 <u>\$ 5,404,352</u>	 <u>\$ 11,290,143</u>

See accompanying notes to the basic financial statements.

**Blacklick Valley School District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2013**

Total net change in fund balance – governmental funds \$ 5,531,227

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay	\$ 641,744	
Depreciation expense	<u>(300,087)</u>	341,657

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.

17,744

Interest on long-term debt is recognized in the governmental funds when it is due. In the statement of activities, interest expense is recognized as interest accrues. The liability for accrued interest expense increased by this amount this year.

(22,979)

In the governmental funds, compensated absences are measured by the amounts used. The statement of activities measures by the amounts earned. This amount represents the difference.

(12,306)

Repayment of lease obligations is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position. This was the amount of the lease payments made in 2012-13.

7,269

Post-employment benefits (cash payments in lieu of health care) are expensed as paid in the governmental funds, but reduce long-term liabilities in the statement of net position. This is the amount by which the long-term liability was reduced in fiscal year 2013.

4,000

Post-employment benefits are recognized as expenditures in the governmental funds when they are paid. In the statement of activities, post-employment benefits are recognized as expenses when incurred. This amount represents the difference.

32,734

Blacklick Valley School District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2013

Governmental funds report the effect of bond issuance costs in the year of issuance, whereas these costs are deferred and amortized over the term of the bond issue in the government-wide financial statements. The effect is shown below:

Current year bond costs	\$182,067	
Amortization expense	<u>(1,011)</u>	181,056

The proceeds and principal payments on long-term debt provide and consume current financial resources of governmental funds, respectively. However, they respectively increase or reduce long-term liabilities on the statement of net position. Further, the effect of bond premiums are reported in the funds in the year of issue but are deferred and amortized in the statement of activities. The effect is shown below:

Proceeds from 2013 Bond Issue	\$(6,170,000)	
Premium on 2013 Bond Issue	(19,770)	
Accretion of bond premium	<u>110</u>	(6,189,660)

Refund of prior year revenues represents current financial uses in the fund financial statements. However, in the statement of activities, this represents a prior year adjustment to net position.

21,202

Change in net position of governmental activities

\$ (88,056)

See accompanying notes to the basic financial statements.

Blacklick Valley School District
Statement of Net Position
Proprietary Fund
June 30, 2013

	<u>Food Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 147,787
Intergovernmental receivables	67
Other receivables	11,319
Inventory	<u>4,225</u>
Total current assets	<u>163,398</u>
Noncurrent assets:	
Machinery and equipment, net	<u>30,534</u>
Total noncurrent assets	<u>30,534</u>
Total assets	<u>193,932</u>
Deferred Outflows of Resources	<u>0</u>
Total assets and deferred outflows of resources	<u><u>\$ 193,932</u></u>
Liabilities	
Current liabilities:	
Due to other funds	\$ 53,827
Current portion of compensated absences	187
Accrued salaries and benefits	3,175
Deferred revenues	<u>5,810</u>
Total current liabilities	<u>62,999</u>
Noncurrent liabilities:	
Long-term portion of compensated absences	<u>3,862</u>
Total noncurrent liabilities	<u>3,862</u>
Total liabilities	<u>66,861</u>
Deferred Inflows of Resources	<u>0</u>
Net Position	
Invested in capital assets	30,534
Unrestricted	<u>96,537</u>
Total net position	<u>127,071</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 193,932</u></u>

See accompanying notes to the basic financial statements.

Blacklick Valley School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2013

	<u>Food Service</u>
Operating revenues	
Food service revenue	\$ 128,611
Total operating revenues	<u>128,611</u>
Operating expenses	
Salaries	142,544
Employee benefits	48,423
Purchased property services	9,574
Other purchased services	1,342
Supplies	255,731
Depreciation	1,979
Dues and fees	<u>825</u>
Total operating expenses	<u>460,418</u>
Operating income (loss)	<u>(331,807)</u>
Nonoperating revenues (expenses)	
Earnings on investments	24
State sources	31,984
Federal sources	<u>277,568</u>
Total nonoperating revenues (expenses)	<u>309,576</u>
Change in net position	(22,231)
Total net position, beginning of year	<u>149,302</u>
Total net position, end of year	<u>\$ 127,071</u>

See accompanying notes to the basic financial statements.

**Blacklick Valley School District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013**

	<u>Food Service</u>
Cash flows from operating activities	
Cash received from users	\$ 125,656
Cash payments to employees for services	(141,877)
Cash payments to suppliers for goods and services	<u>(286,468)</u>
Net cash provided by (used for) operating activities	<u>(302,689)</u>
Cash flows from non-capital financing activities	
State sources	31,979
Federal sources	<u>275,564</u>
Net cash provided by (used for) non-capital financing activities	<u>307,543</u>
Cash flows from investing activities	
Earnings on investments	<u>24</u>
Net cash provided by (used for) investing activities	<u>24</u>
Net increase (decrease) in cash and cash equivalents	4,878
Cash and cash equivalents, beginning of year	<u>142,909</u>
Cash and cash equivalents, end of year	<u>\$ 147,787</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ (331,807)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for):	
Depreciation	1,979
(Increase) decrease in accounts receivable	(1,462)
(Increase) decrease in inventories	5,802
Increase (decrease) in accrued salaries and benefits	667
Increase (decrease) in advances to other funds	20,445
Increase (decrease) in deferred revenue	<u>1,687</u>
Total adjustments	<u>29,118</u>
Net cash provided by (used for) operating activities	<u>\$ (302,689)</u>

See accompanying notes to the basic financial statements.

