OFFICIAL STATEMENT

<u>New Issue – BOOK-ENTRY ONLY</u>

Bond Rating: Moody's Underlying: "A1" (Stable Outlook)
Insured Rating: BAM Insured/S&P "AA" (Stable Outlook)
(See "Miscellaneous - Ratings" and "BOND INSURANCE" herein)

In the opinion of Co-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 Co-Bond Counsel is subject to continuing compliance by the LCTI 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.

Co-Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth of Pennsylvania and the interest on the Bonds is exempt from the Commonwealth of Pennsylvania Personal Income Tax and the Commonwealth of Pennsylvania Corporate Net Income Tax. This summary of Co-Bond Counsel's opinion and the summary of Co-Bond Counsel's opinion set forth under the caption "Opinion of Co-Bond Counsel" does not purport to be and should not be construed to be a complete recitation of Co-Bond Counsel's opinion. The full text draft of Co-Bond Counsel's opinion is appended hereto in Appendix B and reference is made hereto.

$45,865,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
School Lease Revenue Bonds (The Lehigh Career & Technical Institute Project)
Consisting of:
$38,600,000 School Lease Revenue Bonds, Series A of 2017
$7,265,000 School Lease Revenue Bonds, Series B of 2017

Initially Dated: March 1, 2017
Principal Due: October 1 (as shown herein)

Interest Payable: April 1 and October 1
First Interest Payment Date: April 1, 2017

PAYMENT OF PRINCIPAL AND INTEREST: The principal of the State Public School Building Authority – School Lease Revenue Bonds (The Lehigh Career & Technical Institute Project), Series of 2017, in the aggregate principal amount of $45,865,000 consisting of the School Lease Revenue Bonds, Series A of 2017 in the principal amount of $38,600,000 (the "2017A Bonds") and the School Lease Revenue Bonds, Series B of 2017 in the principal amount of $7,265,000 (the "2017B Bonds" together with the 2017A Bonds, the "Bonds"), is payable upon presentation and surrender of the Bonds at the principal corporate trust office of U.S. Bank National Association, Philadelphia, Pennsylvania, or its designee, as Trustee, transfer agent, bond registrar, and sinking fund depository for the Bonds (the "Trustee").

REGISTRATION OF BONDS: Information concerning the Bonds has been furnished to The Depository Trust Company, New York, New York ("DTC"). It is expected that the Bonds will be book-entry only. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of the Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or any integral multiple thereof only under the book-entry 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. 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. See "**BOOK-ENTRY ONLY SYSTEM**" herein.

REDEMPTION: The Bonds **<u>are</u>** subject to redemption prior to maturity as more fully described herein. See "**REDEMPTION OF THE BONDS**" herein.

PURPOSE OF THE ISSUE: The proceeds to be derived by the State Public School Building Authority from the issuance and sale of the 2017A Bonds will be used to: (1) refund, on a current refunding basis, all of the Lehigh Career & Technical Institute Revenue Bonds, Refunding Series of 2007, currently outstanding in the aggregate principal amount of $38,860,000; and (2) pay all costs and expenses incurred by the SPSBA in connection with the issuance and sale of the 2017A Bonds.

The proceeds to be derived by the State Public School Building Authority from the issuance and sale of the 2017B Bonds will be used to: (1) provide funds for various capital projects; and (2) pay all costs and expenses incurred by the SPSBA in connection with the issuance and sale of the 2017B Bonds.

SECURITY FOR THE BONDS: The Bonds will be issued under a Trust Indenture, dated as of September 15, 2001, as previously supplemented and as shall be further supplemented by a Third Supplemental Trust Indenture, dated as of March 1, 2017 (collectively, the "Indenture"), between the State Public School Building Authority (the "SPSBA" or "Authority") and U.S. Bank National Association (the "Trustee") and will be equally and ratably secured under the Indenture by an assignment and pledge by the SPSBA to the Trustee of sublease rental payments payable to the SPSBA by Lehigh Career & Technical Institute (the "LCTI") (formerly, The Lehigh County Area Vocational-Technical School).

CONTINUING DISCLOSURE UNDERTAKING: The LCTI has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities and Exchange Act of 1934, as amended and interpreted (the "Rule"). (See **"CONTINUING DISCLOSURE UNDERTAKING"** herein.)

BOND INSURANCE: The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM")**.

TAXING POWER: THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE SPSBA. NEITHER THE PRINCIPAL OR REDEMPTION PRICE OF THE BONDS, NOR THE INTEREST ACCRUING OR DUE THEREON, SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE SPSBA OR AN INDEBTEDNESS OF THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER; CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE SPSBA OR THE GENERAL CREDIT OR TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF; OR BE DEEMED TO BE A GENERAL OBLIGATION OF SPSBA OR AN OBLIGATION OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. THE SPSBA HAS NO TAXING POWER.

LEGAL APPROVALS: The Bonds are offered when, as and if issued by the SPSBA and received by the Underwriters, subject to prior sale and subject to the receipt of the approving legal opinion to be issued by King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania and Turner Law, P.C., Philadelphia, Pennsylvania, Co-Bond Counsel. Certain other legal matters will be passed upon for LCTI by its Solicitor, Thomas F. Traud, Jr. of Traud Law Offices, Allentown, Pennsylvania. Certain additional matters will be passed upon for the SPSBA by its Counsel, Barley Snyder LLP, Lancaster, Pennsylvania and for the Underwriter by their Limited Scope Underwriter's Counsel, McNees Wallace & Nurick LLC, Lancaster, Pennsylvania. The Bonds are expected to be available for delivery on March 1, 2017 in New York, New York.

Official Statement Dated: January 31, 2017.

State Public School Building Authority
(Commonwealth of Pennsylvania)
School Lease Revenue Bonds (The Lehigh Career & Technical Institute Project)

$38,600,000 School Lease Revenue Bonds, Series A of 2017

Dated: March 1, 2017
Principal Due: October 1

Interest Payable: April 1 and October 1
First Interest Payment Date: April 1, 2017

2017A BONDS MATURITY SCHEDULE

Year (October 1)	Principal Amount	Interest Rate	Yield	Price [(1)]		CUSIP Numbers [(2)]
2017	$ 880,000	0.950%	0.950%	100.000%		85732 GUN8
2018	885,000	2.000%	1.250%	101.171%		85732 GUP3
2019	900,000	3.000%	1.550%	103.657%		85732 GUQ1
2020	930,000	4.000%	1.820%	107.528%		85732 GUR9
2021	965,000	4.000%	2.030%	108.578%		85732 GUS7
2022	1,440,000	5.000%	2.230%	114.464%		85732 GUT5
2023	505,000	3.000%	2.460%	103.262%		85732 GVU1
2023	1,000,000	5.000%	2.460%	115.348%		85732 GUU2
2024	1,580,000	5.000%	2.650%	116.046%		85732 GUV0
2025	1,660,000	5.000%	2.840%	116.348%		85732 GUW8
2026	1,745,000	5.000%	3.010%	114.951%	*	85732 GUX6
2027	1,835,000	5.000%	3.090%	114.301%	*	85732 GUY4
2028	1,930,000	5.000%	3.170%	113.655%	*	85732 GUZ1
2029	2,010,000	3.250%	3.550%	96.974%		85732 GVA5
2030	2,080,000	3.375%	3.620%	97.387%		85732 GVB3
2031	2,155,000	4.000%	3.690%	102.260%	*	85732 GVC1
2032	2,240,000	3.500%	3.750%	97.067%		85732 GVD9
2033	2,325,000	4.000%	3.810%	101.377%	*	85732 GVE7
2034	2,415,000	3.625%	3.870%	96.893%		85732 GVG2
2035	2,510,000	4.000%	3.920%	100.575%	*	85732 GVH0
2036	2,615,000	4.000%	3.960%	100.285%	*	85732 GVJ6
2038**	3,995,000	3.875%	4.020%	97.918%		85732 GVF4

*Priced to the optional call date of October 1, 2025.

**Term Bond.

[(1)]Based on settlement date of March 1, 2017.

[(2)]The CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the SPSBA, LCTI nor the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

State Public School Building Authority

(Commonwealth of Pennsylvania)

School Lease Revenue Bonds (The Lehigh Career & Technical Institute Project)

$7,265,000 School Lease Revenue Bonds, Series B of 2017

Dated: March 1, 2017
Principal Due: October 1

Interest Payable: April 1 and October 1
First Interest Payment Date: April 1, 2017

2017B BONDS MATURITY SCHEDULE

Year	Principal Amount	Interest Rate	Yield	Price [(1)]		CUSIP Numbers [(2)]
(April 1)						
2017	$ 255,000	0.900%	0.900%	100.000%		85732 GVQ0
(October 1)						
2017	300,000	0.950%	0.950%	100.000%		85732 GVK3
2018	310,000	1.250%	1.250%	100.000%		85732 GVL1
2019	320,000	2.000%	1.550%	101.134%		85732 GVM9
2020	330,000	2.000%	1.820%	100.621%		85732 GVN7
2021	340,000	2.500%	2.030%	102.046%		85732 GVP2
2027**	30,000	3.000%	3.170%	98.479%		85732 GVR8
2032**	25,000	3.625%	3.750%	98.532%	*	85732 GVS6
2040**	5,355,000	4.000%	4.070%	98.942%	*	85732 GVT4

*Priced to the optional call date of October 1, 2025.

**Term Bonds.

(1) Based on settlement date of March 1, 2017.

(2) The CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the SPSBA, LCTI nor the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

SUMMARY STATEMENT

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

Issuer...	State Public School Building Authority, Commonwealth of Pennsylvania.
Obligor..	Lehigh Career & Technical Institute ("LCTI")
The Bonds.......................................	$45,865,000 aggregate principal amount, State Public School Building Authority – School Lease Revenue Bonds (The Lehigh Career & Technical Institute Project), Series of 2017, consisting of the School Lease Revenue Bonds, Series A of 2017 in the principal amount of $38,600,000 and the School Lease Revenue Bonds, Series B of 2017 in the principal amount of $7,265,000. The Bonds are initially dated March 1, 2017 and will mature as shown in the **BOND MATURITY SCHEDULE** shown on the inside of the Cover Page of this Official Statement. Interest on the Bonds will begin to accrue on March 1, 2017, and is payable each April 1 and October 1 thereafter, commencing April 1, 2017. (See **"THE BONDS"** herein.)
Redemption Provisions...................	See **"REDEMPTION OF THE BONDS"** herein.
Form of Bonds................................	Fully registered – book-entry form only.
Application of Proceeds..................	The proceeds to be derived by the SPSBA from the issuance and sale of the 2017A Bonds will be used to: (1) refund, on a current refunding basis, all of the Lehigh Career & Technical Institute Revenue Bonds, Refunding Series of 2007, currently outstanding in the aggregate principal amount of $38,860,000 and (2) pay all costs and expenses incurred by the SPSBA in connection with the issuance and sale of the 2017A Bonds. The proceeds to be derived by the SPSBA from the issuance and sale of the 2017B Bonds will be used to: (1) provide funds for various capital projects and (2) pay all costs and expenses incurred by the SPSBA in connection with the issuance and sale of the 2017B Bonds. (See **"PURPOSE OF THE BOND ISSUE," "SOURCES AND USES OF FUNDS"** and **"THE REFUNDING PROGRAM"** herein.)
Security for the Bonds....................	The Bonds are limited obligations of the SPSBA, payable solely from (a) Third Supplemental Sublease rental payments to the SPSBA from the LCTI (the "Third Supplemental Sublease Rentals"); (b) moneys derived from the investment of such Third Supplemental Sublease Rentals; and (c) other receipts, revenues and moneys otherwise available to the SPSBA under the Third Supplemental Indenture. The SPSBA has no taxing power. (See **"SECURITY FOR THE BONDS"** herein.)
Credit Enhancement......................	Scheduled principal and interest payments on the Bonds will be guaranteed by a municipal bond insurance policy issued by Build America Mutual Bond Assurance Company ("BAM"). See "**BOND INSURANCE**" herein.
Bond Rating......................................	See "**MISCELLANEOUS - Ratings**" herein.
Continuing Disclosure Undertaking..............................	The LCTI has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12 as promulgated under the Securities and Exchange Act of 1934, as amended and interpreted (the "Rule"). (See "**CONTINUING DISCLOSURE UNDERTAKING**" herein and Appendix D hereto.)

STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)

BOARD MEMBERS

Honorable Thomas W. Wolf Governor of the Commonwealth of Pennsylvania	President
Honorable John H. Eichelberger, Jr. Designated by the President Pro Tempore of the Senate	Vice President
Honorable Andrew E. Dinniman Designated by the Minority Leader of the Senate	Vice President
Honorable Stanley E. Saylor Designated by the Speaker of the House of Representatives	Vice President
Honorable Curtis M. Topper Secretary of General Services	Secretary
Honorable Joseph M. Torsella State Treasurer	Treasurer
Honorable Anthony M. DeLuca Designated by the Minority Leader of the House of Representatives	Board Member
Honorable Eugene A. DePasquale Auditor General	Board Member
Honorable Pedro A. Rivera Secretary of Education	Board Member

EXECUTIVE DIRECTOR
Robert Baccon

COUNSEL TO THE SPSBA
(Appointed by the Office of General Counsel)
Barley Snyder LLP
Lancaster, Pennsylvania

TRUSTEE, TRUSTEE, TRANSFER AGENT, BOND REGISTRAR , SINKING FUND DEPOSITORY AND ESCROW AGENT
U.S. Bank National Association
Philadelphia, Pennsylvania

CO-BOND COUNSEL
(Appointed by the Office of General Counsel)
King, Spry, Herman, Freund & Faul, LLC
Bethlehem, Pennsylvania

and

Turner Law, P.C.
Philadelphia, Pennsylvania

FINANCIAL ADVISOR
PFM Financial Advisors LLC
Harrisburg, Pennsylvania

UNDERWRITERS
RBC Capital Markets, LLC
Lancaster, Pennsylvania

Janney Montgomery Scott, LLC
Philadelphia, Pennsylvania

UNDERWRITERS LIMITED SCOPE COUNSEL
McNees Wallace & Nurick LLC
Lancaster, Pennsylvania

SPSBA ADDRESS
State Public School Building Authority
1035 Mumma Road
Wormleysburg, Pennsylvania 17043

LEHIGH CAREER & TECHNICAL INSTITUTE

Robert E. Smith, Jr.	Chairperson
Frank Frankenfield..	Vice Chairperson
Gary S. Fedorcha	Treasurer
Dr. Thomas J. Rushton, IV	Executive Director
Patricia T. Bader	Business Administrator

PARTICIPATING SCHOOL DISTRICTS AND JOINT OPERATING COMMITTEE MEMBERS ("JOC")

ALLENTOWN SCHOOL DISTRICT
Dr. Gary R. Cooper, Interim Superintendent
Ms. Audrey Mathison, JOC Member
Mr. Robert E. Smith Jr., JOC Member
Mr. Charles F. Thiel, JOC Member

CATASAUQUA AREA SCHOOL DISTRICT
Mr. Robert J. Spengler, Superintendent
Ms. Christine Nace, JOC Member

EAST PENN SCHOOL DISTRICT
Dr. J. Michael Schilder, Superintendent
Mr. Alan C. Earnshaw, JOC Member
Mr. Chris Donatelli, JOC Member
Ms. Rebecca Heid, JOC Member

NORTHERN LEHIGH SCHOOL DISTRICT
Mr. Michael W. Michaels, Superintendent
Mr. Gary S. Fedorcha, JOC Member

NORTHWESTERN LEHIGH SCHOOL DISTRICT
Dr. Mary Anne Wright, Superintendent
Mr. Joseph Fatzinger, JOC Member

PARKLAND SCHOOL DSITRICT
Mr. Richard Sniscak, Superintendent
Mr. Robert E. Bold, JOC Member
Ms. Carol Facchiano, JOC Member
Mr. David J. Hein, JOC Member
Mr. David M. Kennedy, JOC Member
Mr. Barry Long, JOC Member
Ms. Lisa Roth, JOC Member

SALISBURY TOWNSHIP SCHOOL DISTRICT
Dr. Randy Ziegenfuss, Superintendent
Mr. Frank R. Frankenfield, JOC Member

SOUTHERN LEHIGH SCHOOL DISTRICT
Mrs. Kathleen Evison, Superintendent
Ms. Rita Sisselberger, JOC Mem
Dr. Jennifer Smith, JOC Member

WHITEHALL-COPLAY SCHOOL DISTRICT
Dr. Lorie D. Hackett, Superintendent
Ms. Patty Gaugler, JOC Member
Mr. Lloyd Schaffer, JOC Member

No dealer, broker or any other person has been authorized by SPSBA to give any information or make any representation, other than those contained in this Official Statement, and if given or made, such other information and representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any 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 concerning the SPSBA set forth herein has been obtained from the SPSBA and other information has been obtained from other sources which are believed to be reliable, but the SPSBA does not guarantee the accuracy or completeness of information from sources other than the SPSBA. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

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

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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

The SPSBA deems this Official Statement to be final for the purposes of SEC Rule 15c2-12(b)(1) except for certain information on the Cover Page hereof and on certain pages herein which has been omitted in accordance with such rule and which will be supplied with the Official Statement.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "**BOND INSURANCE**" and "**APPENDIX E - SPECIMEN MUNICIPAL BOND INSURANCE POLICY**".

TABLE OF CONTENTS

This Table of Contents does not list all of the subjects in this Official Statement. In all instances, reference should be made to the complete Official Statement to determine the subjects set forth herein.

OFFICIAL STATEMENT

$45,865,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
School Lease Revenue Bonds (The Lehigh Career & Technical Institute Project)
Consisting of:
$38,600,000 School Lease Revenue Bonds, Series A of 2017
$7,265,000 School Lease Revenue Bonds, Series B of 2017

INTRODUCTORY STATEMENT

This Official Statement, including the cover page hereof, inside cover pages and appendices hereto, is furnished in connection with the offering of the State Public School Building Authority's $45,865,000 aggregate principal amount, School Lease Revenue Bonds (The Lehigh Career & Technical Institute Project), Series of 2017, consisting of the School Lease Revenue Bonds, Series A of 2017 in the principal amount of $38,600,000 (the "2017A Bonds") and the School Lease Revenue Bonds, Series B of 2017 in the principal amount of $7,265,000 (the "2017B Bonds," together with the 2017A Bonds, the "Bonds"). The Bonds are being issued pursuant to the State Public School Building Authority Act of 1947, P.L. 1217, as supplemented and amended (the "Act"), a resolution duly adopted by the SPSBA on December 15, 2016 (the "Resolution") and a Trust Indenture, dated as of September 15, 2001 (the "Original Indenture"), as previously supplemented, and as shall be further supplemented by a Third Supplemental Trust Indenture, dated as of March 1, 2017 (the "Third Supplemental Indenture", and, together with the Original Indenture, the "Indenture") between the SPSBA and U.S. Bank National Association (the "Trustee"), as trustee. The Lehigh County Area Vocational-Technical School Authority (the "Vo-Tech Authority") is the owner of the property in North Whitehall Township, Lehigh County, Pennsylvania on which the LCTI's educational facilities (the "Educational Facilities") are located. The Vo-Tech Authority has leased said property (the "Leased Property"), together with the Educational Facilities located thereon, to the SPSBA under a Lease Agreement, dated as of September 15, 2001 (the "Original Lease"), as shall be supplemented by a Third Supplemental Lease or such other designation as may be agreed upon by the parties (the "Third Supplemental Lease" and together with the "Original Lease", the Lease") for a term not less than the final maturity of the Bonds, and the SPSBA under the Lease covenants and agrees to make available to the LCTI the proceeds of the Bonds, and any supplemental bonds, to pay the costs of the capital projects and refunding program (hereinafter identified). The SPSBA will then sublease to the LCTI the Leased Property and Educational Facilities thereon to the LCTI under a Sublease Agreement, dated September 15, 2001 (the "Original Sublease"), as shall be supplemented by a Third Supplemental Sublease Agreement, dated as of March 1, 2017 (the "Third Supplemental Sublease", and together with the "Original Sublease", the "Sublease") for rental payments adequate and appropriate as to payment to provide for the debt service on the Bonds. Under the Third Supplemental Indenture, the SPSBA will pledge and assign to the Trustee the sublease rentals to be paid pursuant to a Third Supplemental Sublease. Such Third Supplemental Sublease rental payments are pledged by the SPSBA for the benefit of the holders of the Bonds.

