

Continuing Disclosure of Financial Information for Bond Issues

I. Background

In accordance with Rule 15c2-12, as amended, promulgated by the Securities and Exchange Commission (“SEC”), the District is required to provide notice on an ongoing basis to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access (EMMA) website about certain financial information, operating data and material events that may have an impact on bonds issued by the District.

The purpose of this regulation is to establish notification requirements and procedures for submitting updated financial information and operating data and notice of material events to the EMMA website to ensure compliance with SEC procedures under Rule 15c2-12, as amended.

II. Definitions

“**Annual Filing Date**” means the first day of the eighth calendar month immediately following the end of the District’s fiscal year (i.e., February 1).

“**Annual Financial Information**” means the District’s audited financial statements for the most recently completed fiscal year, which shall include annual updates of either (a) the financial information and operating data identified in Section III, Paragraph 5 below (if applicable), or (b) the financial information and operating data included in the Official Statement for the most recently issued series of Bonds under the headings substantially identified as follows:

<u>Item</u>	<u>Official Statement Page/Table Reference</u>
Pension Program	
- School District Employee Relations	16-17
School District Description	
- Enrollment	Table 2 - Appendix A
School District Finances	
- Tax Levy Trends	
- School District Tax Rates	Table 6 - Appendix A
- Real Property Tax	
- Real Property Assessment Data	Table 8 - Appendix A
- Real Property Tax Collection Data	Table 10 - Appendix A

Debt and Debt Limits

- Debt Statement
- Debt Limit and Remaining Borrowing Capacity

Table 12 - Appendix A
A-14

“Bonds” means any issued and outstanding indebtedness of the District.

“Compliance Officer” means the Business Manager of the District, who shall be responsible for compliance with this Administrative Regulation. The Compliance Officer may identify additional officials or employees of the District to assist them in implementing these procedures and shall ensure an adequate succession plan for transferring compliance responsibility when changes in staffing occur.

“EMMA” means the Electronic Municipal Market Access System maintained by the MSRB at <http://emma.msrb.org/>, which serves as the sole nationally recognized municipal securities information repository under the Rule.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor organization.

“Notice Event” means any of the events listed in Section IV, Paragraph 1 or Section V, Paragraph 1 of this Administrative Regulation, as applicable.

“Official Statement” means the final Official Statement relating to any outstanding series of Bonds issued by the District.

“Repository” means each nationally recognized municipal securities information repository under the Rule. As of the date of adoption of this Administrative Regulation, the SEC has appointed the MSRB through EMMA to act as the sole Repository. Any information required to be filed by the District shall be filed with EMMA at <http://emma.msrb.org/>, any State Repository and any future Repository as may be required under the Rule.

“Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended, and as such Rule may be hereafter amended from time to time.

“State Repository” means any public or private repository or entity designated by the Commonwealth of Pennsylvania as a state information repository for the purpose of the Rule and with which the District is legally required to file Annual Financial Information. Currently, there is no State Repository in Pennsylvania. The list of state information repositories maintained by the United States Securities and Exchange Commission shall be conclusive as to the existence of a State Repository.

III. Annual Financial Information to be Filed with EMMA

1. On or before February 1 of each calendar year (but in no event later than the Annual Filing Date), the Compliance Officer shall electronically file with the MSRB via EMMA a copy of the District's Annual Financial Information for the preceding fiscal year.

2. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross reference other information required to be filed as provided in this Administrative Regulation.

3. The Annual Financial Information may be incorporated by reference from other documents, including Official Statements of debt issues of the District which have been submitted to any Repository or to the SEC. If the document incorporated by reference is an Official Statement, it must be available from the MSRB through electronic filing via EMMA. Each document being incorporated by reference shall be clearly identified in the filing.