**Blacklick Valley School District
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2013**

	<u>Agency Fund</u>	<u>Private Purpose Trust</u>	<u>Total Fiduciary Funds</u>
Assets			
Cash and cash equivalents	\$ 38,196	\$ 16,000	\$ 54,196
Total assets	<u>38,196</u>	<u>16,000</u>	<u>54,196</u>
Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Total assets and deferred outflows of resources	<u>\$ 38,196</u>	<u>\$ 16,000</u>	<u>\$ 54,196</u>
Liabilities			
Due to students	\$ 38,196	\$ 0	\$ 38,196
Total liabilities	<u>38,196</u>	<u>0</u>	<u>38,196</u>
Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
Net Position			
Held in trust for scholarships	<u>0</u>	<u>16,000</u>	<u>16,000</u>
Total net position	<u>0</u>	<u>16,000</u>	<u>16,000</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 38,196</u>	<u>\$ 16,000</u>	<u>\$ 54,196</u>

See accompanying notes to the basic financial statements.

Blacklick Valley School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2013

	<u>Private Purpose Trust</u>
Additions:	
Contributions	\$ 18,000
Total additions	<u>18,000</u>
Deductions:	
Scholarships awarded	<u>2,000</u>
Total deductions	<u>2,000</u>
Change in net position	16,000
Net position, beginning of year	<u>0</u>
Net position, end of year	<u><u>\$ 16,000</u></u>

See accompanying notes to the basic financial statements.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

1. Description of School District and Reporting Entity

The Blacklick Valley School District is a Local Education Agency of the third class, governed by a nine-member publicly elected board, located in the Commonwealth of Pennsylvania. The District has approximately 764 enrolled students and operates two school buildings in addition to providing lunches to one area private school. The District also participates in a local area vocational/technical school with various other districts.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Blacklick Valley School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable or other organizations whose nature and significant relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (1) either the School District's ability to impose its will on the organization; or (2) there is potential for the organization to provide a financial benefit to or impose a financial burden on the School District. The School District has no component units.

2. Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The 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 and business-type activities. 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 goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. 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.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

Fund Financial Statements

Fund financial statements are also provided in the report for all governmental funds, proprietary funds, and the fiduciary funds of the School District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

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

Governmental Funds

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

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

Capital Projects Fund – Accounts for financial resources restricted for the acquisition, construction, renovation and deferred maintenance of major capital facilities or equipment, and for debt service.

Proprietary Funds

Proprietary funds focus on the determination of net position, changes in net position and cash flows and are classified as either internal service or enterprise funds. Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District. There are no internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The following is the School District's major enterprise fund:

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

Fiduciary Fund

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a scholarship program for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

C. Measurement Focus

Government-wide Financial Statements

Government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements

Fund financial statements 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, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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 position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Proprietary Fund types distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Food Service fund are charges for sales and services. Operating expenses for proprietary funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. 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.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

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 sixty days of fiscal year-end.

Non-exchange 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 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Deferred revenue on the government-wide financial statements includes grants and entitlements received before the eligibility requirements were met.

On governmental fund financial statements, receivables that will not be collected within the available period (property taxes) have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary Data

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

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

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

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

The School District is required to adopt a proposed budget at least thirty (30) days prior to adoption of the annual budget. The proposed budget shall be printed or otherwise made available for public inspection to all persons and shall be made available for duplication to any person, on request, at least twenty (20) days prior to the date set for the adoption of the budget. Final action shall not be taken on the proposed budget until after ten (10) days of public notice.

The Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the board is required. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2013.

Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorized the School District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order contract or other form of commitment, an encumbrance is recorded.

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

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Inventory

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

Inventories in governmental funds are stated at cost by the first-in, first-out method and consist of supplies held for consumption. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as an expenditure when purchased. Due to immateriality, an inventory balance is not reported for the governmental funds.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2013. The inventory consisted of government donated commodities which are valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2013 are reported as deferred revenue.

H. Capital Assets

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

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

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 maintains a capitalization threshold of one thousand (\$1,000) dollars. 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 capitalized.

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

Description	Estimated Lives
Buildings and Improvements	15 - 40 years
Furniture and Equipment	5 - 20 years

I. Bond Issue Costs

The costs incurred by the District to issue the General Obligation Bonds have been recorded as a deferred asset that is being amortized over the life of the related bonds using a straight-line basis of amortization.

J. Original Issue Premium

Bond premiums are reported as direct adjustments to the face amount of the bond and are deferred and amortized over the life of the bond using the straight-line method of amortization.

K. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are determined to be collectible, and no allowance has been established.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

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.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

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. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent the current *consumption* of net assets that is applicable to a future reporting period. The District currently reports no deferred outflows of resources.

Deferred inflows of resources represent the current *acquisition* of net assets that is applicable to a future reporting period. The District currently reports no deferred inflows of resources.

N. Fund Balance Classification

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

- Nonspendable Fund Balance – amounts that are not in nonspendable form (such as inventory or prepaid items) or are required to be maintained intact.
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., School Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned Fund Balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

As of June 30, 2013, fund balance components, other than unassigned, consist of the following:

	<u>Restricted</u>	<u>Assigned</u>
General Fund:		
Future capital expenditures	\$ 0	\$2,529,583
Capital projects fund	<u>5,404,352</u>	<u>0</u>
Total	<u>\$5,404,352</u>	<u>\$2,529,583</u>

Blacklick Valley School District
Notes to Financial Statements
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The School Board establishes (and modifies or rescinds) fund balance commitments by resolution of the board. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is established by the School Board through adoption or amendment of the budget as intended for a specific purpose.