The SPSBA is a body corporate and politic created in 1947 by the Act. Under the Act, the SPSBA is constituted a public corporation and governmental instrumentality, having perpetual existence, for the purpose of acquiring, financing, refinancing, constructing, improving, maintaining and operating public school and educational broadcasting facilities, and furnishing and equipping the same for use as part of the public school system of the Commonwealth of Pennsylvania (the "Commonwealth") under the jurisdiction of the Pennsylvania Department of Education (the "Department"). Under the Act and Article XIX-A of the Public School Code, Act of July 1, 1985, P.L. 103, No. 31, Section 1 et seq., as amended, the SPSBA also has for its purpose the acquiring, financing, refinancing, construction, improvement, furnishing, equipping, maintenance and operation of community college buildings.

The proceeds to be derived by the SPSBA from the issuance and sale of the 2017A Bonds will be used to: (1) refund, on a current refunding basis, all of the Lehigh Career & Technical Institute Revenue Bonds, Refunding Series of 2007, currently outstanding in the aggregate principal amount of $38,860,000 and (2) pay all costs and expenses incurred by the SPSBA in connection with the issuance and sale of the 2017A Bonds.

The proceeds to be derived by the SPSBA from the issuance and sale of the 2017B Bonds will be used to: (1) provide funds for various capital projects and (2) pay all costs and expenses incurred by the SPSBA in connection with the issuance and sale of the 2017B Bonds. (See **"PURPOSE OF THE BOND ISSUE," "SOURCES AND USES OF FUNDS"** and **"THE REFUNDING PROGRAM"** herein.)

Scheduled principal and interest payments on the Bonds will be guaranteed by a municipal bond insurance policy issued by **Build America Mutual Bond Assurance Company ("BAM")**. See "**BOND INSURANCE**" herein.

THE SPSBA

The State Public School Building Authority ("SPSBA") and the Pennsylvania Higher Educational Facilities ("PHEFA") share an executive, fiscal and administrative staff, and operate under a joint administrative budget. The SPSBA has issued, and may continue to issue, other series of bonds for the purpose of financing other projects, including educational facilities. Each such series of bonds is or will be secured by instruments separate and apart from the Indenture securing the Bonds.

The SPSBA is a public corporation and a governmental instrumentality of the Commonwealth of Pennsylvania, created by the Act of July 5, 1947 (P.L. 1217, No. 498), known as the State Public School Building Authority Act of 1947 (24 P.S. §791.1 et seq.), for the purpose of financing the construction and improvement of public school facilities. The SPSBA is governed by a nine-member body composed of the Governor, State Treasurer, Auditor General, Secretary of Education, Secretary of General Services, President Pro Tempore of the Senate, Speaker of the House of Representatives, Minority Leader of the Senate, and Minority Leader of the House of Representatives.

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

Robert Baccon
Executive Director

Mr. Baccon has served as an executive with SPSBA and PHEFA (the "Authorities") since 1984. He is a graduate of St. John's University with a bachelor's degree in management, and holds a master's degree in international business from the Columbia University Graduate School of Business. Prior to joining the SPSBA, Mr. Baccon held financial management positions with multinational U.S. corporations and was Vice President - Finance for a major highway construction contractor.

David Player
Comptroller & Director of Financial Management

Mr. Player serves as the Comptroller & Director of Financial Management of both SPSBA and PHEFA. He has been with the Authorities since 1999. Prior to his present position, he served as Senior Accountant for both Authorities and as an auditor with the Pennsylvania Department of the Auditor General. Mr. Player is a graduate of the Pennsylvania State University and a Certified Public Accountant.

Beverly M. Nawa
Administrative Officer

Mrs. Nawa has served as the Administrative Officer of both Authorities since 2004. She is a graduate of Alvernia University with a bachelor's degree in business administration. Prior to her present employment, Mrs. Nawa served as an Audit Senior and an Accounting Systems Analyst with the Pennsylvania Department of the Auditor General.

The Bonds are being issued by the SPSBA on behalf of LCTI pursuant to the Act, a resolution of the SPSBA adopted December 15, 2016 and the Indenture as supplemented by the Third Supplemental Indenture. The SPSBA has and will continue to issue series of bonds/notes for other eligible institutions and projects in the Commonwealth. None of the revenues of the SPSBA, other than amounts received under the Sublease are pledged for the payment of the Bonds.

None of the revenues of the SPSBA with respect to any of the bonds and notes referred to above are pledged as security for any of the Bonds and, conversely, the bonds and notes referred to above are not payable from or secured by the revenues of the SPSBA or other moneys securing the Bonds. See **"SECURITY FOR THE BONDS"** herein.

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LEHIGH COUNTY AREA VOCATIONAL-TECHNICAL SCHOOL AUTHORITY

The Lehigh County Area Vocational-Technical School Authority ("Vo-Tech Authority") was formed effective March 22, 1967 by one of the Participating School Districts, the East Penn School District, under and pursuant to the Pennsylvania Municipality Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended, 53 P.S. 301 (the "Municipal Authorities Act"). The Vo-Tech Authority then, on December 13, 1967, acquired title by direct purchase from the private owners to a tract of 47 acres of land in North Whitehall Township, Lehigh County, Pennsylvania, which land remains titled in the name of the Vo-Tech Authority. The Vo-Tech Authority entered into an Agreement of Lease dated as of April 1, 1969 (the "1969 Lease"), which Lease ran to the Participating School Districts, and provided for rentals by the Participating School Districts as lease rental debt to fund the amortization of bonds issued under trust indentures contemporaneous to the Leases (the "Prior SPSBA Bonds"). The proceeds of the Prior SPSBA Bonds were utilized to initially build the LCTI building and fixture and equip it as an educational facility, and subsequently, under the 1976 Lease, add to the facilities (the "Educational Facilities"). The 1969 Lease and the 1976 Lease (collectively the "Prior Leases") have expired, and all bonded indebtedness issued pursuant to the Prior Leases has been retired.

After the expiration of the Prior Leases, LCTI continued to utilize the Educational Facilities for the operation of its school with the Vo-Tech Authority continuing as record title owner of the tract of land and improvements thereon. Subsequently, in 2001 and 2003 the Educational Facilities were in need of further improvements. A lease (the "2001 Lease") was entered into between the Vo-Tech Authority and SPSBA. SPSBA in turn subleased the Educational Facilities to LCTI and the sublease rentals were utilized to amortize the 2001 and 2003 Bonds issued by SPSBA under trust indentures and subleases issued contemporaneously with the 2001 and 2003 Bonds. In 2007, the 2001 and 2003 Bonds were refunded, for the purpose of interest rate savings, pursuant to a supplemental sublease and a supplemental trust indenture issued by SPSBA and LCTI with the Vo Tech Authority remaining as record title owner of the tract of land and improvements thereon. (See **"INTRODUCTORY STATEMENT"** herein which outlines the lease agreements under the existing outstanding indebtedness).

LEHIGH CAREER & TECHNICAL INSTITUTE

The LCTI is an Area Vocational Technical School created pursuant to the provisions of the Pennsylvania School Code of 1949, as amended (the "School Code") for the purpose of providing vocational, technical and career education to the students in its Participating School Districts (hereinafter defined). The LCTI was created and operates under Articles of Agreement by and among certain participating school districts (the "Participating School Districts") which consist of 9 public school districts in Lehigh County, Pennsylvania. The Participating School Districts are as follows:

1. Allentown School District
2. Catasauqua School District
3. East Penn School District
4. Northern Lehigh School District
5. Northwestern Lehigh School District
6. Parkland School District
7. Salisbury School District
8. Southern Lehigh School District
9. Whitehall-Coplay School District

Under Articles of Agreement (the "Articles of Agreement"), dated July 1, 1966, as amended, between the LCTI and the Participating School Districts, the annual operating expenses of the LCTI are allocated to and paid by the Participating School Districts in proportion to the average daily number of students enrolled by each in the LCTI computed at the end of each school year (June 30). Lease rental payments to amortize capital financings (including payments under the Sublease) or capital outlays are shared in proportion to each Participating School District's market valuation of taxable real estate to the total valuation of all Participating School Districts.

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PURPOSE OF THE BOND ISSUE

The proceeds to be derived by the SPSBA from the issuance and sale of the 2017A Bonds will be used to: (1) refund, on a current refunding basis, the Lehigh Career & Technical Institute Revenue Bonds, Refunding Series of 2007, currently outstanding in the aggregate principal amount of $38,860,000 (the "2007 Bonds"); and (2) pay all costs and expenses incurred by the SPSBA in connection with the issuance and sale of the 2017A Bonds.

The proceeds to be derived by the SPSBA from the issuance and sale of the 2017B Bonds will be used to: (1) provide funds for various capital projects; and (2) pay all costs and expenses incurred by the SPSBA in connection with the issuance and sale of the 2017B Bonds.

THE REFUNDING PROGRAM

A portion of the net proceeds of the Bonds will be deposited in an Escrow Fund (the "Escrow Fund") for the 2007 Bonds created pursuant to the Refunding Escrow Deposit Agreement, dated as of March 1, 2017 (the "Escrow Agreement") between the LCTI and U.S. Bank National Association, as Escrow Agent (the "Escrow Agent"). The moneys deposited in the Escrow Fund will be applied by the Escrow Agent to the purchase of direct obligations of the United States of America (the "Government Obligations"). The Government Obligations will mature in such principal amounts and at such time so that sufficient moneys will be available to: (1) pay the principal of and interest on the 2007 Bonds: through April 1, 2017 and (2) redeem on April 1, 2017 the outstanding 2007 Bonds and to pay the interest thereon to such redemption date (there being no premium payable upon the redemption thereof).

SOURCES AND USES OF FUNDS

The proceeds from the sale of the Bonds shall be applied substantially in the following manner:

Sources of Funds:	2017A Bonds	2017B Bonds	Total
Par Amount of the Bonds	$38,600,000.00	$7,265,000.00	$45,865,000.00
Original Issue Premium/(Discount)	1,649,583.90	(44,844.70)	1,604,739.20
Total Sources of Funds	$40,249,583.90	$7,220,155.30	$47,469,739.20
Uses of Funds:			
Amount Required to Redeem 2007 Bonds	$39,664,018.62	$ 0.00	$39,664,018.62
Construction Fund Deposit	0.00	7,100,779.87	7,100,779.87
Costs of Issuance [(1)]	585,565.28	119,375.43	704,940.71
Total Use of Funds	$40,249,583.90	$ 7,220,155.30	$47,469,739.20

[(1)]Includes bond discount, legal, printing, rating, municipal bond insurance premium, CUSIP, trustee fee, escrow agent fee, and miscellaneous fees.

THE BONDS

Description

The Bonds shall be issued in the aggregate principal amount of $45,865,000, dated March 1, 2017, will mature on the dates and in the amounts set forth inside the front cover hereof and shall be payable as to interest, on April 1 and October 1 of each year commencing April 1, 2017, at the rates set forth inside the cover page hereof. The Bonds shall be subject to redemption prior to maturity as described herein.

When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "**BOOK – ENTRY ONLY SYSTEM**" herein.

Payment on Principal and Interest

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

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to U.S. Bank National Association (the "Trustee"), acting as Trustee and sinking fund depository for the Bonds, at its designated corporate trust office (or to any successor Trustee at its designated office).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding March 1, 2017, in which event such Bond shall bear interest from the date of delivery, or (d) as shown by the records of the Trustee, 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 shall be paid initially on April 1, 2017, and thereafter, semiannually on April 1 and October 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Trustee, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15^{th}) calendar day (whether or not a day on which the Trustee is open for business) of the month immediately preceding each interest payment date (the "Record Date"), on the registration books maintained by the Trustee, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the Participating School Districts 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 Trustee to the registered owners of such Bonds not less than ten (10) days preceding such special record date.

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

Transfer, Exchange and Registration

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

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

Neither the SPSBA, nor the Trustee, shall be required to: (a) issue, or register the transfer or exchange of, any Bond during a period of fifteen (15) business days before any date of selection of Bonds to be redeemed; or (b) register the transfer or exchange of any Bond after it has been selected for redemption.

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources believed to be reliable, but neither the SPSBA nor the LCTI takes responsibility for the accuracy thereof.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each Bond, in the aggregate principal amount of such issue, and will be deposited with DTC. DTC the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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 Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities: DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State Public School Building Authority (the "Issuer" or "SPSBA") 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

SPSBA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security 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 SPSBA, THE LCTI NOR THE TRUSTEE 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 SPSBA, LCTI nor the Trustee cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

REDEMPTION OF THE BONDS

Optional Redemption

The Bonds stated to mature on and after October 1, 2026, are subject to redemption prior to maturity at the option of the SPSBA at the direction of the LCTI, in whole or in part, on October 1, 2025, or any date thereafter, upon not less than thirty (30) nor more than sixty (60) days' notice, to be given in the manner required by the Resolution, at 100% of principal, together with accrued interest to the redemption date.

Mandatory Redemption - 2017A Bonds

In the manner and upon the terms and conditions provided in the Indenture, the Bonds stated to mature on October 1 of the year 2038, and are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon, to the dates fixed for redemption, on October 1 of the years and in the amounts set forth below:

The 2017A Bonds Stated to Mature on October 1, 2038

Year	Principal Redeemed
2037	$2,720,000
2038*	1,275,000

*Principal maturity.

Mandatory Redemption – 2017B Bonds

In the manner and upon the terms and conditions provided in the Indenture, the Bonds stated to mature on October 1 of the years 2027, 2032 and 2040, and are subject to mandatory redemption, in part, prior to maturity, by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon, to the dates fixed for redemption, on October 1 of the years and in the amounts set forth below:

The 2017B Bonds Stated to Mature on October 1, 2027

Year	Principal Redeemed
2022	$5,000
2023	5,000
2024	5,000
2025	5,000
2026	5,000
2027*	5,000

*Principal maturity.

The 2017B Bonds Stated to Mature on October 1, 2032

Year	Principal Redeemed
2028	$5,000
2029	5,000
2030	5,000
2031	5,000
2032*	5,000

*Principal maturity.

The 2017B Bonds Stated to Mature on October 1, 2040

Year	Principal Redeemed
2033	$5,000
2034	5,000
2035	5,000
2036	5,000
2037	5,000
2038	1,150,000
2039	2,150,000
2040*	2,030,000

*Principal maturity.

Notice of Redemption

When required or directed to redeem Bonds, the Trustee shall cause notice of the redemption to be given by first-class mail, postage pre-paid, not more than forty five (45) days and not less than thirty (30) days prior to the date fixed for redemption to all registered holders of Bonds to be redeemed at their registered addresses prior to the redemption date. Any such notice shall be given in the name of the SPSBA, shall identify the Bonds to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price and shall state that on the redemption date the Bonds called for redemption will be payable at a designated office of the Trustee or its designee and that from that date interest will cease to accrue on the Bonds or portions thereof to be redeemed. Failure to mail any notice or any defect in the mailed notice or in the mailing thereof shall not affect the validity of the proceedings for the redemption of Bonds with respect to which no such failure or defect occurred. The Trustee may use CUSIP numbers in notices of redemption as a convenience to holders of the Bonds, provided that such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the serial numbers of the Bonds.

If the date for the payment of the principal of, interest on, or redemption premium, if any, on any of the Bonds shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the municipality where the principal corporate trust office of the Trustee or its designee is located are authorized by law or executive order to close, then the date for payment of the principal, redemption premium, if any, and interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or a day on which such banking institutions in the Commonwealth are authorized to close, and payment on such date shall have the same force and affect as if made on the nominal date of payment.

Manner of Redemption

Portions of any Bond of a denomination larger than $5,000 may be redeemed, but only in the principal amount of $5,000 or any integral multiple thereof. For the purpose of redemption, each 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. Upon surrender of any Bond for redemption of a portion only, the Trustee shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same series, maturity date and interest rate, in authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

SECURITY FOR THE BONDS

The Bonds are limited obligations of the SPSBA, payable solely from (a) Third Supplemental Sublease rental payments to the SPSBA from the LCTI (the "Third Supplemental Sublease Rentals"); (b) moneys derived from the investment of such Sublease Rentals; and (c) other receipts, revenues and moneys otherwise available to the SPSBA under the Third Supplemental Indenture. The SPSBA has no taxing power.

The Sublease Rentals are payable under the Third Supplemental Sublease which have been assigned to the Trustee. The Sublease Rentals are payable by the LCTI from its current revenues, which include "capital cost payments" payable semi-annually by the Participating School Districts. Under the Articles of Agreement dated July 1, 1966, as amended (the "Articles of Agreement"), among the Participating School Districts, pursuant to which the LCTI was established, the Participating School Districts are obligated to pay allocable shares of any rentals payable by the LCTI for the use or construction of buildings, for the purchase of equipment, the purchase and improvement of real estate and all other expenses related thereto, including the Sublease Rentals. The obligation to make such payments is not a statutory or constitutional debt obligation of the Participating School Districts, and the taxing power of the Participating School Districts are not specifically pledged therefor. Rather, such obligations of the Participating School Districts are payable from current revenues of each of the Participating School Districts in each applicable year. Each Participating School District's annual payments include an allocable share of each Sublease Rental based upon the proportion which the market valuation of such Participating School District's taxable real estate bears to the total market valuation of the taxable real estate of all the Participating School Districts. Any Participating School District may withdraw from the Articles of Agreement as of July 1 of any years, upon one (1) year's written notice of such intention to withdraw, ***but shall not thereby be relieved of its share of obligations which properly were incurred by the LCTI during such period as the Participating School District was a party thereto***. Special terms with respect to any withdrawing Participating School District may be granted if approved by two-thirds (2/3) of the remaining Participating School Districts. Each of the Participating School Districts has approved the financing and authorized the LCTI to incur the indebtedness represented by the Bonds, as required by the Articles of Agreement.

THE BONDS DO NOT PLEDGE THE GENERAL CREDIT OF THE SPSBA OR THE CREDIT OR TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE PARTICIPATING SCHOOL DISTRICTS. THE SPSBA HAS NO TAXING POWER.

Commonwealth Enforcement of Debt Service Payments

Section 785 of the School Code, as amended by Act No. 154, approved December 21, 1998, provides that if any school district fails to pay any rental payment due any SPSBA in accordance with the terms of any lease entered into under the provisions of Section 785, the Secretary of Education shall withhold any state appropriation due such school district and pay over the amount so withheld to the Authority in payment of the rental.

The withholding provisions of Section 785 described above are not part of any contract with the registered owners of the Bonds and may be amended or repealed by future legislation. The effectiveness of Section 785 may be limited by the application of other withholding provisions contained in the 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 effecting the enforcement of creditors' rights generally. Nor can there be any assurance that any payments pursuant to such withholding provision will be made by the date on which such payments are due to the bondholders.

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BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2016 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $493.9 million, $61.0 million and $432.8 million, respectively.

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

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

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

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

BOND INSURANCE RISK FACTORS

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

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies that the Trustee exercises and the bond insurer's consent may be required in connection with amendments to the Indenture.