4. The Annual Financial Information filed with EMMA shall include the District's audited financial statements for the preceding fiscal year, if available. If the audited financial statements are not yet available for inclusion in the Annual Financial Information, then:

- a. The District shall submit unaudited financial statements for the relevant fiscal year with the Annual Financial Information filed with EMMA and shall state that the audited financial statements will be submitted separately from the Annual Financial Information; and
- b. The District shall submit its audited financial statements to EMMA not more than thirty (30) days after receipt by the District from the District's auditors.

5. For all series of Bonds issued on or prior to December 31, 2010, the Annual Financial Information filed with EMMA shall include the following information with respect to the relevant fiscal year:

- a. Financial statements, including, to the extent reasonably feasible: (A) a Combined Balance Sheet (all governmental fund types); (B) a Combined Statement of Revenues, Expenditures and Changes in Fund Balances (all governmental fund types); and (C) a Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund);
- b. Pupil enrollment figures, including, to the extent reasonably feasible, a breakdown showing total elementary enrollment, total secondary enrollment, and total enrollment;
- c. Real estate tax collection information, including, to the extent reasonably feasible: (A) the total market value of all taxable real estate located within the District, (B) the total assessed value of all taxable real estate located within the District, (C) the real estate tax levy imposed by the District (expressed both as a millage rate

and an aggregate dollar amount, (D) the amount of real estate taxes collected that represent current collections (expressed both as a percentage of the current year's levy and as an aggregate dollar amount), (E) the amount of real estate taxes collected that represents taxes levied in past years (expressed as an aggregate dollar amount), and (F) 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);

d. Calculations showing the outstanding principal amount of District indebtedness as of fiscal year-end, and the amount of additional indebtedness the District is permitted to incur in the future as of fiscal year-end; and

e. The total number of employees of the District.

6. If any Annual Financial Information can no longer be generated because the operations to which such information relates have been materially changed or discontinued, a statement to that effect shall be included in the filing. However, similar information with respect to any substitute or replacement operations shall be provided, to the extent feasible.

7. The operating data and additional financial information referenced in the definition of Annual Financial Information and in Paragraph 5(b), (c), (d) and (e) above shall be included in the District's Management, Discussion & Analysis section of the audited financial statements for each fiscal year, commencing with the fiscal year ended June 30, 2014, so that all financial information pertaining to the District for the applicable fiscal year will be located in one place on EMMA.

IV. Notice of Material Events for Bonds Issued Prior to December 1, 2010

1. For all series of Bonds issued prior to December 1, 2010, in the event that any one or more of the following Notice Events, if material, shall occur with respect to the District or any issued and outstanding Bonds, the Compliance Officer shall, within a timely manner after the occurrence of such Notice Event, electronically file a Notice of Material Event with the MSRB via EMMA regarding such occurrence:

- a. Any principal and/or interest payment delinquency;
- b. Any non-payment related default;
- c. Any unscheduled draw on debt service reserves reflecting financial difficulties;
- d. Any unscheduled draw on credit enhancements reflecting financial difficulties;
- e. The substitution of any credit or liquidity provider, or their failure to perform;
- f. Any adverse tax opinion or event affecting the tax-exempt status of the Bonds;
- g. Any modification to the rights of any Holder;

- h. Any Bond call (other than mandatory sinking fund redemptions);
- i. Defeasance of any Bonds;
- j. The release, substitution, or sale of property securing repayment of any Bonds;
- k. Any rating change (including any rating change made based on the rating of the Insurer of any insured Bonds); or
- l. Any failure to electronically file with the MSRB via EMMA, on a timely basis, the Annual Financial Information, as required by Section III above.
- 2. The Compliance Officer shall file a separate Notice of Material Event for each Notice Event identified in Paragraph 1 above.