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

O. Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. 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 its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

P. Estimates

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

Q. Pension Plan

Substantially all full-time and part-time employees of the District participate in a cost-sharing multiple employer defined benefit pension plan. GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, requires an employer that participates in such a plan to recognize annual pension expenditures or expenses equal to its contractually required contributions, subject to the modified accrual basis of accounting in governmental funds. (That is, if contributions from governmental funds are required but not made, the difference would not be reported as an expenditure but as a long-term liability if not payable with expendable, available financial resources.) The District made all required contributions for the year ended June 30, 2013, and has recognized them as expenditures and expenses in the governmental and proprietary funds, respectively.

3. Cash and Cash Equivalents and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Blacklick Valley School District
Notes to Financial Statements
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Deposits in savings or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

The deposit and investment policy of the school district adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at a local financial institution, money market mutual fund investments in Pennsylvania Local Government Investment Trust (PLGIT), and the Pennsylvania School District Liquid Asset Fund (PSDLAF). The market values of deposits are equal to the cost of the deposits. The investments are stated at cost including accrued interest which approximates market value.

The District invests in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT) as authorized by the Board. PSDLAF was established to enable school districts to pool funds for investment in instruments authorized by Section 440.1 of the Pennsylvania School Code of 1949, as amended. PLGIT insures that it will not place deposits with any single issuing institution if the largest participant's pro rata share of such deposits exceed the insurance limit unless such deposits are collateralized as prescribed by Act 72 of the Commonwealth of Pennsylvania. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk, however, the District's deposits in excess of the FDIC limit are collateralized in accordance with the Pennsylvania Security for Public Deposit Act. As of June 30, 2013, \$5,857,473 of the District's bank balance of \$6,357,473 was exposed to custodial risk as:

Uninsured and uncollateralized	\$ 0
Collateralized with securities held by the pledging financial institution	0
Uninsured and collateral held by the pledging bank's trust department not in the District's name	<u>5,857,473</u>
Total	<u>\$ 5,857,473</u>

Reconciliation to Financial Statements

Uninsured amount above	\$ 5,857,473
Plus: Insured amount	500,000
Deposits in transit	5,591
Less: Outstanding checks	<u>(272,514)</u>
Carrying amount – bank balances	6,090,550
Plus: Pooled cash equivalents	<u>4,683,734</u>
Total cash per financial statements	<u>\$10,774,284</u>

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

Investments

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
PA Local Government Investment Trust	N/A	\$4,680,478
PA Local Government Investment Trust CD Program	4-8 months	1,342,000
PA School District Liquid Asset Fund	N/A	<u>3,256</u>
Total		<u>\$6,025,734</u>

Interest Rate Risk

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

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2013, the District's investments were rated as:

<u>Investment</u>	<u>Standard & Poor's</u>
PA Local Government Investment Trust	AAAm
PA School District Liquid Asset Fund	AAAm

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Custodial Credit Risk

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

Reconciliation to Financial Statements

Total investments above	\$ 6,025,734
Less: Deposits in investment pool considered cash equivalents	<u>(4,683,734)</u>
Total investments per financial statements	<u>\$ 1,342,000</u>

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

4. Real Estate Taxes

Real estate taxes for the School District are collected from the Borough of Nanty Glo, the Borough of Vintondale, and the Township of Blacklick. The tax on real estate for public school purposes for fiscal 2013 was 37.96 mills (\$37.96 per \$1,000 of assessed valuation) as levied by the Board. Assessed valuations (\$31,063,830) of property are determined by Cambria County and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	- Levy Date
July 1 - August 31	- 2% Discount Period
September 1 - October 31	- Face Payment Period
November 1 - December 31	- 5% Penalty Period
January 15	- Lien Date

5. Taxes Receivable

The elected tax collectors are required to return any uncollected real estate taxes to the county's tax claim bureau by January 15. It has been determined the amount of outstanding taxes as of June 30, 2013 is \$298,400. The School District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable. An allowance for uncollectible taxes was not established by the administration. A portion of the amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance deferred in the fund financial statements.

Uncollected taxes for the year ended June 30, 2013:

Delinquent Real Estate	\$ 28,725
Realty Transfer Tax	1,190
Earned Income Taxes	<u>58,276</u>
Uncollected Taxes Recognized as Revenue (received within 60 days)	88,191
Real Estate Tax Deferred	<u>210,209</u>
Total Taxes Receivable	<u>\$298,400</u>

6. Deferred Revenues

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On the fund financial statements, general fund deferred revenues of \$236,209 represents deferred real estate taxes (\$210,209), unspent donation (\$15,000), and deferred grant revenue (\$11,000) at June 30, 2013. Deferred revenues of \$5,810 in the Proprietary Fund represents donated commodities inventory (\$725) and credits on student cafeteria accounts (\$5,085) at June 30, 2013.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

7. Due From Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District or collections made by another governmental unit on behalf of the School District. At June 30, 2013, the following amounts are due from other governmental units:

<u>Due From</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Federal	\$158,388	\$62
State	108,958	5
Local	<u>0</u>	<u>0</u>
	<u>\$267,346</u>	<u>\$67</u>

8. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 21,670	\$ 0	\$ 0	\$ 21,670
Construction in progress	<u>0</u>	<u>602,242</u>	<u>0</u>	<u>602,242</u>
Total capital assets, not being depreciated	<u>21,670</u>	<u>602,242</u>	<u>0</u>	<u>623,912</u>
Capital assets, being depreciated:				
Buildings and improvements	9,970,179	0	0	9,970,179
Furniture and equipment	4,240,844	39,502	0	4,280,346
Site improvements	<u>261,917</u>	<u>0</u>	<u>0</u>	<u>261,917</u>
Total capital assets, being depreciated	<u>14,472,940</u>	<u>39,502</u>	<u>0</u>	<u>14,512,442</u>
Less accumulated depreciation:				
Buildings and improvements	7,946,136	185,399	0	8,131,535
Furniture and equipment	3,765,293	111,549	0	3,876,842
Site improvements	<u>232,548</u>	<u>3,139</u>	<u>0</u>	<u>235,687</u>
Total accumulated depreciation	<u>11,943,977</u>	<u>300,087</u>	<u>0</u>	<u>12,244,064</u>
Total capital assets, being depreciated, net	<u>2,528,963</u>	<u>(260,585)</u>	<u>0</u>	<u>2,268,378</u>
Governmental activities capital assets, net	<u>\$ 2,550,633</u>	<u>\$ 341,657</u>	<u>\$ 0</u>	<u>\$ 2,892,290</u>

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets, being depreciated:				
Equipment	\$ 242,578	\$ 0	\$ 0	\$ 242,578
Total capital assets, being depreciated	<u>242,578</u>	<u>0</u>	<u>0</u>	<u>242,578</u>
Less accumulated depreciation:				
Equipment	210,065	1,979	0	212,044
Total accumulated depreciation	<u>210,065</u>	<u>1,979</u>	<u>0</u>	<u>212,044</u>
Business-type activities capital assets, net	<u>\$ 32,513</u>	<u>\$ (1,979)</u>	<u>\$ 0</u>	<u>\$ 30,534</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

Instruction	\$182,754
Instruction support	21,006
Administration and finance	38,411
Operation and maintenance of plant	25,207
Pupil transportation	20,706
Student activities	<u>12,003</u>
Total depreciation expense - governmental activities	<u>\$300,087</u>

9. Deferred Bond Costs

Deferred bond costs include bond expenses on the District's bond issue as presented in the financial statements. These costs are amortized over the life of the bond issue.

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Bond costs	\$ 0	\$ 182,067	\$ 0	\$ 182,067
Less: accumulated amortization	0	(1,011)	0	(1,011)
Total	<u>\$ 0</u>	<u>\$ 181,056</u>	<u>\$ 0</u>	<u>\$ 181,056</u>

Blacklick Valley School District
Notes to Financial Statements
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10. Defined Benefit Pension Plan

Plan Description

The District contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by Pennsylvania Public School Employee's Retirement System (PSERS). Benefit provisions of the plan are established under the provisions of the Pennsylvania Public School Employees' Retirement Code (the Code) and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of a member's employment in the public school sector. PSERS issues a publicly available financial report that includes financial statements for the plan. That report may be obtained by writing to Diane J. Wert, Office of Financial Management, Public School Employees' Retirement System, 5 N. 5th Street, Harrisburg, PA, 17101-1905. This publication is also available on the publications section of the PSERS website at www.psers.state.pa.us.

Funding Policy

The contribution policy is set by the Code and requires contributions by active members, employers, and the Commonwealth.

Contribution rates:

Member contributions –

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

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

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

Members who joined PSERS after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate could fluctuate between 10.30% and 12.30%.

Blacklick Valley School District
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Employer contributions – The contribution required of participating employers is based on an actuarial valuation and is expressed as a percentage of annual covered payroll during the period for which the amount is determined. Before July 1, 1995, the school district and the Commonwealth shared the employer contribution rate equally. Since July 1, 1995, the school districts are required to pay the entire employer contribution rate and are reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the market value/personal income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total employer rate. For the fiscal year ended June 30, 2013, the rate of the employer's contribution was 12.36 percent of covered payroll. The 12.36 percent rate is composed of a pension contribution rate of 11.50 percent for pension benefits and 0.86 percent for healthcare insurance premium assistance. Blacklick Valley School District's contributions to PSERS for the years ending June 30, 2013, 2012 and 2011 were \$436,740, \$305,062, and \$204,125 respectively. Those amounts are equal to the required contribution for each year.

11. Post-employment Healthcare Benefits

The Public School Employees' Retirement System (PSERS) provides a health insurance premium assistance program (premium assistance), a post-employment healthcare plan as defined in the Public School Employees' Retirement Code and amended by Act 29. The program is available to all eligible annuitants who elect to participate. Under this program, an employer contribution rate for premium assistance was established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits.

Participating eligible annuitants are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their monthly insurance premium. In order to receive premium assistance, eligible annuitants must obtain their health insurance through their employer or the System's Health Options Program (HOP), in which the system acts as a conduit between the insurance companies and the eligible annuitant.

12. Postemployment Benefits

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2010, the District recognizes the cost of postemployment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. Because the District is adopting the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 15 years, commencing with the 2010 liability.