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

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

The obligations of the bond insurer are general obligations of the bond insurer and in an event of default by the bond insurer, the remedies available to the Trustee and holders of Bonds may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the SPSBA, LCTI, nor the Underwriter have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given.

SUMMARY OF CERTAIN PROVISIONS OF THE THIRD SUPPLEMENTAL INDENTURE, THIRD SUPPLEMENTA LEASE AND THIRD SUPPLEMENTAL SUBLEASE

The following pages contain descriptions of certain provisions of the Third Supplemental Indenture, the Third Supplemental Lease and the Third Supplemental Sublease. The Bonds are secured by the Third Supplemental Indenture and are payable from payments due under the Third Supplemental Sublease. *These descriptions are brief summaries and do not purport to be and should not be regarded as complete statements of the terms of either the Third Supplemental Sublease or the Third Supplemental Indenture or as complete synopses thereof. Reference is made to the documents in their entirety; copies of which may be obtained from the Trustee, for the complete statement of the terms and conditions thereof.*

Third Supplemental Lease and Sublease

In connection with the issuance of the Bonds the SPSBA will enter into a Third Supplemental Lease dated as of March 1, 2017, with the Vo-Tech Authority as the lessor pursuant to which SPSBA will extend the lease of certain real estate, buildings and facilities to the SPSBA in exchange for a lump sum lease payment made from the proceeds of the Bonds. LCTI will then enter into the Third Supplemental Sublease with the SPSBA. The Third Supplemental Sublease will provide for rental payments (the "Sublease Rentals") by LCTI to the SPSBA in amounts sufficient to pay the debt service requirements on the Bonds.

Source of Rental Payments. The Sublease Rentals are payable by LCTI from its "capital cost revenues", payable by the Participating School Districts under the Articles of Agreement. See "**SECURITY FOR THE BONDS**" above.

Assignment of Third Supplemental Sublease. The Sublease Rentals shall be paid by LCTI directly to the Trustee under an assignment by the SPSBA to the Trustee of such payments for the benefit and security of the registered Owners of Bonds Issued under the Indenture.

Unconditional Obligation of LCTI. The obligation of LCTI to pay the Sublease Rentals due under the Sublease Agreement, as supplemented by the Third Supplemental Sublease, and all other sums payable under the Third Supplemental Sublease is absolute and unconditional. The Sublease Rentals are required to be made in full directly to the Trustee when due without delay or diminution for any cause whatsoever, including, without limitation thereto, destruction of the Educational Facilities (as defined in the Third Supplemental Sublease), and without right of set-off for default on the part of LCTI under the Third Supplemental Sublease.

Maintenance and Repair. LCTI covenants under the terms of the Third Supplemental Sublease to pay the costs to operate, to maintain and repair the Educational Facilities from time to time as may be necessary. It is understood that this provision applies to all repairs major as well as minor, without exception.

Insurance. LCTI also covenants in the Third Supplemental Sublease to maintain adequate insurance on the Educational Facilities in the name of LCTI, the SPSBA and the Trustee as their interest may appear, with any loss payable to the Trustee. The total amount recovered from time to time in connection with any fire or other casualty covered by insurance shall, at the option of LCTI, be made available by the Trustee to the SPSBA for the purpose of rebuilding, repairing or replacing such destroyed or partially destroyed School Facilities or to be retained by the Trustee and credited to the Bond Redemption Fund provided for in the Third Supplemental Indenture. LCTI agrees to remain in possession of its Educational Facilities during the period of reconstruction or repair and to continue to pay its Third Supplemental Sublease Rentals irrespective of the damage.

Defaults and Remedies. Under the Third Supplemental Sublease, the failure of LCTI to make any payments required of it as Third Supplemental Sublease Rentals or otherwise, or the failure to comply with covenants after written notice, or the occurrence of a default under the Third Supplemental Indenture on payment of the Bonds by acceleration, or the failure to carry out the capital projects to be financed by the proceeds of the Bonds, shall constitute events of default. In the event of any such default, and after due notice as required, the SPSBA, and/or the Trustee as its assignee, may, in addition to any other remedies, (i) declare all sums payable under the Third Supplemental Sublease to be immediately due; or (ii) by legal action enforce all rights of SPSBA under the Third Supplemental Sublease; and (iii) in the event of a default in payment, notify the Department of Education of the Commonwealth to commence proceedings for the withholding of any appropriations due the Participating School Districts under the Public School Code, as appropriate.

The Third Supplemental Indenture

Limited Obligation of the SPSBA. The Bonds are limited obligations of the SPSBA and are secured by a pledge and assignment to the Trustee of the payments or other revenues or income derived by or for the SPSBA from or with respect to the Third Supplemental Sublease and the Educational Facilities leased thereunder and all moneys to be paid over to the Trustee under the provisions of the Third Supplemental Indenture. The SPSBA has no taxing power. Neither the general credit of the SPSBA, the Commonwealth of Pennsylvania, the Participating School Districts or any other political subdivision of the Commonwealth is pledged for the payment of the principal of or interest on the Bonds; nor shall the Bonds be deemed to be obligations of the Commonwealth of Pennsylvania, the Participating School Districts or any other political subdivision thereof.

Pledge and Assignment. The SPSBA has pledged to the Trustee, in the Third Supplemental Indenture, a security interest in all Third Supplemental Sublease Rentals and other sums payable to it under the Third Supplemental Sublease, for the benefit and security of the Registered Owners of the Bonds issued under such Third Supplemental Indenture.

Revenue Fund. All Third Supplemental Sublease Rentals with respect to the Bonds are required to be deposited to the Revenue Fund established with the Trustee 60 days prior to the due date of debt service payments beginning April 1, 2017. The Trustees related fees and expenses except for the initial and first annual fee shall be paid by LCTI. Moneys in the Revenue Fund are required to be transferred by the Trustee at all times set forth in the Third Supplemental Indenture to the various other Funds established under the Third Supplemental Indenture in the order of priority set forth below.

Rebate Fund. The Trustee shall establish a Rebate Fund. Every five years and upon retirement of the last Bond, the SPSBA will determine the sum required to be deposited in the Rebate Fund and direct the Trustee to transfer such sum from the other funds and accounts established under the Third Supplemental Indenture. The SPSBA will direct the Trustee to pay to the United States of America the sums on deposit in the Rebate Fund at the times and in the amounts required by the Code and all extant regulations promulgated thereunder.

Investment of Funds Moneys held in the Revenue Fund, the Debt Service Fund and the Bond Redemption Fund may and, upon instructions of the SPSBA, shall be wholly or partially deposited and redeposited in interest bearing deposit accounts or time certificates of deposit with the commercial department of the Trustee or any other authorized depository, which deposits to the extent not insured, shall be secured as provided by the Third Supplemental Indenture; or invested or reinvested by the Trustee upon instructions of the SPSBA solely in obligations which meet the requirements set forth in the Third Supplemental Indenture, subject to the limitations provided therein.

Additional Bonds. The Indenture permits, under certain circumstances and conditions, the issuance of additional parity bonds for the purposes of refunding any series of outstanding bonds of the SPSBA issued on behalf of LCTI or financing additional Projects (as defined in the Indenture).

Default and Remedies. The Act which governs the SPSBA provides remedies to the Bondholders in the event of default or failure on the part of the SPSBA to fulfill its covenants under the Third Supplemental Indenture.

Under the Third Supplemental Indenture, in the event of any such event of default (as defined in the Third Supplemental Indenture), the Trustee may enforce, and upon the written request of the holders of 25% in principal amount of the Bonds then outstanding accompanied by indemnity as provided in the Third Supplemental Indenture, shall enforce for the benefit of all Bondholders all their rights of entry, of bringing suit, action or proceeding at law or in equity and of having a receiver appointed.

Neither the Trustee nor any receiver, however, may sell, assign, mortgage, or otherwise dispose of any assets of the SPSBA. For a more complete statement of rights and remedies of the Bondholders and of the limitations thereon, reference is made to the Third Supplemental Indenture.

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

Defeasance. Whenever all Bonds outstanding under the Third Supplemental Indenture and all other sums due thereunder have been paid, or provision shall have been made for payment, then the rights, title and interest of the Trustee under the Third Supplemental Indenture shall cease and the Trustee shall release and discharge the lien of the Third Supplemental Indenture. Provision for payment of the Bonds may be made by depositing any combination of direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America with the Trustee.

OPINION OF CO-BOND COUNSEL

The information which follows is a summary of Co-Bond Counsel's opinion. This summary does not purport and should not be construed to be a complete recitation of Co-Bond Counsel's opinion. The full text draft of Co-Bond Counsel's opinion is appended hereto in Appendix B and reference is made hereto. On the date of delivery of the Bonds, King, Spry, Herman, Freund & Faul, LLC and Turner Law, P.C., as Co-Bond Counsel, will issue an opinion to the effect that 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, but 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. This opinion of Co-Bond Counsel will assume the accuracy of certifications made by LCTI and will be subject to the condition that LCTI 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. The LCTI has covenanted to comply with all such requirements. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. In the opinion of Co-Bond Counsel, under the law of the Commonwealth of Pennsylvania, the Bonds, their transfer and income therefrom shall at all times be free from taxation for state and local purposes within the Commonwealth of Pennsylvania but such exemption does not extend to gift, succession, or inheritance taxes, taxes on gain on the same or transfer thereof, or other taxes not levied or assessed directly on the Bonds or the transfer thereof. All other discussions concerning the Code or tax consequences discussed within the Official Statement are not statements or comments of Co-Bond Counsel and are not matters to which Co-Bond Counsel will opine. A draft of Co-Bond Counsel's opinion is appended hereto in Appendix B and reference is made thereto.

FEDERAL TAX LAWS

Federal Tax Laws

Numerous provisions of the Internal Revenue Code of 1986, as amended (the "Code"), affect the issuers of state and local government bonds, such as the SPSBA, and impair or restrict the ability of the SPSBA to finance projects on a tax-exempt basis. Failure on the part of the SPSBA or LCTI to comply with any one or more of such provisions of the Code, or any regulations under the Code, could render interest on the Bonds includable in the gross income of the owners thereof for purposes of federal income tax retroactively to the date of issuance of the Bonds. Among these provisions are more restrictive rules relating to: (a) investment of funds treated as proceeds of the Bonds; (b) the advance refunding of tax-exempt bonds; and (c) the use of proceeds of the Bonds to benefit private activities. In addition, under the Code, the SPSBA is required to file an information return with respect to the Bonds and, if applicable, to "rebate" to the federal government certain arbitrage profits on an ongoing basis throughout the term of the issue constituting the Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds such as the Bonds. Prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry certain state or local government bonds, such as the Bonds, or, in the case of a financial institution, that portion of a financial institution's interest expense allocated to interest on certain state or local government bonds, such as the Bonds, unless the issuer of the state or local government bonds designates the bonds as "tax-exempt obligations" for the purpose and effect contemplated by Section 265 (b)(3)(B) of the Code (the SPSBA has **not** designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3)(B) of the Code, as such phrase is defined in the Code); (ii) certain corporations must take into account interest on certain state or local government bonds, such as the Bonds, in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989) for the purpose of computing the earnings for taxable years beginning after December 31, 1989 for the purpose of computing the alternative minimum tax imposed on such corporations; (iii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, for taxable years beginning after December 31, 1986, Section 832(b)(5)(B)(1) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest on certain state or local government bonds, such as the Bonds, earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code; (v) interest on certain state or local government bonds, such as the Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (vi) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state and local government bonds such as the Bonds) exceeding 25% of such Subchapter S corporation's gross receipts and if such Subchapter S corporation has Subchapter "C" earnings and profits, then interest income derived from state and local government bonds, such as the Bonds, may be subject to federal income tax under Section 1375 of the Code; and (vii) Section 86 of the Code requires recipients of certain Social Security, and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on certain local government bonds such as the Bonds.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES MAY NOT BE EXHAUSTIVE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISOSRS REGARDING THE POSSIBLE FEDERAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS TAX EXEMPTION

The tax exemption described above does not extend to corporations required to include interest on the Bonds in the calculation of alternative minimum taxable income within the meaning provided in Section 56 of the Code, or to corporations that are required to include such interest in the calculation of the "Environmental Tax" under Section 59A of the Code. Other provisions of the Code will affect certain purchasers and holders of the Bonds. See "**Federal Tax Laws**" above.

The SPSBA and LCTI will each issue its certificate regarding the facts, estimates and circumstances in existence on the date of delivery of the Bonds and regarding the anticipated use of the proceeds of the Bonds. The SPSBA and LCTI will each certify that, on the basis of the facts, estimates and circumstances in existence on the date of issuance of the Bonds, neither SPSBA nor LCTI reasonably expect to use the proceeds of the Bonds in a manner that would cause the Bonds to be or become "arbitrage bonds," as defined in Section 148 of the Code.

The initial public offering price of certain of the Bonds (the "Discount Bonds") is less than the amount payable at maturity. The difference between the initial public offering price of the Discount Bonds and the amount payable at maturity constitutes original issue discount. Bond counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder of the Discount Bonds will, upon sale, exchange, redemption, or payment at maturity of the Discount Bonds, be treated as interest on the Bonds generally.

The initial public offering price of certain of the Bonds (the "Premium Bonds') is more than the amount payable at maturity. Under the Code, the premium on the Premium Bonds is an adjustment to basis and must be amortized. No deduction is allowable on account of such premium. The method of amortization may be the method regularly employed by the taxpayer if such method is reasonable, or, in all other cases, must be the method prescribed by applicable Treasury Regulations, which provide that the amortizable bond premium is an amount which bears the same ratio to the bond premium on the Premium Bond as the number of months in the taxable year during which the bond was held by the taxpayer bears to the number of months from the beginning of the taxable year (or, if the bond was acquired in the taxable year, from the date of acquisition) to the date of maturity. The basis of the Premium Bond is reduced by the amount of the amortizable bond premium.

Holders of Tax-Exempt Discount or Premium Bonds should consult their own tax advisors as to the treatment of OID/OIP and the tax consequences of the purchase of such Discount or Premium Bonds other than at the issue price during the initial public offering and as to the treatment of OID/OIP for state tax purposes.

Regulations; Future Legislation

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

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

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

STATE TAX EXEMPTION

Under the laws of the Commonwealth, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the Interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of the Bonds shall be subject to State and local taxation within the Commonwealth of Pennsylvania.

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CONTINUING DISCLOSURE UNDERTAKING
(CUSIP 6- Based #: 85732P)

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission ("SEC"), and the Resolution authorizing issuance of the Bonds, the LCTI will execute and deliver a written continuing disclosure undertaking with respect to the Bonds. See the form of Continuing Disclosure Agreement (the "Agreement") at Appendix C herein.

Under the terms of the Agreement, LCTI will undertake to file with the MSRB financial and other information concerning LCTI and its Participating School districts. LCTI's obligations with respect to continuing disclosure relative to the Bonds shall terminate upon the prior redemption or payment in full of all of the Bonds.

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

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

The LCTI reserve 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 the result of a change in legal requirements or changes in the nature or operations of the LCTI; provided that each of the LCTI agrees that any such changes will be in conformity with the Rule.

The LCTI reserves the right to terminate their respective obligations to provide annual financial information and notices of material events, as set forth above if and when the LCTI no longer remains an "obligated person" with respect to the Bonds within the meaning of the Rule. The LCTI acknowledges that its respective undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners of such Bonds; provided that the right of the holders and beneficial owners of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the LCTI's obligations hereunder and any failure by the LCTI to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

The SPSBA has no responsibility or liability with respect to the Agreement or the obligations of the LCTI thereunder or under the Rule.

On July 17, 2012, Moody's Investors Service downgraded the enhanced ratings of certain outstanding bond issues of the LCTI from "Aa3" to "A1" as a result of the downgrade to the Pennsylvania Act 150 School District Intercept Program. LCTI failed to timely file an event notice but subsequently file to EMMA on January 12, 2017.

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MISCELLANEOUS

Absence of Litigation

There is no litigation of any nature now pending or to the knowledge of the SPSBA threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, the Indenture, the Lease, Sublease or any proceedings of the SPSBA taken in connection with the issuance or sale of the Bonds, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the SPSBA.

There is no litigation, individually or in the aggregate, currently pending or to the knowledge of the LCTI threatened against it, which will have a material adverse effect on its financial condition or which questions or will affect the validity or enforceability of the Note, the Lease or Sublease, or which in any way contests the existence or powers of the LCTI.

Legal Opinion

The issuance and delivery of the Bonds is subject to the unqualified approving legal opinion of King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania and Turner Law, P.C., Philadelphia, Pennsylvania, Co-Bond Counsel. Certain legal matters will be passed upon by Barley Snyder LLP, Lancaster, Pennsylvania, Counsel to the SPSBA. Certain other legal matters will be passed upon for LCTI by its Solicitor, Thomas F. Traud, Jr. of Traud Law Offices, Allentown, Pennsylvania.

Financial Advisor

The LCTI has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania as its financial advisor (the "Financial Advisor") in connection with the authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement.

Ratings

Moody's Investors Service is expected to assign an underlying municipal bond rating of "A1 (stable outlook)" to this issue of Bonds.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign their municipal bond rating to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the payment when due of the principal of and interest on the Bonds will be issued by BAM. Currently, BAM's financial strength is rated "AA" (Stable Outlook) by S&P.

Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agencies furnishing the same, at the following addresses: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and S&P, 55 Water Street, New York, New York 10041. Prospective investors may obtain a copy of the report underlying the respective ratings from the respective rating agency. 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.

Bond Underwriting

RBC Capital Markets, LLC and Janney Montgomery Scott, LLC (the "Underwriters") have agreed, subject to certain conditions, to purchase the Bonds at an aggregate purchase price of $47,091,352.95 (representing the aggregate principal amount of the Bonds less an underwriting discount of $378,386.25 and plus an original issue premium of $1,604,739.20). The Bond Purchase Agreement for the Bonds provides that the Underwriters will purchase all the Bonds, if any are purchased, in accordance with the terms of the Bond Purchase Agreement, and requires that the SPSBA certify to the Underwriters that this Official Statement does not, to the knowledge of the SPSBA, contain any untrue statement of a material fact or omit any statement of any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The initial public offering prices of the Bonds, set forth in the **BOND MATURITY SCHEDULE** shown on the inside of the inside cover pages of this Official Statement, may be changed by the Underwriters from time to time without any requirement of prior notice. The Underwriters reserves the right to join with other dealers in offering the Bonds to the public; and said Bonds offered to other dealers may be at prices lower than those offered to the public.

The Underwriter has provided the following information for inclusion in this Official Statement: The Underwriter and their respective affiliates are full service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, the Underwriter and their respective affiliates may actively trade debt and if applicable equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriter and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

Trustee

The principal of the Bonds will be payable upon presentation of the Bonds at the designated corporate trust office of U.S. Bank National Association, presently located in Philadelphia, Pennsylvania, as Trustee and sinking fund depository. Interest on the Bonds will be paid by check mailed by or on behalf of the Trustee to the registered owners of the Bonds.

The SPSBA has no responsibility for the LCTI's compliance with the Continuing Disclosure Agreement or for the contents of, or any omissions from, the financial information, operating data, or notices provided thereunder.

The references herein to the Third Supplemental Indenture, the Third Supplemental Sublease, the Bonds, statutes and other materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof, copies of which will be furnished by the SPSBA upon request.

The information contained in this Official Statement should not be construed as representing all the conditions affecting the SPSBA, the LCTI or the Bonds.

The SPSBA has not assisted in the preparation of this Official Statement, except for the statements concerning the SPSBA under the sections captioned "THE SPSBA" and "MISCELLANEOUS – Absence of Litigation" herein and, except for such statements in those sections, the SPSBA is not responsible for any statements made in this Official Statement. Except for the authorization, execution and delivery of documents required to affect the issuance of the Bonds, the SPSBA has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except aforesaid, the SPSBA assumes no responsibility for the disclosures set forth in this Official Statement.

STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)

By: Robert Baccon
Executive Director

APPROVED:

LEHIGH CAREER & TECHNICAL INSTITUTE
(Lehigh County, Pennsylvania)

By: Robert E. Smith, Jr.
Chairperson
Joint Operating Committee

APPENDIX A

DEMOGRAPHIC DESCRIPTION AND FINANCIAL REVIEW OF LEHIGH CAREER & TECHNICAL INSTITUTE

(Lehigh County, Pennsylvania)

INTRODUCTORY STATEMENT

Opening in 1971, Lehigh Career & Technical Institute has since developed and maintained a reputation as one of the finest vocational schools in Pennsylvania and in the nation. Located 10 miles north of Allentown, the school is sponsored by nine Lehigh County school districts (Allentown, Catasauqua, East Penn, Northern Lehigh, Northwestern Lehigh, Parkland, Salisbury, Southern Lehigh and Whitehall-Coplay).

The school serves students in grades 9-12, employees of business and industry and individual adults. Secondary students enter the school at Level One, selecting three exploratory courses from 40 program offerings. After spending 12 school days in each of their three choices, students select a vocational major for the remainder of their career preparation at the school. This system enables students to better understand a career area before making a major commitment. Subsequent experiences include field trips, extended shadowing, clinicals, internships and cooperative education.

LCTI offers all of its programs in a competency based format, with a focus on national skill standards and applied academics. It operates primarily on a half-day shared time basis, but offers selected 60 minute FLEX options to students as well. Evening, weekend and special programs are scheduled for adults. Daytime adult students are routinely scheduled into laboratory programs on a space available basis.

LCTI is staffed by 118 professionals and 151 support personnel. A projected enrollment of 2,800 students attending LCTI in fiscal 2016-2017, which does not include non-resident students.

LCTI is an authorized High Schools That Work site, part of a large-scale effort to combine challenging academic courses and modern vocational studies to raise the achievement of high school students. Working with a Lehigh County consortium, LCTI believes that students in vocational programs can master complex academic and technical concepts if schools create an environment that encourages them to succeed. LCTI serves as the Lehigh Valley's Tech Prep Consortium site coordinator, working closely with the Career Pathways effort.

The following Programs are offered to students by LCTI:

Arts & Humanities
Advertising Design/Commercial Art
Commercial Photography/Electronic Imaging
Drafting/Computer-Aided Design
Painting & Decorating

Business & Communication Technology
Administrative office Technology/Accounting
Computer & Networking Technology
Marketing & Business Education
Print Technology/Graphic Imaging
Web Design/Web Programming

Engineering
Electromechanical/Mechatronics Technology
Electronics Technology/Nanofabrication
Pre-Engineering & Engineering Technology
Precision Machine Tool Technology

Health & Human Services
Applied Horticulture
Commercial Baking
Cosmetology
Criminal Justice
Culinary Arts
Dental Technology
Early Care & Education of Young Children
Emerging Health Professionals
Health Occupations

Industrial Technology
Auto Body/Collision Repair Technology
Auto Technology
Cabinetmaking & Millwork
Carpentry
Diesel Medium & Heavy Truck Technology
Electrical Technology
Heating/Air Conditioning & Refrigeration
Heavy Equipment Operations & Preventive Maintenance
Masonry
Plumbing & Heating
Small Engines/Recreational Vehicle Repair
Supply Chain Management & Logistics Technology
Welding Technology

LEHIGH CAREER & TECHNICAL INSTITUTE
SUMMARY STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY – GENERAL FUND

	Actual				
Assets	**2012**	**2013**	**2014**	**2015**	**2016**
Cash and Cash Equivalents	$4,669,220	$4,923,696	$4,679,980	$4,893,813	$5,551,496
Interfund Receivables	42,778	39,596	69,721	82,956	59,655
Intergovernmental Receivables	562,376	663,349	494,781	711,127	742,367
Other Receivables, Net	147,949	68,709	78,126	121,942	73,259
Prepaid Expenses	115,949	1,147	9,388	0	3,514
Total Assets	$5,538,272	$5,696,497	$5,331,996	$5,809,838	$6,430,291
Liabilities					
Interfund Payables	$81,759	$99,739	$34,113	$248,788	$170,026
Intergovernmental Payables	860,787	1,131,923	996,264	1,155,818	1,487,501
Accounts Payable	231,904	291,486	239,466	253,379	408,654
Accrued Salaries and Benefits	1,028,639	1,103,186	1,180,148	1,253,542	1,033,369
Unearned Revenue	74,793	53,796	76,821	63,785	124,161
Total Liabilities	$2,277,882	$2,680,130	$2,526,812	$2,975,312	$3,223,711
Fund Balances					
Nonspendable					
General Fund	$115,949	$1,147	$9,388	$0	$3,514
Restricted	0	0	0	0	0
Committed					
Future Retirement Costs	500,000	750,000	1,000,000	1,250,000	1,250,000
Assigned Fund					
Academic Center	412,252	438,051	387,464	363,107	365,391
Adult Education	1,546,015	1,107,001	857,603	825,618	1,101,699
Future Retirement Costs	250,000	250,000	250,000	0	0
Unassigned					
General Fund	436,174	470,168	300,729	395,801	485,976
Total Fund Equity	$3,260,390	$3,016,367	$2,805,184	$2,834,526	$3,206,580
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	$5,538,272	$5,696,497	$5,331,996	$5,809,838	$6,430,291

SOURCE: Financial Statements of LCTI.

LEHIGH CAREER & TECHNICAL INSTITUTE
SUMMARY STATEMENT OF GENERAL FUND REVENUE, EXPENDITURES AND FUND BALANCES
(As of June 30)

	Actual					Budgeted
REVENUE	**2012**	**2013**	**2014**	**2015**	**2016**	**2017[(1)]**
Local Sources	$3,170,160	$2,522,716	$2,528,553	$2,623,305	$2,562,011	$0
Local Sources - other LEA's	18,973,219	19,106,856	19,582,335	19,981,711	20,354,532	20,001,400
State Sources	3,758,263	4,125,597	4,341,934	4,718,334	5,072,717	4,676,000
Federal Sources	1,226,532	834,240	814,126	728,677	823,744	750,000
Total Revenues	$27,128,174	$26,589,409	$27,266,948	$28,052,027	$28,813,004	$25,427,400
EXPENDITURES						
Instruction	$15,885,956	$15,658,083	$15,859,551	$16,234,926	$16,473,995	$13,360,533
Support Services	7,386,471	7,423,143	8,010,990	8,242,131	8,482,147	8,458,416
Non-Instruction Services	96,203	90,777	96,377	104,234	92,781	101,281
Facilities Acquisition, Construction, and Improv.	56,266	178,587	0	0	0	0
Debt Service	0	0	0	0	0	0
Refund of Prior Years Revenue	1,430	9,637	0	0	46,531	0
Total Expenditures	$23,426,326	$23,360,227	$23,966,918	$24,581,291	$25,095,454	$21,920,230
Excess of Revenue Over (Under) Expenditures	$3,701,848	$3,229,182	$3,300,030	$3,470,736	$3,717,550	$3,507,170
OTHER FINANCINANCING SOURCES (USES)						
Sale of Fixed Assets	$23,644	$47,606	$17,138	$59,275	$114,545	$25,000
Operating Transfers In	0	60	(72,088)	(45,000)	22	54,900
Operating Transfers Out	(3,505,025)	(3,506,613)	12	19	(3,460,063)	(3,502,070)
Transfers to Participating School Districts	(177,993)	(14,258)	(3,456,275)	(3,455,688)	0	0
Budgetary Reserve	0	0	0	0	0	185,000
TOTAL OTHER FINANCING SOURCES (USES)	$(3,659,374)	$(3,473,205)	$(3,511,213)	$(3,441,394)	$(3,345,496)	$(3,237,170)
NET CHANGE IN FUND BALANCES	$42,474	$(244,023)	$(211,183)	$29,342	$372,054	$270,000
Fund Balance, July 1	$3,217,916	$3,260,390	$3,016,367	$2,805,184	$2,834,526	$3,206,580
Fund Balance, June 30	$3,260,390	$3,016,367	$2,805,184	$2,834,526	$3,206,580	$3,476,580

[(1)]Budget, as adopted April 7, 2016.
SOURCE: Financial Statements and Budget Report of the LCTI.

LEHIGH CAREER & TECHNICAL INSTITUTE
SCHEDULE OF OUTSTANDING DEBT SERVICE OBLIGATIONS

	Series A of 2017				Series B of 2017			Total Debt Service
April 1	Principal	Interest	Total	April 1	Principal	Interest	Total	Requirements[1]
2017	$ 0.00	$ 128,665.42	$ 128,665.42	2017	$ 255,000.00	$ 20,543.85	$ 275,543.85	$ 404,209.27
Oct. 1				Oct. 1				
2017	$ 880,000.00	$ 1,539,805.00	$ 2,419,805.00	2017	$ 300,000.00	$ 242,806.25	$ 542,806.25	$ 2,962,611.25
2018	885,000.00	1,526,775.00	2,411,775.00	2018	310,000.00	239,443.75	549,443.75	2,961,218.75
2019	900,000.00	1,504,425.00	2,404,425.00	2019	320,000.00	234,306.25	554,306.25	2,958,731.25
2020	930,000.00	1,472,325.00	2,402,325.00	2020	330,000.00	227,806.25	557,806.25	2,960,131.25
2021	965,000.00	1,434,425.00	2,399,425.00	2021	340,000.00	220,256.25	560,256.25	2,959,681.25
2022	1,440,000.00	1,379,125.00	2,819,125.00	2022	5,000.00	215,931.25	220,931.25	3,040,056.25
2023	1,505,000.00	1,310,550.00	2,815,550.00	2023	5,000.00	215,781.25	220,781.25	3,036,331.25
2024	1,580,000.00	1,238,475.00	2,818,475.00	2024	5,000.00	215,631.25	220,631.25	3,039,106.25
2025	1,660,000.00	1,157,475.00	2,817,475.00	2025	5,000.00	215,481.25	220,481.25	3,037,956.25
2026	1,745,000.00	1,072,350.00	2,817,350.00	2026	5,000.00	215,331.25	220,331.25	3,037,681.25
2027	1,835,000.00	982,850.00	2,817,850.00	2027	5,000.00	215,181.25	220,181.25	3,038,031.25
2028	1,930,000.00	888,725.00	2,818,725.00	2028	5,000.00	215,015.63	220,015.63	3,038,740.63
2029	2,010,000.00	807,812.50	2,817,812.50	2029	5,000.00	214,834.38	219,834.38	3,037,646.88
2030	2,080,000.00	740,050.00	2,820,050.00	2030	5,000.00	214,653.13	219,653.13	3,039,703.13
2031	2,155,000.00	661,850.00	2,816,850.00	2031	5,000.00	214,471.88	219,471.88	3,036,321.88
2032	2,240,000.00	579,550.00	2,819,550.00	2032	5,000.00	214,290.63	219,290.63	3,038,840.63
2033	2,325,000.00	493,850.00	2,818,850.00	2033	5,000.00	214,100.00	219,100.00	3,037,950.00
2034	2,415,000.00	403,578.13	2,818,578.13	2034	5,000.00	213,900.00	218,900.00	3,037,478.13
2035	2,510,000.00	309,606.25	2,819,606.25	2035	5,000.00	213,700.00	218,700.00	3,038,306.25
2036	2,615,000.00	207,106.25	2,822,106.25	2036	5,000.00	213,500.00	218,500.00	3,040,606.25
2037	2,720,000.00	102,106.25	2,822,106.25	2037	5,000.00	213,300.00	218,300.00	3,040,406.25
2038	1,275,000.00	24,703.13	1,299,703.13	2038	1,150,000.00	190,200.00	1,340,200.00	2,639,903.13
2039	0.00	0.00	0.00	2039	2,150,000.00	124,200.00	2,274,200.00	2,274,200.00
2040	0.00	0.00	0.00	2040	2,030,000.00	40,600.00	2,070,600.00	2,070,600.00
Total	$38,600,000.00	$19,966,182.92	$58,566,182.93	**Total**	$7,265,000.00	$4,975,265.73	$12,240,265.73	$70,806,448.68

[1] Includes principal and interest payments.

PARTICIPATING SCHOOL DISTRICTS PRO RATA SHARE OF DEBT SERVICE PAYMENTS AND THEIR RESPECTIVE UNDERLYING MUNICIPAL BOND CREDIT RATINGS

Participating School District	% Pro Rata Share	Underlying Rating
Allentown	17.0840	S&P A
Catasauqua Area	3.4014	S&P A-
East Penn	18.9945	Moody's Aa2
Northern Lehigh	2.7367	Moody's A1
Northwestern Lehigh	5.5817	S&P AA
Parkland	29.3370	S&P AA
Salisbury Township	4.7292	S&P AA
Southern Lehigh	9.8319	Moody's Aa2
Whitehall-Coplay	8.2636	S&P A+

FUTURE FINANCING

The LCTI does not anticipate the need to borrow any additional funds in the foreseeable future.

PARTICIPATING SCHOOL DISTRICT ENROLLMENT

GRADES 9-12
(Actual)

Participating School Districts	2012-13	2013-14	2014-15	2015-16	2016-17(1)	% Change 2013-2017
Allentown	4,853	4,721	4,833	5,155	5,090	0.96%
Catasauqua Area	464	465	485	466	489	1.06%
East Penn	2,590	2,575	2,645	2,626	2,659	0.53%
Northern Lehigh	579	548	537	554	746	5.20%
Northwestern Lehigh	692	739	733	750	742	1.41%
Parkland	3,157	3,153	3,123	3,179	3,232	0.47%
Salisbury Township	982	972	981	941	871	-2.37%
Southern Lehigh	1029	1051	1,045	1,078	1,087	1.10%
Whitehall-Coplay	1,385	1,396	1,408	1,399	2,148	9.17%
Total	15,731	15,620	15,790	16,148	17,089	

(1)Based on, 1st & 3rd day and October 1st enrollments.
Source: LCTI Audit and the Participating School Districts.

PARTICIPATING SCHOOL DISTRICT ENROLLMENT

GRADES 9-12
(Projected)

Participating School Districts	2017-18	2018-19	2019-20	% Change 2018-2020
Allentown	5,026	4,963	4,900	-0.84%
Catasauqua Area	808	807	809	0.04%
East Penn	2,740	2,751	2,767	0.33%
Northern Lehigh	754	747	711	-1.94%
Northwestern Lehigh	1,136	1,151	1,129	-0.21%
Parkland	4,662	4,629	4,622	-0.29%
Salisbury Township	871	870	869	-0.08%
Southern Lehigh	1,066	1,078	1,053	-0.41%
Whitehall-Coplay	2,111	2,119	2,154	0.67%
Total	19,174	19,115	19,014	

Source: Pennsylvania Department of Education K-12/Statistics and Participating School Districts.

ASSESSED VALUES BY PARTICIPATING SCHOOL DISTRICT

	Assessed Values			
Participating School District	**2013**	**2014**	**2015**	**2013-2015**
Allentown	$ 4,857,239,400	$ 4,812,799,900	$ 5,036,712,500	3.69%
Catasauqua Area	896,011,800	886,375,300	872,256,200	-2.65%
East Penn	5,082,547,800	5,141,299,900	5,159,048,700	1.51%
Northern Lehigh	692,561,800	694,299,700	693,159,100	0.09%
Northwestern Lehigh	1,440,405,800	1,460,228,000	1,514,500,900	5.14%
Parkland	7,659,242,000	7,675,736,000	7,751,776,800	1.21%
Salisbury Township	1,332,021,100	1,327,697,100	1,325,396,400	-0.50%
Southern Lehigh	2,489,442,900	2,507,667,700	2,557,647,600	2.74%
Whitehall-Coplay	2,462,947,800	2,457,071,400	2,447,346,000	-0.63%
Total	$26,912,420,400	$26,963,175,000	$27,357,844,200	1.66%

SOURCE: Tax Equalization Division ("TED")

MARKET VALUES BY PARTICIPATING SCHOOL DISTRICT

	Market Values			
Participating School District	**2013**	**2014**	**2015**	**2013-2015**
Allentown	$ 4,049,827,702	$ 4,071,755,859	$ 4,257,813,000	5.14%
Catasauqua Area	815,949,091	860,591,471	847,727,100	3.89%
East Penn	4,680,663,952	4,726,417,161	4,733,941,529	1.14%
Northern Lehigh	692,845,983	684,798,238	682,059,204	-1.56%
Northwestern Lehigh	1,278,180,479	1,332,427,962	1,391,109,706	8.84%
Parkland	7,237,139,794	7,239,758,349	7,321,549,832	1.17%
Salisbury Township	1,214,764,519	1,181,903,274	1,178,658,485	-2.97%
Southern Lehigh	2,412,717,165	2,401,901,524	2,450,391,092	1.56%
Whitehall-Coplay	2,067,529,961	2,068,236,916	2,059,507,715	-0.39%
Total	$24,449,618,646	$24,567,790,754	$24,922,757,663	1.94%

SOURCE: Tax Equalization Division ("TED")

MARKET VALUE AID RATIO AND MARKET VALUE/PERSONAL INCOME AID RATIO BY PARTICIPATING SCHOOL DISTRICT

Participating School District	**Market Value Aid ratio**	**Market Value Personal Aid Ratio**
Allentown	0.7740	0.7826
Catasauqua Area	0.5272	0.4348
East Penn	0.4164	0.4119
Northern Lehigh	0.5960	0.5915
Northwestern Lehigh	0.4036	0.3948
Parkland	0.2807	0.2022
Salisbury Township	0.2918	0.2595
Southern Lehigh	0.2088	0.2285
Whitehall-Coplay	0.5586	0.5153

SOURCE: Tax Equalization Division ("TED")

APPENDIX B

DEMOGRAPHIC, ECONOMIC AND STATISTICAL DATA FOR THE LEHIGH COUNTY

TEN LARGEST REAL PROPERTY TAXPAYERS OF LEHIGH COUNTY
(As of January 1, 2016)

The ten largest taxpayers in the County and their aggregate assessed valuation of real estate taxes are as follows:

Taxpayer	2016-17 Aggregate Assessed Valuation
Liberty Property Limited Partnership	$ 614,832,800
Lehigh Valley Associates	152,452,200
Allentown Neighborhood Improvement Zone	133,208,200
Saucon Valley Lifestyle Center LP	106,497,100
Lehigh Valley Hospital Inc.	87,917,100
Air Products - Chemical Inc.	86,292,000
Brookwood Philadelphia LLC	69,749,200
Fieldstone Assoc. LTD Partnership	60,946,100
IIT Lehigh Valley DC LLC	58,123,600
Two City Center LP	56,585,400
Total	$1,426,603,700

Top Ten Taxpayers represent 5.23% of Total Assessed Valuation for the County

SOURCE: County of Lehigh Assessment Office.

LARGER EMPLOYERS OF LEHIGH COUNTY

The largest employers in Lehigh County are diverse and include healthcare providers, government organizations, manufacturers, utility companies and food retailers. Growth has been seen in manufacturing, healthcare and distribution. The top ten employers (public and private) in Lehigh County include:

Employer	Type of Business	Number of Employees
Lehigh Valley Hospital & Health Network Health	Health care provider	11,659
St. Luke's Hospital & Health Network	Health care services	8,900
Air Products & Chemicals, Inc.	Industrial gases and chemicals	3,500
Giant Food Stores	Retail Food Stores	2,449
PPL Corporation	Energy & Related services	2,413
Sands Casino Resort	Entertainment	2,200
Sodexho USA	Food Service Management	2,170
B. Braun	Medical Supply Manufacturer	1,942
Amazon.com	Internet Retail Store	1,937
Mack Trucks	Truck Manufacturer	1,900

SOURCE: Morning Call Newspaper.