V. Notice of Material Events for Bonds Issued On or After December 1, 2010

1. For all series of Bonds issued on or after December 1, 2010, in the event that any one or more of the following Notice Events shall occur with respect to the District or any issued and outstanding Bonds, the Compliance Officer shall, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, electronically file a Notice of Material Event with the MSRB via EMMA regarding such occurrence:

- a. Any principal and/or interest payment delinquency;
- b. Any non-payment related default, if material;
- c. Any unscheduled draw on debt service reserves reflecting financial difficulties;
- d. Any unscheduled draw on credit enhancements reflecting financial difficulties;
- e. The substitution of any credit or liquidity provider, or their failure to perform;
- f. Any adverse tax opinions, the issuance by the Internal Revenue Service of any proposed or final determination of taxability, any Notice of Proposed Issue (IRS Form 5701-TEB) or any other material notice or determination with respect to the tax status of the Bonds, or any other material event affecting the tax status of the Bonds;
- g. Any modification to the rights of any Holder, if material;
- h. Bond calls (other than mandatory sinking fund redemptions), if material, and any tender offer;
- i. Defeasance of any Bonds;

j. The release, substitution, or sale of property securing repayment of any Bonds, if material;

k. Any rating change (including any rating change made based on the rating of the Insurer of any insured Bonds);

l. Bankruptcy, insolvency, receivership or similar event of the District (this event shall be deemed to have occurred upon any of the following: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing Board of School Directors and Superintendent in possession and control but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);

m. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the 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 action, other than pursuant to its terms, if material;

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material; or

o. Failure to electronically file with the MSRB via EMMA, on a timely basis, the Annual Financial Information, as required by Section III above.

2. The Compliance Officer shall file a separate Notice of Material Event for each Notice Event identified in Paragraph 1 above.

VI. Accounting Standards; Modifications

1. The District's audited financial statements shall be audited in accordance with generally accepted accounting principles applicable to the District as promulgated by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, and/or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body, as applicable ("GAAP"). In addition, the audited financial statements shall comply with applicable federal and state auditing statutes, regulations, standards and/or guidelines, including, without limitation, those issued by PDE.

2. The District may from time to time modify its accounting principles to the extent necessary or desirable to comply with changes in GAAP or applicable federal and state statutes, regulations, standards and/or guidelines. Written notice of any such change in accounting principles shall be promptly provided to each Repository. Any such modification of accounting

standards or principles also shall be disclosed in the first Annual Financial Information to be filed with the MSRB via EMMA subsequent to such modifications.

3. The Compliance Officer shall promptly provide written notice of any change in the District's fiscal year to the MSRB via EMMA.

VII. Filing Procedures

1. All information is currently required to be submitted to the MSRB through EMMA in portable document format ("PDF") files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. Such PDF files shall be word searchable (i.e., allowing the user to search for specific terms used within the document through a search or find function available in a software package).

2. In its submissions, the District shall specifically identify the Bond issues to which the disclosure relates by including the CUSIP numbers for all affected series of Bonds. The District also shall provide any additional information necessary to accurately identify the category of information being provided and other identifying descriptions required by MSRB rules and regulations.

3. As an additional precaution, the District shall register on EMMA to receive reminder notices from the MSRB to timely file continuing disclosures of financial information required by the Rule. Currently this request is made electronically by clicking on the appropriate box on EMMA.

VIII. Termination of Filing Obligations

1. The District's filing obligations with respect to any particular series of Bonds shall terminate as to such Bonds upon the occurrence of any of the following:

- a. The legal defeasance of the Bonds; or
- b. The prior redemption or payment in full of all of the Bonds; or
- c. The assumption by a successor obligor of all of the payment and disclosure obligations of the District relating to the Bonds.

IX. Amendments

1. The District shall consult with the District's Solicitor prior to amending these procedures. These procedures shall not be amended in any way that is inconsistent with the District's written undertakings entered into in connection with the Rule.

2. The District shall consult with the District's Solicitor prior to adopting any changes in the information to be reported to the MSRB via EMMA or the accounting standards to be utilized in preparing the District's audited and unaudited financial statements.

X. Training

1. The Compliance Officer shall participate, on an annual basis, in training on the latest issues and developments regarding continuing disclosure obligations pursuant to Rule 15c2-12 and shall maintain a record of such training, including the date(s) of attendance and a general description of the training received.