Plan Description

The District provides continuation of medical and pharmacy benefits to employees who retire from the District as follows:

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

Eligibility

- A. Administrators:
 - a) School Principals and Special Education Supervisor
 - i) 20 years of District service; member and spouse are eligible
 - b) Business Manager
 - i) PSERS retirement eligibility; member and spouse are eligible
 - c) Superintendent
 - i) Eligibility for Act 110/43; member and spouse are eligible
- B. Teachers, Non-Professional Union and Non-Professional Non-Union:
 - a) Eligibility for Act 110/43; member and spouse are eligible

Duration of Healthcare Benefits

- A. Administrators:
 - a) Current School Principals and Special Education Supervisor
 - i) Member and spouse coverage ceases at Medicare age. If the spouse is younger than the member they may continue on the District plan by paying 100% of premiums post member reaching Medicare age. If the retiree dies, the spouse will remain covered until their own Medicare age. In such case, the district will pay 100% of premiums at retirement and spouse must pay any increases in premiums.
 - b) Business Manager
 - i) Member and spouse coverage ceases at Medicare age. If the spouse is younger than the member they may continue on the District plan by paying 100% of premiums post member reaching Medicare age. If the retiree dies, the spouse will remain covered until their own Medicare age. In such case, the district will pay 100% of premiums.
 - c) Superintendent
 - i) Both member and spousal coverage ceases at their own Medicare age.
- B. Current Teachers, Non-Professional Union and Non-Professional Non-Union:
 - a) Both member and spousal coverage ceases at their own Medicare age.

Participant Contributions

- A. Administrators:
 - a) Current School Principals and Special Education Supervisor
 - i) District pays 100% of premiums until the member reaches Medicare age.
 - b) Business Manager
 - i) District pays 100% of premiums until the member reaches Medicare age.
 - c) Superintendent
 - i) Act 110/43
- B. Current Teachers, Non-Professional Union and Non-Professional Non-Union
 - a) Act 110/43

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

Plan Provisions for Former Employees

Former employees (high school principal and teachers who retired under the retirement incentive agreement in the years 1996/97, 2000/01, 2004/05, or 2007/08) are also covered under the Plan. The coverage, duration of benefits and participant contributions for the former high school principal mirrors the plan provisions for current school principals. Former teachers retiring under the aforementioned incentive agreements and their spouses are eligible for coverage, with a duration equivalent to that of current and prior school principals. For the former teachers, the district will pay 100% of premiums at retirement, and the member will pay all increases in premiums for medical and pharmacy benefits.

Notes to Plan Provisions

Act 110/43 Benefit: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement (age 60 with 30 years of service, age 62 with 1 year of service, or 35 years of service regardless of age). Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

For purposes of defining the substantive plan, Retirement Incentive Agreements are expected to be offered every few years to the Teachers group.

All contracts with the District's union employees will be renegotiated at various times in the future and, thus, costs and benefits are subject to change.

OPEB benefits are administered by District personnel. No separate financial statements are issued.

The number of participants as of March 1, 2012, the effective date of the triennial OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	District
Active participants	103
Vested former members	1
Retired participants	<u>23</u>
Total	<u>127</u>

Funding Policy

The District currently pays for postemployment health care benefits on a pay-as-you-go basis, and these financial statements assume that pay-as-you-go funding will continue.

Annual Other Postemployment Benefit Cost

For the fiscal year ended June 30, 2013, the District's annual OPEB cost (i.e., expense) of \$286,042 is equal to the Annual Required Contribution. Considering the District's annual OPEB cost as well as the payment of current health insurance premiums, which totaled \$318,776, the result was a decrease in the District's Net OPEB Obligation of \$32,734 for the year ended June 30, 2013.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

	District
Actuarial Accrued Liability (AAL)	
Retired employees	\$ 1,344,367
Active employees	867,032
Unfunded actuarial accrued liability (UAAL)	<u>\$ 2,211,399</u>
Normal cost at beginning of year	\$ 79,536
Amortization factor based on 15 years	10.7395
Annual covered payroll	\$ 3,143,261
UAAL as % of covered payroll	70.35%

	District
ARC Normal Cost	\$ 83,115
Amortization of UAAL	<u>205,913</u>
Annual required contribution (ARC)	289,028
Interest on Net OPEB Obligation	2,793
Adjustment to ARC	<u>(5,779)</u>
Annual OPEB cost (expense)	286,042
Contribution for the fiscal year	<u>(318,776)</u>
Decrease in Net OPEB Obligation	(32,734)
Net OPEB Obligation June 30, 2012	<u>62,067</u>
Net OPEB Obligation June 30, 2013	<u><u>\$ 29,333</u></u>
Percent of annual OPEB cost contributed	111.4%

The District's annual cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation of the fiscal years ending June 30, 2013, 2012 and 2011 for the benefits were as follows:

Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 286,042	111.4%	\$ 29,333
June 30, 2012	\$ 289,439	91.4%	\$ 62,067
June 30, 2011	\$ 290,971	89.1%	\$ 37,180

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are "community-rated" and annual premiums for community-rated coverages were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 15 years on a level dollar open basis.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 1, 2012 actuarial valuation, the liabilities were computed using the projected unit credit method and level dollar amortization. The actuarial assumptions utilized a 4.5% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4.5% rate. The valuation assumes a 6.5% healthcare cost trend rate in 2014, reduced by decrements of .5% per year to a rate of 5.5% in 2016 and later.