Population

Population trends for the County of Lehigh and the Commonwealth of Pennsylvania are presented below:

Area	1980	1990	2000	2010	Annual Percentage Change 2000-2010
Lehigh County	272,349	291,130	312,090	349,497	12.0%
Pennsylvania	11,863,895	11,881,643	12,281,254	12,702,379	3.4

SOURCE: U.S. Census Bureau.

Age Composition

A breakdown of age composition for the County of Lehigh and the Commonwealth of Pennsylvania, population is provided below:

Area	0-19 Years	20-64 Years	65+ Years	Persons Per Household
Lehigh County	26.4	58.8	14.8	2.54
Pennsylvania	25.0	59.6	15.4	2.45

SOURCE: U.S. Census Bureau.

Housing

According to 2010 census figures, housing in Lehigh County is as follows:

Area	Total Housing Units	Total Occupied Housing Units	Owner Occupied Housing Units
Lehigh County	142,613	133,983	90,846
Pennsylvania	5,567,315	5,018,904	3,491,722

SOURCE: U.S. Census Bureau.

Per Capita Income

The data on below show recent trends in per capita income for the Lehigh County and Pennsylvania over the 1990-2014 period.

Area	1990	2000	2014**	Percentage Change 2000-2014
Lehigh County	$14,562	$21,897	$28,139	22.2%
Pennsylvania	14,068	20,880	28,912	27.8

*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.

**SOURCE: U.S. Census Bureau 2010-2014 American Community Survey 5-Year estimates.

SOURCE: Pennsylvania State Data Center/U.S. Census Bureau.

Labor Force, Employment and Unemployment Trends

		Lehigh County*		
Time Period	**Labor Force**	**Employed**	**Unemployed**	**Unemployment Rate**
2011	179,500	164,000	15,500	8.6%
2012	182,900	167,400	15,500	8.5%
2013	183,200	168,800	14,400	7.9%
2014	183,000	171,800	11,100	6.1%
2015	184,300	174,800	9,600	5.2%
October 2016	185,400	175,200	10,300	5.5%
		Pennsylvania*		
Time Period	**Labor Force**	**Employed**	**Unemployed**	**Unemployment Rate**
2011	6,397,000	5,885,000	512,000	8.0%
2012	6,466,000	5,954,000	513,000	7.9%
2013	6,460,000	5,982,000	478,000	7.4%
2014	6,378,000	6,009,000	370,000	5.8%
2015	6,424,000	6,094,000	330,000	5.1%
October 2016	6,531,000	6,155,000	376,000	5.8%

*Not seasonally adjusted.

SOURCE: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Employment by Industry
Allentown-Bethlehem-Easton Metropolitan Statistical Area
(Carbon, Lehigh, and Northampton Counties)

ESTABLISHMENT DATA	Industry Employment October 2016	September 2016	August 2016	October 2015	Net Change From: September 2016	October 2015
TOTAL NONFARM	359,900	358,700	358,000	361,900	1,200	-2,000
TOTAL PRIVATE	320,200	319,900	323,400	321,900	300	-1,700
GOODS-PRODUCING	49,900	49,600	50,100	49,800	300	100
Mining, Logging, and Construction	13,400	13,400	13,500	13,400	0	0
Manufacturing	36,500	36,200	36,600	36,400	300	100
Durable Goods	22,100	22,000	22,200	22,000	100	100
Non-Durable Goods	14,400	14,200	14,400	14,400	200	0
SERVICE-PROVIDING	310,000	309,100	307,900	312,100	900	-2100
PRIVATE SERVICE-PROVIDING	270,300	270,300	273,300	272,100	0	-1800
Trade, Transportation, and Utilities	79,800	78,600	78,800	78,800	1,200	1000
Wholesale Trade	14,100	14,100	14,200	13,800	0	300
Retail Trade	39,800	39,300	39,800	41,000	500	-1200
Food and beverages stores	10,200	10,000	10,100	10,200	200	0
General merchandise stores	7,400	7,100	7,300	7,300	300	100
Department stores	4,400	4,300	4,400	4,500	100	-100
Transportation, Warehousing, and Utilities	25,900	25,200	27,800	24,000	700	1,900
Transportation and Warehousing	24,700	24,100	23,700	22,800	600	1,900
Information	6,100	6,100	6,100	6,100	0	0
Financial Activities	14,900	14,800	14,800	15,000	100	-100
Finance and insurance	12,100	12,100	12,100	12,000	0	100
Insurance carriers and related activities	6,400	6,400	6,400	6,400	0	0
Professional and Business Services	46,000	46,300	47,800	49,000	-300	-3000
Professional and technical services	12,200	12,200	12,600	12,700	0	-500
Management of companies and enterprises	9,800	9,900	10,200	10,400	-100	-600
Administrative and waste services	24,000	24,200	25,000	25,900	-200	-1900
Employment services	10,600	10,700	11,000	12,200	-100	-1600
Education and Health Services	73,800	73,100	70,700	74,100	700	-300
Educational services	13,200	12,200	10,100	13,100	1,000	100
Health care and social assistance	60,600	60,900	60,600	61,000	-300	-400
Hospitals	20,100	20,000	20,000	19,700	100	400
Leisure and Hospitality	36,300	38,000	41,400	35,500	-1,700	800
Accommodation and food services	29,100	30,100	30,900	28,900	-1,000	200
Food services and drinking places	24,100	25,000	25,600	24,000	-900	100
Other Services	13,400	13,400	13,700	13,600	0	-200
Government	39,700	38,800	34,600	40,000	900	-300
Federal Government	2,200	2,200	2,200	2,200	0	0
State Government	2,800	2,800	2,800	2,800	0	0
Local Government	34,700	33,800	29,600	35,000	900	-300
Local government educational services	21,600	20,500	15,700	21,900	1,100	-300
Local government excluding educational services	13,100	13,300	13,900	13,100	-200	0

SOURCE: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

[DRAFT]

King, Spry, Herman, Freund, & Faul, LLC

One West Broad Street
Suite 700
Bethlehem, PA 18018-5765

March 1, 2017

RBC Capital Markets LLC
2101 Oregon Pike
Lancaster, PA 17601

Lehigh Career & Technical Institute
4500 Education Park Drive
Schnecksville, PA 18078

State Public School Building Authority
1035 Mumma Road
Wormleysburg, PA 17043

Re: $38,600,000 State Public School Building Authority
Lehigh Career & Technical Institute Project, School Lease Revenue Bonds
Series A of 2017
$7,265,000 State Public School Building Authority
Lehigh Career & Technical Institute Project, School Lease Revenue Bonds
Series B of 2017

We have acted as Co-Bond Counsel in connection with the issuance and sale by the State Public School Building Authority (the "SPSBA"), of its $38,600,000 aggregate principal amount of the SPSBA's Lehigh Career & Technical Institute Project, School Lease Revenue Bonds, Series A of 2017, and its $7,265,000 aggregate principal amount of the SPSBA's Lehigh Career & Technical Institute Project, School Lease Revenue Bonds, Series B of 2017 (collectively, the "Bonds"), being issued under the provisions of the State Public School Building Authority Act of 1947, P.L. 1217, as supplemented and amended (the "Act"), and pursuant to a trust indenture between the SPSBA and

U.S. Bank National Association, as trustee (the "Trustee"), dated as of September 15, 2001 as amended and supplemented, including by a Third Supplemental Trust Indenture dated March 1, 2017 (the "Third Supplemental Indenture", collectively, the "Indenture").

The Bonds are dated March 1, 2017, are issuable in the denominations of $5,000 or any integral multiple thereof, without coupons, in the aggregate principal amount for each maturity set forth in the Third Supplemental Indenture, and mature on the dates, in the principal amounts, and bear interest, payable on the dates at the respective rates per annum, as set forth in the Third Supplemental Indenture.

The Bonds are being issued as "Additional Bonds" under the Indenture for the purpose of financing the (i) current refunding of the State Public School Building Authority Lehigh Career Technical Institute Revenue Bonds, Refunding Series of 2007; (ii) certain capital improvements projects of Lehigh Career Technical Institute ("LCTI"); and (iii) costs and expenses of issuing the Bonds (the "Project").

A portion of the proceeds of the Bonds are being made available by the SPSBA to LCTI pursuant to a Third Supplemental Sublease, dated as of March 1, 2017, between the SPSBA and LCTI (the "Third Supplemental Sublease"), under the terms of the Third Supplemental Sublease, LCTI is required to make rental payments in the amounts and on the dates required for the payment of principal of and interest on the Bonds. Under the Indenture, the SPSBA has pledged and assigned to the Trustee as security for the payment of the Bonds all revenues and all right, title and interest of the SPSBA under the Third Supplemental Sublease (except certain rights to indemnification thereunder).

As Co-Bond Counsel to the SPSBA, we have examined certified copies of the proceedings of the SPSBA relative to the issuance of the Bonds, together with such statutes and other materials as we have deemed necessary and appropriate to render the opinion set forth herein. In rendering such opinion, we have examined and relied upon (i) the opinion of counsel to the SPSBA with respect to the due organization and existence of the SPSBA, the authorization, execution and delivery of the documents to which the SPSBA is a party; (ii) the opinion of counsel to LCTI with respect to the due execution and delivery by LCTI of the Third Supplemental Sublease and the valid and binding effect of the Third Supplemental Sublease on LCTI; and (iii) representations and certifications of LCTI.

We have further relied upon covenants of the SPSBA and LCTI set forth in the Non-Arbitrage Certificate, Third Supplemental Indenture, and the Third Supplemental Sublease, respectively, wherein the SPSBA and LCTI agree to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations in effect thereunder in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

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

1. The SPSBA is a body corporate and politic, is validly existing under the laws of the Commonwealth of Pennsylvania and has the corporate power and lawful authority (a) to execute and deliver the Third Supplemental Indenture, the Third Supplemental Sublease and (b) to issue and deliver the Bonds.

2. Each of the Third Supplemental Indenture and the Third Supplemental Sublease has been duly executed, acknowledged and delivered by the SPSBA and, assuming due authorization, execution, acknowledgment and delivery of the Third Supplemental Indenture by the Trustee, each is a legal, valid and binding obligation of the SPSBA enforceable against it in accordance with its respective terms.

3. All conditions precedent and concurrent to the issuance and sale of the Bonds have been complied with and the issuance and sale of the Bonds have been duly authorized by the SPSBA. The Bonds have been duly executed and delivered by the SPSBA and, assuming their due authentication by the Trustee, the Bonds are valid, binding and enforceable obligations of the SPSBA and are entitled to the benefit and security of the Third Supplemental Indenture, to the extent indicated therein.

4. The Third Supplemental Indenture creates the valid pledge it purports to create in respect of the revenues of the SPSBA payable by LCTI under the Third Supplemental Sublease.

5. Under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the Bonds are exempt from personal property taxes in Pennsylvania, and the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

6. Assuming compliance by the SPSBA and LCTI with certain covenants contained in the Third Supplemental Indenture and the Third Supplemental Sublease pertaining to tax matters, under existing statutes, regulations and decisions, interest on the Bonds, including any original issue discount properly allocable to the holder thereof, is excluded from gross income for purposes of Federal income taxation and is not an item of tax preference for purposes of Federal alternative minimum tax on individuals and corporations, but 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. Furthermore, the Bonds are not "arbitrage" bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

In rendering the foregoing opinions, we advise you as follows:

The enforceability (but not the validity) of the documents mentioned herein, may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws affecting creditors rights generally and subject to limitations on legal remedies against public entities in the Commonwealth of Pennsylvania, to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and to the exercise of judicial discretion.

The Bonds do not pledge the credit or taxing power of the Commonwealth of Pennsylvania, or of any political subdivision thereof, nor will the Commonwealth of Pennsylvania, or any political subdivision thereof, be liable for payment of the principal of, premium, if any, or interest on the Bonds, nor shall the Bonds be deemed obligations of the Commonwealth of Pennsylvania or of any political subdivision thereof.

This opinion is expressly limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated herein. This opinion is given as of the date hereof and we assume no obligation to update this opinion to reflect any facts or circumstances that may hereafter come to tour attention or any changes in law that may hereafter occur. This opinion is expressly limited to the present internal laws of the Commonwealth and present federal law.

Very truly yours,

KING, SPRY, HERMAN, FREUND & FAUL, LLC

____

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
School Lease Revenue Bonds (The Lehigh Career & Technical Institute Project)
Series A and Series B of 2017

CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Certificate") given as of March 1, 2017, by the LEHIGH CAREER & TECHNICAL INSTITUTE ("LCTI"), in connection with the issuance of the above-captioned bonds (the "Bonds"):

WITNESSETH:

WHEREAS, pursuant to a certain Bond Purchase Contract (the "Purchase Contract") dated February __, 2017, among State Public School Building Authority (the "Authority"), LCTI and RBC Capital Markets LLC, representative for itself and Janney Montgomery Scott LLC (together, the "Underwriters"), the Underwriters have agreed to purchase the Authority's $45,865,000 School Lease Revenue Bonds (The Lehigh Career & Technical Institute Project) Series of 2017, consisting of its $38,600,000 School Lease Revenue Bonds, Series A of 2017 and its $7,265,000 School Lease Revenue Bonds, Series B of 2017 (together, the "Bonds") issued under a Third Supplemental Trust Indenture dated as of March 1, 2017, supplementing the Trust Indenture between the Authority and U.S. Bank National Association, as trustee, dated as of September 15, 2001 (as heretofore and concurrently herewith amended and supplemented, the "Indenture"), between the Authority and the Trustee; and

WHEREAS, the Bonds are limited obligations of the Authority payable solely from amounts paid by LCTI under a Third Supplemental Sublease Agreement dated as of March 1, 2017 (as heretofore and concurrently herewith amended and supplemented, the Sublease), between the Authority and LCTI, which amounts have been assigned by the Authority to the Trustee for the benefit of the owners of the Bonds (and all other bonds issued under the Indenture); and

WHEREAS, in order to induce the Underwriters to purchase the Bonds, LCTI has agreed pursuant to the Purchase Contract to provide certain information and notices as and to the extent specified under Securities and Exchange Commission Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

NOW, THEREFORE, in consideration of the premises, LCTI intending to be legally bound hereby, agree as follows:

Section 1. Definitions.

In addition to the terms defined in the above recitals, the following terms shall have the meanings specified below:

"Annual Financial Information" shall mean the financial information and operating data specified in Schedule 1 hereto, as such schedule may be amended as provided herein.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bond (including persons holding Bonds through nominees, depositories or other intermediaries).

"EMMA" is the Electronic Municipal Market Access System maintained by the MSRB at http://emma.msrb.org/ or such other address as may be designated by the MSRB, which serves as the sole nationally recognized municipal securities information repository under the Rule.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Reportable Event" shall mean any of the events listed on Schedule 2 hereto with respect to the Bonds.

Section 2. Purpose of the Disclosure Certificate.

This Certificate is executed and delivered by LCTI for the benefit of the Beneficial Owners of the Bonds in accordance with, and as a condition to the Underwriters' obligations under, the Purchase Contract, in order to provide assurances of the availability of certain information regarding LCTI, as the sole obligated person (as defined in the Rule) with respect to the Bonds. This Certificate is intended to remain in effect for the benefit of the Beneficial Owners of the Bonds.

Section 3. Provision of Annual Reports.

LCTI agrees to provide to the MSRB, through EMMA, the Annual Financial Information within 275 days following the end of each fiscal year of LCTI, beginning with the fiscal year ending June 30, 2017. In addition, LCTI covenants to provide in a timely manner to the MSRB, through EMMA, notice of a failure by LCTI to provide the Annual Financial Information as and when specified in the preceding sentence. Any such notice shall include the anticipated filing date of the Annual Financial Information.

In the event that audited financial statements for any fiscal year are not available within 275 days, LCTI shall provide its unaudited financial statements for such fiscal year and shall provide the audited financial statements as soon as practicable after they become available for distribution.

Section 4. Notice of Reportable Events.

LCTI agrees to provide to the MSRB, through EMMA, notice of the occurrence of any Reportable Event in a timely manner not in excess of ten business days after the occurrence of such Reportable Event.

Section 5. Termination of Reporting Obligations.

LCTI's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. In addition, LCTI's obligation to provide information and notices as specified in Sections 3 and 4 hereof may be terminated by LCTI as set forth in Section 6.

Section 6. Modifications of Information.

LCTI reserves the right (i) to modify from time to time the specific types of information provided or the format of the presentation of the Annual Financial Information, to the extent necessary or appropriate in the judgment of LCTI and (ii) upon prior written notice to the MSRB, to amend or terminate any or all of its continuing disclosure covenants for any reason if permitted to do so under the Rule. Any such amendment or modification must be supported by an opinion of counsel expert in federal securities law addressed to LCTI, the Authority and the Trustee, to the effect that such amendment or modification would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or modification had been effective on the date hereof but taking into account any subsequent change in an official interpretation of the Rule.

Section 7. Additional Information; Format of Filings.

(a) Nothing in this Certificate shall be deemed to prevent LCTI from disseminating any other information with respect to LCTI or the Bonds, using the means of dissemination set forth in this Certificsate or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of a Reportable Event, in addition to that which is required by this Certificate. If LCTI provides additional information that is not specifically required by this Certificate, LCTI shall have no obligation under this Certificate to update such additional information or include it in any future Annual Financial Information or notice of occurrence of a Reportable Event.

(b) All documents provided to the MSRB pursuant to the terms of this Certificate shall be accompanied by identifying information as prescribed by the MSRB, and shall be made in electronic format or in any other format which meets any applicable requirements or guidelines of the Securities and Exchange Commission and of the MSRB. Unless otherwise prescribed by the MSRB, such submission to the MSRB shall be made via EMMA.

Section 8. Remedies for Default.

In the event of a breach or default by LCTI of its covenants to provide information and notices as specified in Sections 3 and 4 hereof, the Trustee or any record owner or Beneficial Owner of the Bonds shall have the right, but shall not be required, to bring an action in a court of competent jurisdiction to compel specific performance by LCTI. No monetary damages may be recovered under any circumstances for any breach or default by LCTI of its covenants hereunder. A breach or default under this Certificate shall not constitute an event of default with respect to the Bonds or the Indenture or the Sublease Agreement.

Section 9. Reserved.

Section 10. No Obligation of the Authority; Indemnification of the Authority.

The Authority shall not have any responsibility or liability with respect to this Certificate or in connection with LCTI's compliance with the Rule, its filing obligations under this Certificate or in connection with the contents of such filings. LCTI further agrees to indemnify and save the Authority, and its members, officers, employees and agents, harmless against any loss, expense (including reasonable attorney's fees) or liability arising out of (i) any breach by LCTI of this Certificate or (ii) any annual financial information or notices provided under this Certificate or any misstatements therein or omissions therefrom.

Section 11. Miscellaneous.

(a) Binding Nature of Certificate. This Certificate shall be binding upon LCTI and inure to the benefit of LCTI, the Trustee, the Underwriters and each of their respective successors and assigns. In addition, record owners and Beneficial Owners of the Bonds from time to time shall be third party beneficiaries hereof and shall be entitled to enforce the provisions hereof as if they were parties hereto; but no consent of record owners or Beneficial Owners of the Bonds shall be required in connection with any amendment undertaken or made pursuant to Section 6 of this Certificate.

(b) Notices. All notices and other communications to the Authority, LCTI or the Trustee with respect to this Certificate shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mails, registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the Authority:

State Public School Building Authority
1035 Mumma Road
Wormleysburg, PA 17043
Attention: Executive Director
Fax: (717) 975-2215

If to LCTI:

Lehigh Career & Technical Institute
4500 Education Park Drive
Schnecksville, PA 18078
Attention: Business Administrator
Fax: (610) 799-1314

If to the Trustee:

U.S. Bank National Association
50 S. 16th Street
Philadelphia, PA 19102
Attention: Corporate Trust

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section for the giving of notice.

(c) Submission of Information. Notwithstanding anything in this Certificate which may appear to be to the contrary, LCTI may in its discretion elect to provide the information required pursuant to the terms of this Certificate either (i) in written paper format, or (ii) in any electronic format which meets any applicable requirements or guidelines of the Securities and Exchange Commission and of the MSRB.

(d) Execution in Counterparts. This Certificate may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Certificate shall become binding when one or more counterparts hereof individually or taken together shall bear the signatures of all of the parties reflected hereon as the signatories.

(e) Controlling Law. This Certificate shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, LCTI has executed this Certificate as of the date above first written.

LEHIGH CAREER & TECHNICAL INSTITUTE

By:_______________________________

Schedule 1

Annual Financial Information

LCTI will provide a copy of its annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant, and an update of the financial information and operating data of the sort relating to it in Appendix A of the Official Statement dated January 31, 2017, for the Bonds under the following headings (terms used herein having the same meanings set for in such Official Statements):

(i) A summary of the LCTI's budget for the current fiscal year; and

(ii) An update of the information entitled "Participating School District Enrollment, Grades 9-12 (Actual)" and "Market Values by Participating School District."

The annual financial information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided herein. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of LCTI or related public entities which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. LCTI shall clearly identify each other document so incorporated by reference.

Schedule 2

Reportable Events

A. The following events shall constitute, in all events, Reportable Events hereunder:

1. principal and interest payment delinquencies;

2. unscheduled draws on debt service reserves reflecting financial difficulties;

3. unscheduled draws on credit enhancements reflecting financial difficulties;

4. substitution of credit or liquidity providers, or their failure to perform;

5. 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

6. tender offers;

7. defeasances;

8. rating changes; and

9. bankruptcy, insolvency, receivership or similar proceeding of LCTI.[1]

B. The following events shall constitute Reportable Events hereunder, but only if determined to be material:

1. non-payment related defaults;

2. material notices or determinations with respect to the tax status of the Bonds, or material events affecting the tax status of the Bonds;

3. modifications to rights of the holders of the Bonds;

4. Bond calls;

5. release, substitution or sale of property securing repayment of the Bonds;

6. appointment of a successor or additional paying agent, or the change of name of a paying agent; and

---

[1] This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. 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 obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession 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 obligated person.

7. the consummation of a merger, consolidation, or acquisition involving LCTI, the sale of all or substantially all of the assets of LCTI 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.

APPENDIX E

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

MEMBER: [NAME OF MEMBER]

BONDS: $_________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Policy No: _____

Effective Date: ________

Risk Premium: $__________
Member Surplus Contribution: $ ________
Total Insurance Payment: $________

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ______________________________

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

APPENDIX F

FINANCIAL STATEMENTS

HERBEIN
CPAS + CONSULTANTS

LCTI
LEHIGH CAREER &
TECHNICAL INSTITUTE

LEHIGH CAREER & TECHNICAL INSTITUTE

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2016

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Herbein + Company, Inc.
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Reading, PA 19610
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www.herbein.com

INDEPENDENT AUDITOR'S REPORT

To the Members of the Joint Operating Committee
Lehigh Career & Technical Institute
Schnecksville, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lehigh Career & Technical Institute, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lehigh Career & Technical Institute's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lehigh Career & Technical Institute, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

HERBEIN

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, pension and other postemployment benefit information on pages 65 through 68, 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 Lehigh Career & Technical Institute's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016, on our consideration of the Lehigh Career & Technical Institute'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 the Lehigh Career & Technical Institute's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Reading, Pennsylvania
November 22, 2016

LEHIGH CAREER & TECHNICAL INSTITUTE
4500 EDUCATION PARK DRIVE
SCHNECKSVILLE, PENNSYLVANIA 18078

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2016

The discussion and analysis of Lehigh Career & Technical Institute's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to provide a narrative summary of the financial performance of the Lehigh Career & Technical Institute (LCTI) as a whole. Readers should also review the financial statements and notes to the financial statements to enhance their understanding of LCTI's financial performance.

The Management 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 in the MD&A.

OVERVIEW OF THE SCHOOL

Lehigh Career & Technical Institute is a joint venture of nine public school districts in Lehigh County, Pennsylvania organized under the Public School Code of Pennsylvania, and is Pennsylvania's largest career and technical school. Founded in 1971, LCTI prepares students with academic and technical knowledge needed to succeed in higher education and careers by providing more than 45 skills-based programs of study, as well as academic instruction. The school provides career and technical training programs for high school students who are residents of the participating school districts and out of school youths and adults. LCTI is located 10 miles north of Allentown and is governed by its Joint Operating Committee consisting of twenty-one members representing the nine member districts. The participating districts include: Allentown School District, Catasauqua Area School District, East Penn School District, Northern Lehigh School District, Northwestern Lehigh School District, Parkland School District, Salisbury Township School District, Southern Lehigh School District, and Whitehall-Coplay School District.

MISSION STATEMENT

Our mission at Lehigh Career & Technical Institute is to prepare all students for successful careers and lifelong learning.

We believe at LCTI that our purpose is to provide students with opportunities to pursue college and careers. We also believe it is important to serve our community; therefore, our course offerings are a reflection of the identified employment needs in the Lehigh Valley.

VISION STATEMENT

Lehigh Career & Technical Institute's vision is that every student will be provided with a high quality education in a safe and nurturing environment, become career and college ready, and enter the workforce equipped with the skills and knowledge to compete in a global economy.

QUALITY STATEMENT

Lehigh Career & Technical Institute is committed to fostering continuous improvement in curriculum, staff and student performance through a disciplined and structured quality system that solicits stakeholder input and drives strategic and operational planning.

FINANCIAL HIGHLIGHTS

District contributions:

The largest source of revenue comes from the participating school districts to support the secondary education programs and totaled $15,579,395 for 2015-2016, which is net of excess revenues to be credited to member districts in 2016-2017. This amount is based on a funding formula that is agreed upon by all districts as part of the Articles of Agreement for Establishment of the School. The formula reflects each participating district's proportionate share according to the percentage of each school's average daily membership of pupils for the previous five years to the total of the average daily membership for the same period. In addition, $50,000 was received from the participating school districts for Capital Costs apportioned among the participating districts on the basis of market value of taxable real property as certified by the State Real Estate Tax Equalization Board according to the Articles of Agreement.

Additional revenue of $3,410,063 was received from the participating school districts as consented in the Articles of Agreement for the Capital Improvements Project and Financing as payment for State Public School Building Authority issued bonds and Lehigh Career & Technical Institute Revenue Bonds, Series of 2001 and 2003. The proration of these Debt Service payments is based on the market values available at the time of budget preparation. These Debt Service payments were based on the amortization schedule from the refinancing of those issues in January 2007 when LCTI entered in to the School Lease Revenue Bonds Refunding Series of 2007.

Capital Outlays:

The cornerstone of career and technical education is remaining relevant to the needs of business and industry so that students graduate from LCTI having an up-to-date experience in their chosen trade on equipment that is modern and likely to be found in business or industry. To accomplish this fundamental principle, equipment purchases continue to dominate the operating budget. In 2015-16, Lehigh Career & Technical Institute had capital outlays in the amount of $1,596,282 with a corresponding increase in depreciation of $4,082,276. New equipment spending was $1,334,886 and was made up of the following four major instructional equipment purchases:

1). Caterpillar D5K2 XL Bulldozer w/ GPS Control	$191,718
2). Electromechanical Trainer	$ 83,054
3). Virtual Articulated Dump Truck Trainer	$ 49,000
4). Hunter RFT13 Balancer and TCA34SS Tire Changer	$ 36,212*

* Grant funded

An additional $361,574 was spent on instructional equipment purchases on individual items for instructional programs that are not itemized here. LCTI also spent $36,107 for instructional technology equipment and $527,920 for technology infrastructure equipment updates.

Academic Center:

The Academic Center completed its tenth year of operation in 2015-2016 providing core academic courses for those students electing to attend LCTI all day. Revenue for this program came primarily from the participating school districts in the amount of $1,315,074, which is net of excess revenues to be credited to member districts in 2016-2017. This amount was determined by a funding formula reflecting each participating district's proportionate share according to the percentage of each school's average daily membership of pupils for the previous five years to the total of the average daily membership for the same period.

Adult Education:

The Adult and Continuing Education Fund experienced an overall net profit of $276,081 in 2016, which increases the amount assigned for adult school operations within the General Fund to $1,101,699. The net profit for 2016 was the first profitable year since 2011-2012 ending three consecutive years of net losses. The Heavy Equipment Operation program had a profit of $223,193, a marked improvement over the previous year's loss of $15,646 due to the restructuring of Instructional personnel and increased enrollment, particularly in the area of customized training. The Electromechanical/Mechatronics program showed an operating profit of $58,266, which is also a marked improvement from the previous year's loss of $43,379. This turn around can be attributed to slightly increased enrollment and limiting the number of hours for an additional instructor. The Central Westmoreland Tractor Trailer program showed a profit of $37,588 in 2016, only its third year of operation, which continued its profitable performance of the previous year which showed a profit of $21,668 in 2015. This program has been successful as the result of an advantageous program location where there is little competition in the area at this time. Also, operational costs have been controlled by sharing the coordinator position with Sage, LCTI's partner in the CDL program.

LCTI continues to offer industry relevant training and credentials for adults working in the Lehigh Valley and beyond. We will also continue to seek any grant opportunities that may be offered, such as the recently completed Career FORCE 2016 Summer Jobs Program for Youth federally funded grant, and in 2016-2017, the Bosch Community Fund. Other strategies that will be utilized to increase profitability include the monitoring and controlling of program costs as much as possible and working with public relations to optimize advertising initiatives which will spend allotted advertising dollars more effectively resulting in reduced advertising expenses. Upon the retirement of the Workforce Education Coordinator, the position was reconfigured to two-part time positions, one remaining as a program coordinator and the other to focus directly on student recruitment and admissions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three components — Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information.

The basic financial statements include two types of statements that present the financial information of LCTI in different ways:

- The first two statements of the basic financial statements are *government-wide financial statements.* These statements consist of the Statement of Net Position and the Statement of Activities. The government-wide financial statements provide both short-term and long-term information about LCTI's overall financial status.

- The remaining basic financial statements consist of fund financial statements. These statements focus on individual components, or funds, of LCTI and provide a more detailed presentation of LCTI's operations. The governmental funds statements present how general LCTI services were financed in the short-term as well as what remains for future spending.

  The proprietary fund statements present both short-term and long-term information about the activities that LCTI operates similar to a business. For LCTI, this is our Cafeteria and Production Funds. Fiduciary fund statements provide information about financial relationships where the LCTI acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that provide a more detailed explanation of some of the information in the financial statements. Following the basic financial statements is the School's *required supplementary information* that provides more detailed data.

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

Figure A-1
Required components of
Lehigh Career & Technical Institute's
Financial Report

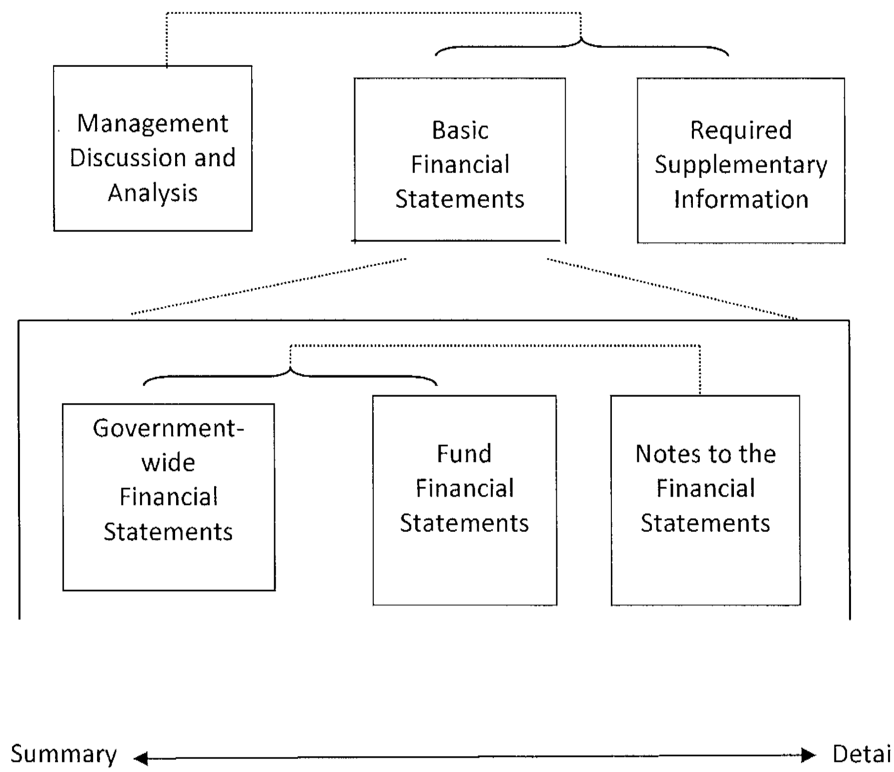

Figure A-2 summarizes the major features of the LCTI financial statements, including the portion of the LCTI they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of Lehigh Career & Technical Institute's
Government-wide and Fund Financial Statements

		Fund Statements		
	Government Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire LCTI (except fiduciary funds)	The activities of the LCTI that are not proprietary or fiduciary, such as education, administration and community services	Activities the LCTI operates similar to private business – Cafeteria and Production Funds	Instances in which the LCTI is the trustee or agent to someone else's resources – Scholarship and Student Activity Funds
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of net position Statement of changes in net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Reporting the School as a Whole

Statement of Net Position and the Statement of Activities

The government-wide statements report financial information about the Lehigh Career & Technical Institute using accounting methods similar to the accounting used by private-sector companies. The *Statement of Net Position* includes all of LCTI's assets, liabilities, and deferred inflows/outflows of resources utilizing the full accrual basis of accounting. The *Statement of Activities* accounts for all of LCTI's revenues and expenses, regardless of when cash is received or paid.

These two statements report the Lehigh Career & Technical Institute's net position and changes in the net position. LCTI's net position represents the difference between its assets and deferred outflows of resources and its liabilities and deferred inflows of resources. LCTI's net position is one way to measure its financial position, or financial health, over time. An increase or decrease in LCTI's net position is one indicator of whether its financial health is improving or deteriorating, respectively. In assessing the LCTI's overall financial health, other non-financial factors must be considered, such as the financial health of the member districts, facility conditions, and the performance of the students.

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

- *Governmental Activities*— Most of the LCTI's basic services are reported here, such as instruction, administration, and support services. Contributions from the member school districts and state and federal government subsidies and grants are the primary funding sources for these activities.

- *Business-type Activities*— LCTI operates a Cafeteria Fund and charges fees to students and staff to help it cover all or most of the cost of the food services it provides. The Production Fund represents a combination of user charges to outside parties, and interfund sales and purchases, all of which is designed to further the career and technical education of the students.

Reporting the School's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, or major funds, of the LCTI - not the LCTI as a whole. Some funds are required to be reported as major funds by state law and other requirements. The School's two types of funds that use different accounting approaches are:

- *Governmental funds*— Most of the School's basic services are reported here, and focus on changes in financial resources, rather than upon net income determination. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. These funds provide a detailed short-term view of LCTI's operations and the basic services it provides. The information reported in the governmental funds helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance LCTI's operations. The relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds is described in a reconciliation included in the financial statements.

  The governmental funds that are considered to be major funds of the School are the General Fund (required by GASB Statement No. 34 to be reported as a major fund), the Capital Projects Fund, and the Debt Service Fund.

- *Proprietary funds* — these funds account for the LCTI's activities that are similar to private sector business operations, and focus on the determination of net income and financial position. When LCTI charges customers for services it provides – whether to outside customers or to other units in LCTI – these services are generally reported in proprietary funds. LCTI has the Cafeteria and Production Funds as proprietary funds, which are considered enterprise funds. The information reported for these enterprise funds is the same information we report for the business-type activities reported in the government-wide statement. However, the fund level statements provide more detailed information on the enterprise funds, such as cash flows.

  The Cafeteria Fund is required by the Commonwealth of Pennsylvania Labor, Education and Community Services (LECS) Comptroller's Office to be reported as a major fund.

Fiduciary funds - LCTI is the trustee, or fiduciary, for some scholarship funds and student activity funds. All of the LCTI fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from LCTI's other financial statement because LCTI cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE LCTI AS A WHOLE

Table A-1
A comparative analysis of fiscal year 2015 to 2016 for:
Net Position (amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	**2016**	**2015**	**2016**	**2015**	**2016**
Current & other assets	$ 6,043	$ 6,794	$1,863	$1,993	$ 7,906	$ 8,787
Capital Assets	46,751	44,128	391	381	47,142	44,509
Total Assets	**$52,794**	**$50,922**	**$2,254**	**$2,374**	**$55,048**	**$53,296**
Deferred Charge on Bond Refunding	1,092	1,030	0	0	1,092	1,030
Deferred Outflows of Resources for Pension	0	547	0	48	0	595
Pension Contributions made Subsequent to Measurement Date	2,504	3,007	88	101	2,592	3,108
Total Deferred Outflows of Resources	**3,596**	**4,584**	**88**	**149**	**3,684**	**4,733**
Current and other liabilities	$4,831	$ 5,207	$ 127	$ 107	$4,958	$ 3,585
Long-term liabilities	79,721	81,166	1,290	1,437	81,011	84,332
Total Liabilities	**84,552**	**86,373**	**1,417**	**1,544**	**85,969**	**87,917**
Deferred Inflows of Resources	**2,020**	**520**	**91**	**38**	**2,111**	**558**
Net Position						
Net Investment in capital assets	5,890	4,844	391	381	6,281	5,225
Restricted for Capital Projects	482	533	0	0	482	533
Unrestricted	(36,554)	(36,764)	443	560	(36,111)	(36,204)
Total Net Position (Deficit)	**$(30,182)**	**$(31,387)**	**$ 834**	**$ 941**	**$(29,348)**	**$(30,446)**

Effective July 1, 2014, LCTI adopted the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures in order to improve accounting and financial reporting by governments for pensions. GASB 71 establishes standards for reporting contributions made to a defined benefit plan after the date of measurement of the government's beginning net pension liability.

The adoption of these GASB statements results in LCTI's net position having to include pension liabilities of $40,708,821 for Governmental Activities for year end June 30, 2016, which is an increase of $3,169,797 from the June 30, 2015 Governmental Activities pension liabilities of $37,539,024. Total Net Position for Governmental Activities year end June 30, 2016 of $(31,387,010), decreased $1,204,351 from June 30, 2015 $(30,182,659) in large part due to a net decrease in Capital Assets of $2,622,000 in 2016, an annual occurrence because depreciation exceeded the amount of new capital assets being added over the course of the year by $2,486,000.

Business Type Activities Total Net Position June 30, 2016 of $941,017 represents an increase of $106,718, from Total Net Position June 30, 2015 of $834,299. This is the result of the Cafeteria fund having a profit for 2016 of $47,365, after GASB 68 entries are included, and the Production Fund having a profit of $59,353 after GASB 68 entries are included.

The allocation of Debt to Investment in Capital Assets is as follows:

	Balance before Related Debt	Balance Percentage	Debt Allocation	Balance Net Related Debt
Net Fixed Assets	$44,128,486	100.00%	$39,284,567	$4,843,919

The remaining balance of Net Position consists of Restricted Net Position for Capital Projects of $533,309, which represents an 11 percent increase of $51,278, and Unrestricted Net Position of $(36,764,238), which is caused by the pension liability associated with GASB Statements No. 68 and 71.