Payments in Lieu of Health Coverage

One retiree has elected to receive annual cash payments in lieu of health coverage. These annual payments, \$4,000 per year, continue until age 65. As such, the District has accrued a liability for the expected benefit of \$4,000 at June 30, 2013.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

13. Long-Term Obligations

During the fiscal year ended June 30, 2013, general long-term obligations changed as follows:

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total General Long-term Obligations
Beginning of year	\$ 0	\$ 23,609	\$ 258,351	\$ 281,960
Additions	6,170,000	0	0	6,170,000
Principal retirement	0	(7,269)	0	(7,269)
Changes in compensated absences	0	0	12,875	12,875
End of year	6,170,000	16,340	271,226	6,457,566
Less: Current portion	0	(7,635)	(38,293)	(45,928)
Add: Original issue premium, net	19,660	0	0	19,660
Long-term liabilities	<u>\$ 6,189,660</u>	<u>\$ 8,705</u>	<u>\$ 232,933</u>	<u>\$ 6,431,298</u>

The future annual payments required to amortize all outstanding debt and obligations, except for the capital lease obligations and compensated absences, as of June 30, 2013, including total interest payments are as follows:

Year Ended June 30,	General Obligation Bonds		
	Interest	Principal	Total
2014	\$ 187,551	\$ 0	\$ 187,551
2015	190,933	135,000	325,933
2016	190,105	140,000	330,105
2017	187,515	140,000	327,515
2018	183,240	145,000	328,240
2019-2023	867,175	775,000	1,642,175
2024-2028	771,125	875,000	1,646,125
2029-2033	627,815	1,010,000	1,637,815
2034-2038	444,325	1,195,000	1,639,325
2039-2043	203,815	1,435,000	1,638,815
2044	6,160	320,000	326,160
	<u>\$ 3,859,759</u>	<u>\$ 6,170,000</u>	<u>\$ 10,029,759</u>

General Obligation Bonds, Series of 2013

The District issued General Obligation Bonds, Series of 2013, dated May 22, 2013, in the principal amount of \$6,170,000. The proceeds of the bonds are to be used to fund additions, alterations and/or renovations to the Blacklick Valley Jr./Sr. High School and other public school facilities, and paying the costs of issuing and insuring the bonds. The bonds bear interest rates ranging from 0.500% to 3.850% with annual principal maturities from November 2014 through November 2043. The balance outstanding at June 30, 2013 was \$6,170,000.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

Accumulated Compensated Absences

In accordance with accounting principles generally accepted in the United States of America, the District accrues liabilities for compensated absences. Compensated absences reflect the potential cost of sick leave earned by employees at June 30, 2013. Most school district employees are credited with ten days of sick leave and three days of personal leave annually to an unlimited maximum. Upon retirement employees are paid at various rates up to \$50 per day for each day of accumulated sick and personal leave at separation. The School District has computed this liability as \$271,226 at June 30, 2013 with \$267,177 reflected in the general fund and \$4,049 reflected in the proprietary fund. Due to the nature of the obligation for accrued separation benefits, annual requirements to amortize sick obligations are not determinable and have not been presented.

Long-term financing agreements entered into for governmental activity purposes are liquidated by the general fund. Compensated absences liabilities for governmental activities will be paid by the general fund; whereas, those related to business-type activities will be paid by the proprietary fund.

14. Capital Leases

The School District leases office equipment under lease-to-own (capital) lease agreements. The gross amount of assets capitalized under capital leases is \$36,879. Future minimum lease payments are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 7,635	\$ 633	\$ 8,268
2015	8,018	250	8,268
2016	687	3	690
Total minimum payments required	<u>\$ 16,340</u>	<u>\$ 886</u>	<u>\$ 17,226</u>

15. Interfund Transactions

The following is a summary of interfund receivables and payables at June 30, 2013:

	<u>Receivables</u>	<u>Payables</u>
General Fund (Major Fund)	\$175,645	\$ 0
Food Service Fund (Major Fund)	0	53,827
Capital Projects Fund (Major Fund)	0	121,818
	<u>\$175,645</u>	<u>\$175,645</u>

The interfund between General Fund and Food Service Fund represents subsidy revenue received by general fund and not transferred to Food Service as of June 30, 2013 (\$5,317) net of Food Service employee benefits paid by the general fund less Food Service's share of social security and retirement subsidies retained by the general fund, (\$23,625), combined with the previous balance of \$35,519. It is the District's intent to collect amounts owed by Food Service.

The interfund between General Fund and Capital Projects Fund represents capital improvement expenditures paid out of General Fund during fiscal year 2013 to be reimbursed by the Capital Projects Fund.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

16. Jointly Governed Organization

The School District governs, with several other school districts, a vocational-technical school. Each district is represented on the vo-tech's school board. However, no on-going financial interest or responsibility exists between the School District and the vo-tech. The District's tuition expense for its students attending the vo-tech for fiscal 2013 was \$367,108.

17. Contingent Liabilities

Grant Programs

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

18. Self-Insurance - Medical Insurance

The School District is participating in the insurance consortium with the Admiral Peary Vo-Tech to provide for the medical care for eligible employees and their dependents. The consortium, which administers the plan, monitors the School's deposit into the school district trust account to be held for the benefits described above and Highmark Services, the plan administrator, processes and pays the claims. The consortium limits its liability by stop-loss insurance coverage. Blacklick Valley School District's liability at June 30, 2013, for unpaid claims incurred prior to fiscal year end is not readily determinable. No liability has been recorded for these claims at June 30, 2013, as the District recognizes medical claim expenses as claims are paid.

19. Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2013 and the two previous fiscal years, no settlements exceeded insurance coverage.