Changes in Entity-wide Net Position

The results of this year's operations are presented in LCTI's Statement of Activities. Expenses are reported in the first column of the statement. Specific charges for services and operating grants and contributions that directly relate to specific categories of expenses are applied against the expenses to determine the amount of LCTI's activities that are supported by other general revenues.

The following table takes the information reported on that statement, modifying the format slightly for discussion purposes, in order to present the total revenues and expenses for the year.

Table A-2
A comparative analysis of fiscal year 2015 to 2016 for:
Changes in Net Position (amounts expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues						
Program revenues:						
Charges for services	$ 18,681	$ 18,925	$1,100	$1,462	$19,781	$20,387
Operating grants and contributions	3,316	3,922	513	599	3,829	4,521
Capital grants and contributions	1,924	1,919	0	0	1,924	1,919
General revenues:						
State grants and subsidies	4,103	4,210	0	0	4,103	4,210
Investment earnings	10	17	2	3	12	20
Miscellaneous	127	53	0	0	127	53
Operating transfers	0	0	0	0	0	0
Total revenues	28,161	29,046	1,615	2,064	29,776	31,110
Expenses						
Instruction	19,461	18,972	0	0	19,461	18,972
Support services	8,946	9,369	0	0	8,946	9,369
Operation of non-instructional services	2,003	1,909	0	0	2,003	1,909
Food / Production services	0	0	1,645	1,957	1,645	1,957
Total expenses	30,410	30,250	1,645	1,957	32,055	32,207
Increase (decrease) in net position	$(2,249)	$(1,204)	$(30)	$107	$(2,279)	$(1,097)
Net Position (deficit) Beginning	(27,933)	(30,183)	864	834	(27,069)	(29,349)
Net Position (deficit) Ending	$(30,182)	$(31,387)	$ 834	$ 941	$(29,348)	$(30,446)

The largest source of program revenues for Governmental Activities consists of contributions from member school districts of $16,894,469, which includes the $1,315,074 received for the Academic Center. This amount accounts for approximately 68 percent of total program revenues and 58 percent of total revenues. These percentages demonstrate the reliance LCTI places on the contributions received from its member districts. Additional program revenue in the charges for services line comes from Adult Education tuition totaling $2,014,221. The operating grants and contributions are another large source of program revenue, consisting primarily of federal funding from the Carl D. Perkins Career and Technical Education grant in the amount of $823,744. State grants and subsidies revenue increased $354,000 in 2016, mostly due to the increase of $308,761 in PSERS subsidy which totaled $1,644,187 for 2016. This is the result of the increased retirement contributions which were $3,108,643 in 2016, an increase of $516,868 from 2015.

Another large source of program revenues for LCTI is provided by LCTI's business-type activities from its Cafeteria and Production funds which had an increase in total revenues of $449,000 in 2016, contributing greatly to the profitability in both the Cafeteria and Production funds in 2016, including the activity related to GASB Statements No. 68 and 71.

Net Cost and Funding of Governmental Activities

The following table presents LCTI's expense functions of the governmental activities as well as each function's net cost (total cost less revenues directly generated by the activities).

Table A-3
A comparative analysis of fiscal year 2015 to 2016 for:
Total and Net Costs of Services— Governmental Activities
(Amounts expressed in thousands)

	Total Cost of Services 2015	Total Cost of Services 2016	Net Cost of Services 2015	Net Cost of Services 2016
Functions/ Programs				
Instruction	$19,461	$18,972	$3,594	$2,691
Support services	8,946	9,369	2,808	2,706
Operation of non-instructional services	2,003	1,909	87	88
Total governmental activities	$30,410	$30,250	$6,489	$5,485

The above illustration shows LCTI's costs to fund the above instructional and support services exceeding the amount of program revenues allocated to these functions. The Net Instructional Cost of Services decreased $903,000 in 2016 which in part can be attributed to Vocational instruction where the net cost of services of $3,058,000 was $471,000 less than in 2015. Also, the Adult Education net cost of services profitability increased $305,000 for 2016, as Adult Education had a net profit of $276,000 in 2016 compared to a net loss of $32,000 in 2015. Support Service Net Cost of Services decreased $102,000, the largest line item improvement coming from Central Support Service costs which had a decrease of $67,000 in Net Cost of Services due to the retirement of a full time grant coordinator position which was replaced by a part time position.

Net Cost and Funding of Business-type Activities

The following table presents the expense function of LCTI's Cafeteria and Production Funds, the business-type activities of the School, as well as the net cost of these programs (total cost less revenues directly generated by the activities).

Table A-4
A comparative analysis of fiscal year 2015 to 2016 for:
Total and Net Costs of Services— Business-type Activities
(Amounts expressed in thousands)

	Total Cost of Services 2015	Total Cost of Services 2016	Net Cost of Services 2015	Net Cost of Services 2016
Functions/ Programs				
Cafeteria	$ 744	$ 759	$22	$ 47
Production	901	1,197	10	57
Total business-type activities	$1,645	$1,956	32	$104

This table shows the program revenues from charges for services in LCTI's Cafeteria and Production funds to be less than the costs incurred to run these programs. Operationally, the Cafeteria Fund had a net profit of $47,365 and the Production Fund had a net profit of $59,353, including the activity related to GASB Statements No. 68 and 71.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

As of June 30, 2016, the LCTI's governmental funds reported a combined fund balance of $3,739,889, which represents an increase of $423,328 from the prior year balance of $3,316,561 as of June 30, 2015. This increase is due in large part to the net profit of the Adult Education Fund in the amount of $276,081 for the 2015-2016 school year. The significant occurrences in the General and other funds are as follows:

- The LCTI General Fund balance of $3,206,580 includes Committed Fund Balance of $1,250,000 for Future Retirement Costs. The General Fund Balance also includes Assigned Fund Balance of $1,101,699 for Adult Education, which had a net profit of $276,081 in 2016. Another Assigned Fund Balance for Academic Center future member district payments has a fund balance of $365,391, after $46,531 was credited by the request of a member school district to their respective district's annual payment, and $48,815 was retained from the Academic Center excess revenues over expenditures, which is in accordance with General Fund retainage policy. An Unassigned Fund Balance of $485,976 exists which is available for future years' budgeting, increased by the $93,689 in retainage of excess revenues for 2016, also in accordance with General Fund retainage policy. In addition, the Nonspendable Fund Balance for prepaid expenses increased by $3,514 in 2016, which resulted in a decrease of the same amount to the Unassigned Fund Balance. The Unassigned Fund Balance is used to balance the amount required in future years from school districts to fund the secondary program. The Unassigned Fund Balance which can be accumulated is limited to 5 percent of the total General Fund expenditures.

- A net increase to LCTI's Capital Projects Fund of $51,278 resulted primarily from the annual transfer from the General Fund, which was reduced to $50,000 again this year.

- As of June 30, 2016, LCTI's Proprietary Fund reported total net position of $941,017 which is an increase of $106,718 from the prior year balance of $834,299. This increase is the result of the combined profits of the Cafeteria Fund of $47,364 and the Production Fund of $59,354 for 2016. These net profit amounts are net of the activity related to GASB Statements No. 68 and 71.

General Fund Budgetary Highlights

During the fiscal year, the Joint Operating Committee approves revisions to the original budget to accommodate variances from original budget estimates to actual expenditures. A schedule of the LCTI's original and final budget amounts compared with actual revenues and expenditures is presented in the supplementary information section of the report.

Total final revenues are below budgeted numbers by $1,336,000, of which $773,000 can be attributed to Local Sources. Adult Education actual revenues were $610,000 less than budgeted as LCTI continues to seek alternate methods to help students with tuition costs and made a conscious effort to reducing costs by running larger class number programs. Additionally, the Local Source – Other LEAs variance is attributable to the General Fund Excess Revenues for 2015-2016, as the traditional excess revenue being returned to the member districts in 2016-2017 for the General Fund amounts to $270,542. The Academic Center will return $146,446 to member districts in the 2016-2017 school year. State Source revenues showed a negative variance primarily due to actual State Vocational Education Subsidies received being $268,000 below budget. Federal Source revenues were $109,000 over the budgeted amount due to receiving a higher awarded amount than anticipated for the Carl D. Perkins Career and Technical Education Grant for fiscal year 2015-2016.

Expenditure variances were all positive, as overall expenditures were $1,129,000 less than budget. Instructional expenses had a positive variance of $974,000, of which Adult Education had a positive variance of $606,000 which is line with the revenue budget being $610,000 below budget as stated in the previous paragraph. Adult Education expenditures are under budget in keeping with the Adult Education plan to hold fewer classes with more students per class. Support Services had a positive variance of $195,000, the Central Support Services line item having the largest positive variance of $57,000 due to the retirement of a full time grant writer position in 2015 that was replaced by a part time position in 2016. The Budgetary Reserve Account balances of $185,000 for the General Fund and $13,000 for the Academic Center were both not used for fiscal year 2015-2016.

CAPITAL ASSETS

As of June 30, 2016, LCTI had $44,509,768 invested in capital assets.

Table A-5
A comparative analysis of fiscal year 2015 to 2016 for:
Capital Assets— Net of Depreciation
(Amounts expressed in thousands)

	Total Assets 2015	Accumulated Depreciation 2015	Balance Net of Depreciation 2015	Total Assets 2016	Accumulated Depreciation 2016	Balance Net of Depreciation 2016
Governmental Activities						
Land	$ 95	$ 0	$ 95	$ 95	$ 0	$ 95
Buildings and Building Improvements	59,937	22,744	37,193	59,985	24,821	35,164
Fixtures and Equipment	26,250	17,366	8,884	26,716	18,419	8,297
Vehicles	1,524	1,008	516	1,478	1,007	471
Textbooks	465	402	63	551	449	102
Total Governmental Activities	$ 88,271	$ 41,520	$ 46,751	$ 88,825	$ 44,696	$ 44,129
Business-type Activities						
Buildings and Building Improvements	$ 344	$ 116	$ 228	$ 344	$ 121	$ 223
Fixtures and Equipment	507	344	163	548	390	158
Total Business-type Activities	$ 851	$ 460	$ 391	$ 892	$ 511	$ 381

The decrease in Governmental Activity net capital assets from the prior year of $2,622,000 is the result of annual depreciation for 2015-2016 of $4,082,000, which exceeds the amount of capital asset additions of $1,596,000, by $2,486,000. Business-Type Activities capital assets had a net decrease of $10,000 which is the amount by which annual depreciation expense of $51,000 exceeds capital asset additions of $41,000 for the Cafeteria and Production funds in 2016.

ECONOMIC FACTORS AND THE 2016-2017 BUDGET

1. The School has prepared a General Fund Budget for the next school year, or the fiscal year ending June 30, 2017. The total 2016-2017 Budget of $25,507,300 represents an increase of $781,600, or 3.16 percent, from the total 2015-2016 Budget of $24,725,700. The member districts' increase is $616,600, or 3.19 percent. Included in the receipts from member districts for 2016-2017 is the $3,402,031 debt service payment for the school's modernization and expansion. The 2016-2017 Capital Projects contribution has been reinstated to $100,000 for building and capital improvement needs, which represent a return to the historic budget level, after three years of having the contribution reduced 50 percent to $50,000. As in previous years, the actual member district shares will be decreased by unexpended funds and excess revenue that is returned to the districts at the end of the year.

The 2016-2017 General Fund Budget represents a sincere effort of the Joint Operating Committee's Business and Finance Committee and the administrative staff to provide a quality program of career and technical education, and to demonstrate fiscal responsibility in an era of severely constrained resources. The administrative staff will develop proposals for competitive state and federal grants and will continue to seek industry donations to help offset operating expenses and lower the member districts' cost.

The 2016-2017 budget priorities include maintaining program quality, increasing student academic and technical skills achievement, and increased attainment of industry credentials and end of program tests.

The 2016-2017 budget highlights include the following:

- Staff salary and hourly rate increases were budgeted based on contractual agreements and compensation plans, resulting in salary increases, net of employee turnover, of $263,700 for 2016-2017.
- Instructional staff changes budgeted include the addition of a Benefits Clerk, a Special Education Learning Facilitator, and an additional Supervisor.
- Staff reductions and furloughs include the removal of a vacant Instructional Assistant position, the reduction to part time of the Grant Coordinator position, and the replacement of seven professional staff positions that resulted in savings.
- LCTI closely and thoroughly, analyzes and identifies staff needs based on educational priorities to determine the most efficient and cost effective mix of full and part time staffing levels.
- Employee benefit increases of 7.4 percent for a total dollar value of $495,900 are projected. Employer Retirement payments which increase to 30.03% from 25.84%, projects to a total net increase of $518,000. Increases of 1.5 percent for Health Insurance project to result in a decrease of $52,100 due in part to increasing employee paid premium share as well as employee driven plan level choice reductions.
- A projected enrollment of 2,800 students attending LCTI in fiscal 2016-2017, which does not include non-resident students.
- In addition to addressing staffing needs, LCTI will begin to address the historic underfunding of instructional technology, as well as technology infrastructure concerns due to aging equipment and networks.
- The judicious use of $100,000 of Committed Fund Balance for Future Retirement Costs is anticipated to balance the 2016-2017 General Fund Budget.

- An Academic Center Budget was approved having total expenditures of $1,657,500, an increase of $43,880 or 2.72 percent, and the member districts increase will be $20,680, or 1.41 percent, for the projected enrollment of 400 students.

- Current Long-Term Liabilities for the series of 2007 Revenue Bonds issued by the State Public School Building Authority in January 2007, which were used to advance refund the Revenue Bond Series of 2001 and the Revenue Bond Series of 2003 have a call date of April 1, 2017. Negotiations are ongoing to refinance this debt in order to take advantage of historically low interest rates. The refinance will also include new proceeds to be used for certain capital improvement projects at LCTI

In order to comply with the Continuing Disclosure covenants of the State Public School Building Authority issued General Obligation Bond dated January 18, 2006, the following information is presented:

Market Values by Member School Districts

Member School District	2013	2014	2015	Percent of Change 2013 - 2015
Allentown	$ 4,049,827,702	$ 4,071,755,859	$ 4,257,813,000	5.14%
Catasauqua	815,949,091	860,591,471	847,727,100	3.89%
East Penn	4,680,663,952	4,726,417,161	4,733,941,529	1.14%
Northern Lehigh	692,845,983	684,798,238	682,059,204	-1.56%
Northwestern Lehigh	1,278,180,479	1,332,427,962	1,391,109,706	8.84%
Parkland	7,237,139,794	7,239,758,349	7,321,549,832	1.17%
Salisbury Township	1,214,764,519	1,181,903,274	1,178,658,485	-2.97%
Southern Lehigh	2,412,717,165	2,401,901,524	2,450,391,092	1.56%
Whitehall- Coplay	2,067,529,961	2,068,236,916	2,059,507,715	-0.39%
Total	$ 24,449,618,646	$ 24,567,790,754	$ 24,922,757,213	1.94%

Source: PA State Tax Equalization Board

Participating District Enrollment History
For Grades 9-12

Member School District	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**% Change (6/30/15-6/30/16)**
Allentown	4,888	4,529	4,452	4,484	4,679	4.35%
Catasauqua	497	464	465	485	466	-3.92%
East Penn	2,566	2,590	2,575	2,645	2,626	-0.72%
Northern Lehigh	587	579	548	537	554	3.17%
Northwestern Lehigh	733	692	739	733	750	2.32%
Parkland	3,109	3,157	3,153	3,123	3,179	1.79%
Salisbury Township	553	579	580	572	568	-0.70%
Southern Lehigh	1,032	1,029	1,051	1,045	1,078	3.16%
Whitehall- Coplay	1,411	1,385	1,396	1,408	1,399	-0.64%
Total	15,376	15,004	14,959	15,032	15,299	1.78%
Percent Change per Year		-2.42%	-0.30%	0.49%	1.78%	

Source: PDE K-12 School Statistics 2015-2016 Enrollment

CONTACTING THE LCTI FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, parents, students, customers, investors, creditors, and taxpayers of our member districts with a general overview of the LCTI financial operations and to show the Joint Operating Committee's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Patricia T. Bader, Business Administrator, Lehigh Career & Technical Institute, 4500 Education Park Drive, Schnecksville PA 18078; Telephone: 610-799-1335, Fax: 610-799-1314 or E-mail: baderp@lcti.org.

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 6,047,558	$ 1,462,457	$ 7,510,015
Internal Balances	(73,279)	73,279	-
Intergovernmental Receivables	742,367	30,781	773,148
Other Receivables	73,413	44,804	118,217
Prepaid Expenses	3,515	-	3,515
Inventories	-	381,399	381,399
Capital Assets Not Being Depreciated:			
Land	95,302	-	95,302
Capital Assets, Net of Accumulated Depreciation	44,033,184	381,282	44,414,466
TOTAL ASSETS	50,922,060	2,374,002	53,296,062
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Bond Refunding	1,029,661	-	1,029,661
Deferred Outflows of Resources for Pension	547,659	47,546	595,205
Pension Contributions Made Subsequent to the Measurement Date	3,007,329	101,314	3,108,643
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,584,649	148,860	4,733,509
LIABILITIES			
Intergovernmental Payables	1,487,501	-	1,487,501
Accounts Payable	408,654	91,820	500,474
Accrued Salaries and Benefits	1,033,369	2,942	1,036,311
Sales Tax Payable	-	166	166
Accrued Interest	428,422	-	428,422
Unearned Revenues	124,161	6,295	130,456
Other Current Liabilities	-	1,600	1,600
Noncurrent Liabilities:			
Due Within One Year	1,725,000	3,851	1,728,851
Bonds Payable, Net	38,589,228	-	38,589,228
Long-Term Portion of Compensated Absences	977,507	-	977,507
Net Pension Liability	40,708,821	1,437,179	42,146,000
Other Postemployment Benefit Obligation	890,772	-	890,772
TOTAL LIABILITIES	86,373,435	1,543,853	87,917,288
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources for Pension	520,284	37,992	558,276
NET POSITION			
Net Investment in Capital Assets	4,843,919	381,282	5,225,201
Restricted for Capital Projects	533,309	-	533,309
Unrestricted (Deficit)	(36,764,238)	559,735	(36,204,503)
TOTAL NET POSITION (DEFICIT)	$ (31,387,010)	$ 941,017	$ (30,445,993)