20. Related Party Transactions

Intermediate Unit Participation

The District is a member of Appalachia Intermediate Unit 8. The District avails itself of various services provided by this membership including special education, curriculum development, and certain internal service functions. The total of services provided to Blacklick Valley School District for the year ended June 30, 2013 for IU8 programs amounted to \$391,794. At June 30, 2013, the District had a balance due to Appalachia IU8 of \$121,805 for services.

Blacklick Valley School District
Notes to Financial Statements
June 30, 2013

Vocational Technical School Participation

The District is served by the Admiral Peary Vocational-Technical School. Students of the District have available at the Vocational-Technical School courses and curriculums related to the technical training fields. Costs of the Vocational-Technical School are shared with other local school districts. Blacklick Valley School District made direct payments totaling \$367,108 for the current year's operations.

20. Economic Dependency

Blacklick Valley School District receives approximately 78.2% of its revenue from the State of Pennsylvania in the form of state subsidies. Changes in funding levels by the State could have a material effect on future operations of the District.

21. Nonmonetary Transactions

The District receives one of its federal program subsidies by means of noncash transfer. The U.S. Department of Agriculture, through the Pennsylvania Department of Agriculture, provides food commodities under the National School Lunch Program. These nonmonetary commodity items are valued at market values and recorded as revenue as received. The total food commodities donated by the federal government for the fiscal year 2013 totaled \$12,008.

22. Restatement of Net Position

Net position of the governmental activities was restated effective July 1, 2012 to correct for understated long-term payable (refund of prior subsidy revenues), resulting in a decrease in net position of \$21,201.

Blacklick Valley School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 1,511,349	\$ 1,511,349	\$ 1,629,524	\$ 118,175
State sources	6,589,569	6,589,569	6,635,183	45,614
Federal sources	<u>266,515</u>	<u>266,515</u>	<u>219,661</u>	<u>(46,854)</u>
Total revenues	<u>8,367,433</u>	<u>8,367,433</u>	<u>8,484,368</u>	<u>116,935</u>
Expenditures				
Instruction:				
Regular programs	3,792,609	3,792,609	3,441,196	351,413
Special programs	1,345,032	1,345,032	1,260,078	84,954
Vocational education programs	344,552	344,552	367,108	(22,556)
Other instructional programs	25,777	25,777	7,378	18,399
Nonpublic school programs	8,317	8,317	14,966	(6,649)
Support services:				
Pupil personnel	391,657	391,657	404,110	(12,453)
Instructional staff	219,776	219,776	172,840	46,936
Administration	745,059	753,490	625,665	127,825
Pupil health	120,412	120,412	144,386	(23,974)
Business	227,676	234,407	204,088	30,319
Operation and maintenance of plant	990,786	990,786	705,225	285,561
Student transportation	573,571	573,571	573,165	406
Central	174,481	174,481	87,950	86,531
Other support services	2,000	2,000	1,244	756
Operation of noninstructional services:				
Student activities	373,731	373,731	308,030	65,701
Community services	9,000	9,000	18,862	(9,862)
Debt service:				
Principal and interest	13,840	13,840	0	13,840
Refund of prior year receipts	<u>0</u>	<u>0</u>	<u>21,202</u>	<u>(21,202)</u>
Total expenditures	<u>9,358,276</u>	<u>9,373,438</u>	<u>8,357,493</u>	<u>1,015,945</u>
Excess (deficiency) of revenues over expenditures	<u>(990,843)</u>	<u>(1,006,005)</u>	<u>126,875</u>	<u>1,132,880</u>
Other financing sources (uses)				
Transfers out	(114,000)	(114,000)	0	114,000
Budgetary reserve	<u>(175,000)</u>	<u>(159,838)</u>	<u>0</u>	<u>159,838</u>
Total other financing sources (uses)	<u>(289,000)</u>	<u>(273,838)</u>	<u>0</u>	<u>273,838</u>
Net change in fund balance	(1,279,843)	(1,279,843)	126,875	1,406,718
Fund balance, beginning of year	<u>1,325,401</u>	<u>1,325,401</u>	<u>5,758,916</u>	<u>4,433,515</u>
Fund balance, end of year	<u>\$ 45,558</u>	<u>\$ 45,558</u>	<u>\$ 5,885,791</u>	<u>\$ 5,840,233</u>

See accompanying notes to the basic financial statements.

Blacklick Valley School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2013

Federal/Grant Project Title	Source Code	Federal C.F.D.A. Number	Pass Through Grantors Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Deferred) Revenue at July 1, 2012	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2013
U.S. DEPARTMENT OF EDUCATION										
Passed through the Pennsylvania Department of Education:										
ECIA Title I	I	84.010	013-120039	07/01/11-09/30/12	\$ 192,142	\$ 27,327	\$ 24,107	\$ 3,220	\$ 3,220	\$ 0
ECIA Title I	I	84.010	013-130039	07/01/12-09/30/13	177,886	157,102	0	167,678	167,678	10,576
ECIA Title II Part A	I	84.367	020-120039	07/01/11-09/30/12	49,373	3,763	3,763	0	0	0
ECIA Title II Part A	I	84.367	020-130039	07/01/12-09/30/13	48,763	45,549	0	48,763	48,763	3,214
Education Jobs Fund	I	84.410A	140-120039	07/01/11-06/30/12	5,450	5,450	5,450	0	0	0
Learn and Serve America	I	94.004	019-102036	10/13/09-06/30/12	11,000	0	(11,000)	0	0	(11,000)
Total passed through the Pennsylvania Department of Education										
Passed through Appalachia Intermediate Unit 08:										
IDEA Part B, Section 611	I	84.027	062-12-0-008	07/01/11-06/30/12	150,999	150,999	150,999	0	0	0
IDEA Part B, Section 611	I	84.027	062-13-0-008	07/01/12-06/30/13	143,959	0	0	143,959	143,959	143,959
IDEA Part B, Section 619	I	84.173	131-11-0-008	07/01/11-06/30/12	3,167	3,167	3,167	0	0	3,167
IDEA Part B, Section 619	I	84.173	131-12-0-008	07/01/12-06/30/13	639	0	0	639	639	639
Subtotal Special Education Cluster (IDEA)										
Total passed through Appalachia Intermediate Unit 08										
Passed through Communities in Schools of the Laurel Highlands:										
21st Century Community Learning Centers	I	84.287	N/A	07/01/11-09/30/12	3,485	880	880	0	0	0
Total passed through Communities in Schools of the Laurel Highlands										
Total U.S. Department of Education										

See accompanying notes to the basic financial statements.

Blacklick Valley School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2013

Federal/Grant Project Title	Source Code	Federal C.F.D.A. Number	Pass Through Grants Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Deferred) Revenue at July 1, 2012	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2013
<u>U.S. DEPARTMENT OF AGRICULTURE</u>										
Passed through the Pennsylvania Department of Agriculture:										
National School Lunch (USDA Commodities)	I	10.555	N/A	07/01/12-06/30/13	N/A	(a) 12,008	(b) (2,667)	13,950	(c) 13,950	(d) (725)
Passed through the Pennsylvania Department of Education:										
National School Lunch Federal	I	10.555	N/A	07/01/12-06/30/13	N/A	202,501	0	202,563	202,563	62
Severe Needs Breakfast	I	10.553	N/A	07/01/12-06/30/13	N/A	61,055	0	61,055	61,055	0
Subtotal Child Nutrition Cluster						275,564	(2,667)	277,568	277,568	(663)
State Matching Funds	S	N/A	N/A	07/01/12-06/30/13	N/A	18,300	0	18,305	18,305	5
Total U.S. Department of Agriculture						293,864	(2,667)	295,873	295,873	(658)
TOTAL FINANCIAL ASSISTANCE						\$ 786,863	\$ 174,699	\$ 660,132	\$ 660,132	\$ 149,897

See accompanying notes to the basic financial statements.

**Blacklick Valley School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2013**

Notes to Schedule of Expenditures of Federal Awards and Certain State Grants

Note A – Significant Accounting Policies

The accompanying schedule of expenditures of federal awards and certain state grants is prepared on the accrual basis of accounting.

Note B – Donated Commodities

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2013, the District had food commodities totaling \$725 in inventory.

- (a) Total amount of commodities received from the Department of Agriculture.
- (b) Beginning inventory at July 1, 2012.
- (c) Total amount of commodities used.
- (d) Ending inventory at June 30, 2013.

Note C – Direct/Indirect Funding

The following source codes reflect program funding:

- D = Direct Funding
- I = Indirect Funding
- F = Federal Share
- S = State Share

Note D – Reconciliation to Financial Statements

Total Federal Sources reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$219,661
Add: IDEA-B passed through, recorded as Local Sources	<u>144,598</u>
Total Federal Expenditures – Governmental Funds	<u>364,259</u>
Total Federal Sources reported on Statement of Revenues, Expenses, and Changes in Fund Net Position	<u>277,568</u>
Total Federal Expenditures – Proprietary Fund	<u>277,568</u>
Total Federal Expenditures	<u>\$641,827</u>

Blacklick Valley School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2013

Note E – Test of 50% Rule

Total Expenditures	\$660,132	
Less: State's share of National School Lunch and Severe Needs Breakfast Programs	<u>(18,305)</u>	
Total Federal Expenditures	<u>\$641,827</u>	
Title II, Part A	\$ 48,763	
Nutrition Cluster	<u>277,568</u>	
Tested	<u>\$326,331</u>	= 51%
Total Federal Expenditures	\$641,827	

**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***

Independent Auditors' Report

To the Members of the Board
Blacklick Valley School District
Indiana, Pennsylvania 15701

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Blacklick Valley School District as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise Blacklick Valley School District's basic financial statements, and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blacklick Valley School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Kotzan CPA & Associates, P.C.

Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
December 19, 2013

**Report on Compliance for Each Major Federal Program and on
Internal Control Over Compliance Required by OMB Circular A-133**

Independent Auditors' Report

To the Members of the Board
Blacklick Valley School District
555 Birch Street
Nanty Glo, Pennsylvania 15943

Report on Compliance for Each Major Federal Program

We have audited Blacklick Valley 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 Blacklick Valley School District's major federal programs for the year ended June 30, 2013. Blacklick Valley School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Blacklick Valley 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 Blacklick Valley 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 Blacklick Valley School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Blacklick Valley 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 Blacklick Valley School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Blacklick Valley School District's internal control over compliance.

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

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

Purpose of This Report

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.

Kotzan CPA & Associates, P.C.

Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
December 19, 2013

**Blacklick Valley School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *unqualified*

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency identified not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency identified not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? _____ Yes X No

Identification of major programs:

CFDA Number(s)

84.367
10.553/10.555

Name of Federal Program or Cluster

Title II, Part A
Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings No Findings.

Section III – Federal Award Findings and Questioned Costs No Findings or Questioned Costs