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

		Program Revenue			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instructional Services:							
Regular	$ 2,114,000	$ 1,294,386	$ 200,022	$ -	$ (619,592)	$ -	$ (619,592)
Special Programs	1,009,063	216,479	688,961	-	(103,623)	-	(103,623)
Vocational	11,172,444	6,729,357	1,221,899	163,548	(3,057,640)	-	(3,057,640)
Other Instructional Programs	1,452,823	888,138	139,554	-	(425,131)	-	(425,131)
Adult Education Programs	3,224,158	4,080,640	658,715	-	1,515,197	-	1,515,197
Total Instructional Services	18,972,488	13,209,000	2,909,151	163,548	(2,690,789)	-	(2,690,789)
Support Services:							
Pupil Personnel	899,159	524,259	123,949	-	(250,951)	-	(250,951)
Instructional Staff	695,809	235,621	347,402	-	(112,786)	-	(112,786)
Administration	1,730,407	1,057,552	166,629	-	(506,226)	-	(506,226)
Pupil Health	149,343	91,134	14,585	-	(43,624)	-	(43,624)
Business Services	773,146	483,384	58,378	-	(231,384)	-	(231,384)
Operation of Plant and Maintenance Services	3,135,843	2,015,561	155,480	-	(964,802)	-	(964,802)
Student Transportation Services	4,349	2,941	-	-	(1,408)	-	(1,408)
Central Support Services	1,980,464	1,242,531	143,162	-	(594,771)	-	(594,771)
Total Support Services	9,368,520	5,652,983	1,009,585	-	(2,705,952)	-	(2,705,952)
Noninstructional Services:							
Student Activities	90,683	59,386	2,871	-	(28,426)	-	(28,426)
Community Services	5,333	3,571	53	-	(1,709)	-	(1,709)
Interest on Long-Term Debt	1,813,190	-	-	1,755,063	(58,127)	-	(58,127)
Total Noninstructional Services	1,909,206	62,957	2,924	1,755,063	(88,262)	-	(88,262)
Total Governmental Activities	30,250,214	18,924,940	3,921,660	1,918,611	(5,485,003)	-	(5,485,003)
Business-Type Activities:							
Food Services	759,463	234,141	572,154	-	-	46,832	46,832
Production Services	1,197,256	1,227,391	27,110	-	-	57,245	57,245
Total Business-Type Activities	1,956,719	1,461,532	599,264	-	-	104,077	104,077
Total Primary Government	$ 32,206,933	$ 20,386,472	$ 4,520,924	$ 1,918,611	(5,485,003)	104,077	(5,380,926)
	General Revenues:						
	Grants, Subsidies, and Contributions Not Restricted for Specific Programs				4,210,369	-	4,210,369
	Investment Earnings				17,588	2,641	20,229
	Miscellaneous Income				52,695	-	52,695
	Total General Revenues				4,280,652	2,641	4,283,293
	Change in Net Position				(1,204,351)	106,718	(1,097,633)
	Net Position (Deficit) - Beginning				(30,182,659)	834,299	(29,348,360)
	Net Position (Deficit) - Ending				$ (31,387,010)	$ 941,017	$ (30,445,993)

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2016

	General	Capital Projects	Debt Service	Total Governmental Funds
ASSETS				
Cash and Investments	$ 5,551,496	$ 496,061	$ -	$ 6,047,557
Interfund Receivables	59,655	37,248	-	96,903
Intergovernmental Receivables	742,367	-	-	742,367
Other Receivables	73,259	-	-	73,259
Prepaid Expenses	3,514	-	-	3,514
TOTAL ASSETS	$ 6,430,291	$ 533,309	$ -	$ 6,963,600
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Interfund Payables	$ 170,026	$ -	$ -	$ 170,026
Intergovernmental Payables	1,487,501	-	-	1,487,501
Accounts Payable	408,654	-	-	408,654
Accrued Salaries and Benefits	1,033,369	-	-	1,033,369
Unearned Revenues	124,161	-	-	124,161
TOTAL LIABILITIES	3,223,711	-	-	3,223,711
FUND BALANCES				
Nonspendable	3,514	-	-	3,514
Restricted for:				
Debt Service	-	-	-	-
Capital Projects	-	533,309	-	533,309
Committed for:				
Future Retirement Costs	1,250,000	-	-	1,250,000
Assigned for:				
Academic Center	365,391	-	-	365,391
Adult Education	1,101,699	-	-	1,101,699
Unassigned	485,976	-	-	485,976
TOTAL FUND BALANCES	3,206,580	533,309	-	3,739,889
TOTAL LIABILITIES AND FUND BALANCES	$ 6,430,291	$ 533,309	$ -	$ 6,963,600

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2016

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$ 3,739,889
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $88,824,859 and the accumulated depreciation is $44,696,373.		44,128,486
The net pension and other postemployment benefit obligations are not reflected on the fund financial statements.		(41,599,593)
Deferred outflows and inflows of resources for pensions are recorded and amortized in the statement of net position.		3,034,704
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	$ (40,585,000)	
Accrued Interest on Bonds	(428,422)	
Unamortized Bond Discount	270,772	
Deferred Charge on Bond Refunding	1,029,661	
Long-Term Portion of Compensated Absences	(977,507)	(40,690,496)
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES		$ (31,387,010)

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2016

	General	Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Local Sources	$ 2,562,011	$ 1,278	$ 18	$ 2,563,307
Local Sources - Other LEA's	20,354,532	-	-	20,354,532
State Sources	5,072,717	-	-	5,072,717
Federal Sources	823,744	-	-	823,744
TOTAL REVENUES	28,813,004	1,278	18	28,814,300
EXPENDITURES				
Current:				
Instructional Services	16,473,995	-	-	16,473,995
Support Services	8,482,147	-	-	8,482,147
Operation of Noninstructional Services	92,781	-	-	92,781
Debt Service:				
Principal	-	-	1,655,000	1,655,000
Interest	-	-	1,755,063	1,755,063
Refund of Prior Year Revenues - Academic Center Credit Applied	46,531	-	-	46,531
TOTAL EXPENDITURES	25,095,454	-	3,410,063	28,505,517
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,717,550	1,278	(3,410,045)	308,783
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	114,545	-	-	114,545
Transfers In	22	50,000	3,410,063	3,460,085
Transfers Out	(3,460,063)	-	(22)	(3,460,085)
TOTAL OTHER FINANCING SOURCES (USES)	(3,345,496)	50,000	3,410,041	114,545
NET CHANGE IN FUND BALANCES	372,054	51,278	(4)	423,328
FUND BALANCES - BEGINNING OF YEAR	2,834,526	482,031	4	3,316,561
FUND BALANCES - END OF YEAR	$ 3,206,580	$ 533,309	$ -	$ 3,739,889

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 423,328
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. In the current period, these amounts are:		
Capital Outlays	$ 1,596,282	
Loss on Disposal of Assets	(136,177)	
Less: Depreciation Expense	(4,082,276)	(2,622,171)
Issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Repayment of Bond Principal	1,655,000	
Amortization of Bond Discount	(16,410)	
Amortization of Deferred Charge on Bond Refunding	(62,404)	1,576,186
Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources.		20,687
In the statement of activities, certain operating expenses - compensated absences (vacations and sick days) are measured by the amounts earned during the year.		118,996
Increase in net pension liability and other postemployment benefit obligation is reflected as an adjustment to expense on the statement of activities, but not included in the fund statements.		(721,377)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (1,204,351)

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2016

	Cafeteria Fund	Production Fund	Total
ASSETS			
CURRENT ASSETS			
Cash and Investments	$ 410,330	$ 1,052,127	$ 1,462,457
Interfund Receivables	24,879	117,310	142,189
Intergovernmental Receivables	14,582	16,199	30,781
Other Receivables, Net	-	44,804	44,804
Inventories	20,645	360,754	381,399
TOTAL CURRENT ASSETS	470,436	1,591,194	2,061,630
NONCURRENT ASSETS			
Buildings and Building Improvements	-	344,463	344,463
Equipment	367,595	180,331	547,926
Accumulated Depreciation	(224,560)	(286,547)	(511,107)
TOTAL NONCURRENT ASSETS	143,035	238,247	381,282
TOTAL ASSETS	613,471	1,829,441	2,442,912
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources for Pension	40,101	7,445	47,546
Pension Contributions Made Subsequent to the Measurement Date	61,204	40,110	101,314
TOTAL DEFERRED OUTFLOWS OF RESOURCES	101,305	47,555	148,860
LIABILITIES			
CURRENT LIABILITIES			
Interfund Payables	31,402	37,508	68,910
Accounts Payable	25,331	66,489	91,820
Accrued Salaries and Benefits	-	2,942	2,942
Sales Tax Payable	-	166	166
Unearned Revenues	6,295	-	6,295
Other Current Liabilities	-	1,600	1,600
Compensated Absences	3,851	-	3,851
TOTAL CURRENT LIABILITIES	66,879	108,705	175,584
NONCURRENT LIABILITIES			
Net Pension Liability	885,066	552,113	1,437,179
TOTAL LIABILITIES	951,945	660,818	1,612,763
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources for Pension	21,102	16,890	37,992
NET POSITION			
Net Investment in Capital Assets	143,035	238,247	381,282
Unrestricted (Deficit)	(401,306)	961,041	559,735
TOTAL NET POSITION (DEFICIT)	$ (258,271)	$ 1,199,288	$ 941,017

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended June 30, 2016

	Cafeteria Fund	Production Fund	Total
OPERATING REVENUES			
Food Service Revenue	$ 234,141	$ -	$ 234,141
Production Service Revenue	-	1,227,391	1,227,391
TOTAL OPERATING REVENUES	234,141	1,227,391	1,461,532
OPERATING EXPENSES			
Salaries	244,816	170,823	415,639
Employee Benefits	140,483	86,499	226,982
Purchased Property Services	14,327	-	14,327
Other Purchased Services	395	7,017	7,412
Supplies	330,160	909,323	1,239,483
Depreciation	29,167	22,058	51,225
Other Expenses	115	1,536	1,651
TOTAL OPERATING EXPENSES	759,463	1,197,256	1,956,719
OPERATING INCOME (LOSS)	(525,322)	30,135	(495,187)
NONOPERATING REVENUES			
Earnings on Investments	532	2,109	2,641
State Sources	61,763	27,110	88,873
Federal Sources	510,391	-	510,391
TOTAL NONOPERATING REVENUES	572,686	29,219	601,905
CHANGE IN NET POSITION	47,364	59,354	106,718
NET POSITION (DEFICIT) - BEGINNING OF YEAR	(305,635)	1,139,934	834,299
NET POSITION (DEFICIT) - END OF YEAR	$ (258,271)	$ 1,199,288	$ 941,017

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2016

	Cafeteria Fund	Production Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	$ 278,353	$ -	$ 278,353
Cash Received from Other Operating Revenues	-	1,225,316	1,225,316
Cash Payments to Employees for Services	(349,970)	(293,264)	(643,234)
Cash Payments to Suppliers for Goods and Services	(262,186)	(612,518)	(874,704)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(333,803)	319,534	(14,269)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	61,763	27,110	88,873
Federal Sources	446,627	-	446,627
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	508,390	27,110	535,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of Equipment	(41,503)	-	(41,503)
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	532	2,109	2,641
NET INCREASE IN CASH AND CASH EQUIVALENTS	133,616	348,753	482,369
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	276,714	703,374	980,088
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 410,330	$ 1,052,127	$ 1,462,457

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS

For the Year Ended June 30, 2016

	Cafeteria Fund	Production Fund	Total
Reconciliation of Operating (Income) Loss to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ (525,322)	$ 30,135	$ (495,187)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	29,167	22,058	51,225
Donated Commodities Used	63,764	-	63,764
Changes in Assets and Liabilities:			
Interfund Receivables	15,426	(17,484)	(2,058)
Intergovernmental and Other Receivables	42,448	(2,075)	40,373
Inventories	2,019	338,036	340,055
Deferred Outflows of Resources for Pension	(6,956)	(6,099)	(13,055)
Pension Contributions Made Subsequent to the Measurement Date	(39,231)	(7,036)	(46,267)
Interfund Payables	(5,982)	(19,981)	(25,963)
Accounts Payable	17,028	(33,146)	(16,118)
Accrued Salaries and Benefits	-	(7,264)	(7,264)
Unearned Revenues	1,765	-	1,765
Other Current Liabilities	-	468	468
Compensated Absences	962	-	962
Net Pension Liability	105,527	41,676	147,203
Deferred Inflows of Resources for Pension	(34,418)	(19,754)	(54,172)
Total Adjustments	191,519	289,399	480,918
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (333,803)	$ 319,534	$ (14,269)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the District used $63,764 of commodities from the U.S. Department of Agriculture.

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2016

	Private Purpose Trust Funds	Agency Funds
ASSETS		
CURRENT ASSETS		
Cash and Investments	$ 97,769	$ 125,983
TOTAL ASSETS	97,769	$ 125,983
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Payroll Taxes and Withholdings	-	$ 44,703
Interfund Payables	-	156
Other Current Liabilities	-	81,124
TOTAL LIABILITIES	-	$ 125,983
NET POSITION HELD IN TRUST	$ 97,769	

See accompanying notes.

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND

For the Year Ended June 30, 2016

			Private Purpose Trust Funds
ADDITIONS			
Contributions		$	6,272
Earnings on Investments			125
	TOTAL ADDITIONS		6,397
DEDUCTIONS			
Scholarships			8,217
	CHANGE IN NET POSITION		(1,820)
NET POSITION - BEGINNING OF YEAR			99,589
	NET POSITION - END OF YEAR	$	97,769

See accompanying notes.

Lehigh Career & Technical Institute ("LCTI") is located in Eastern Pennsylvania in Lehigh County and is comprised of nine participating Districts. These districts are: Allentown School District, Catasauqua Area School District, East Penn School District, Northwestern Lehigh School District, Northern Lehigh School District, Parkland School District, Salisbury Township School District, Southern Lehigh School District, and Whitehall-Coplay School District.

LCTI is a joint venture, which is operated by a Joint Operating Committee comprised of school directors elected by the participating school districts. The Joint Operating Committee is given the power and authority and has the duty to operate, administer, and manage LCTI, and conduct the affairs of LCTI within the limits of the budget adopted by the Committee and approved by two-thirds of the participating school districts, and a majority vote of all the school directors of all participating school districts.

The Joint Operating Committee appoints an acting superintendent from among the participating school districts, who assists the director of LCTI, who also is appointed, in administering the vocational education of the students and implementing the policies and procedures adopted by the Joint Operating Committee.

The participating member districts' own financial activities are excluded from LCTI's financial statements and are not part of the reporting entity of LCTI.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of LCTI (the primary government) and its component units.

LCTI used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, etc.) within its reporting entity. The criteria used by LCTI for inclusion are financial accountability and the nature and significance of the relationships. In determining financial accountability in a given case, LCTI reviews the applicability of the following criteria. LCTI is financially accountable for:

- Organizations that make up the legal entity.

- Legally separate organizations if LCTI officials appoint a voting majority of the organization's governing body and LCTI is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, LCTI as defined below.

  Impose its will - If LCTI can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

Financial benefit or burden - Exists if LCTI (1) is entitled to the organization's resources; (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization; or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on LCTI. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by LCTI.

Based on the foregoing criteria, the reporting entity has been defined to include all criteria for which LCTI is financially accountable or for which there is another significant relationship. Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such units in LCTI's financial statements are provided in the following paragraphs.

Blended Component Unit
Lehigh County Area Vocational-Technical Authority
The Lehigh County Area Vocational-Technical Authority is considered to be a component unit of the Lehigh Career & Technical Institute. The Authority is active and due to the relationship with the primary government (Lehigh Career & Technical Institute); the Authority is presented as a blended component unit and presented as though a part of the primary government.

Lehigh County Area Vocational-Technical School Authority is the owner of real property used by LCTI and has no formal activity. The Authority was a conduit party to the issuance of the Revenue Bonds of 2007 (see Note 7).

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. LCTI itself is a joint venture organized by nine participating member school districts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities which rely to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the level to which the direct expenses of a given function to LCTI are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers, 2) or others who purchase, use, or directly benefit from services or goods provided by a given function or grants and contributions that are restricted to meet the operational or capital requirements of a function. Other items properly not included in program revenues are reported as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from LCTI's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

LCTI Reports the Following Major Governmental Funds:

General Fund: This fund is established to account for resources devoted to financing the general services that LCTI performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of LCTI are included in this fund. The fund is charged with all costs of operating LCTI for which a separate fund has not been established.

Capital Projects Fund: This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds).

Debt Service Fund: This fund is established for the purpose of accumulating resources for the payment of interest and principal for long-term debt obligations.

LCTI has the Following Major Enterprise Funds:

Cafeteria Fund: This fund accounts for all revenues, food purchases, and costs and expenses for the food service program. The intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

Production Fund: The fund is used to account for LCTI's trade and industry production activities that are financed and operated in a manner similar to private business enterprises. The Fund accounts for all revenues and expenses for the Trade and Industry Production Program.

Additionally, LCTI Reports the Following Fund Types:

Fiduciary Funds: LCTI's fiduciary funds are trust funds and agency funds. Trust funds are used to account for assets held by LCTI under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support LCTI's own programs. LCTI's only trust funds are the private-purpose trusts. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. LCTI's student activity and payroll funds are agency funds.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The trust fund is reported using the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Process

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

In accordance with the operating agreement of LCTI, the Joint Operating Committee adopts the general fund budget with a two-thirds affirmative vote of the participating school districts and a majority vote of all school directors comprising such participating boards.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the Joint Operating Committee to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Joint Operating Committee approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2015/16 budget transfers.

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance

1. Cash and Investments

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

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The LCTI categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

2. Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Inventories and Prepaid Items

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 of the governmental funds, consisting principally of textbooks and instructional supplies, are not valued since it is the policy of LCTI to charge these items to expense upon acquisition.

Inventories of the Enterprise Funds consisting of food and production services inventory are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on hand at June 30, 2016, consist of the following:

	Business-Type		
	Cafeteria Fund	Production Fund	Total
Food	$ 19,104	$ -	$ 19,104
Commodities	1,541	-	1,541
Supplies - School Store	-	2,895	2,895
Land - House Projects	-	95,349	95,349
Supplies - Distribution Center	-	262,510	262,510
TOTAL	$ 20,645	$ 360,754	$ 381,399

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

4. Capital Assets, Depreciation, and Amortization

LCTI generally capitalizes assets with costs of $1,000 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than $1,000 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets of the governmental activities are as follows:

Assets	Years
Buildings and building improvements	20 - 50 years
Furniture, fixtures, and equipment	3 - 15 years
Vehicles	5 - 10 years
Textbooks	5 - 7 years

Estimated useful lives, in years, for depreciable assets of the business-type activities are as follows:

Buildings and building improvements	25 years
Equipment	5 - 7 years

Interest costs incurred during the construction phase of capital assets are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. LCTI has three items that qualify for reporting in this category, which are a deferred charge on bond refunding, a deferred pension contribution, and deferred outflows of resources for pension which are reported in the government-wide statement of net position. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred pension contribution results from contributions made to the pension plan subsequent to the measurement date and prior to the LCTI's year end. The contributions will be recognized as a reduction in net pension liability in the following year. Deferred outflows of resources for pension relates to LCTI's net pension liability and pension expense and arises from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. LCTI has one item that qualifies for reporting in this category. Deferred inflows of resources for pension relates to LCTI's net pension liability and pension expense and arises from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, or differences between employer contributions and the proportionate share of total contributions reported by the pension plan. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

6. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide and fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when LCTI has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

7. Net Position

Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net investment in capital assets component of net position is comprised 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. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use, either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

It is the LCTI's policy to consider restricted resources to have been depleted before unrestricted resources are applied.

8. Fund Balance Policies and Flow Assumptions

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Joint Operating Committee (JOC) is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The executive director or business administrator may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or review a commitment.

Under the general fund balance retainage policy, LCTI may retain no more than 25 percent of the surplus at the end of any fiscal year into unassigned fund balance. The unassigned fund balance of the general fund at the end of each fiscal year end shall not exceed five percent of the following year's projected budgeted expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance - continued

8. Fund Balance Policies and Flow Assumptions - continued

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. LCTI's policy places no restrictions on the order of the unrestricted fund balances used and, therefore, government accounting standards suggest the following flow assumptions - first, committed; second, assigned; third, unassigned.

G. Revenues and Expenditures/Expense

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions (including special assessments) that are restricted to meeting the operations or capital requirements of a particular function or segment. All other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Compensated Absences

Sick Pay

LCTI employees earn sick leave depending upon their classification. Sick leave is accumulated on an annual basis for all employees. There is no limit to the number of sick days which may be accumulated. Upon retirement, eligible employees are paid an established rate per day depending upon their classification.

Vacation Leave

LCTI employees are entitled to vacation based upon the employment agreements and schedule of benefits. Total vacation time per month applies from July 1 to June 30. Administrative personnel must use vacation days within eighteen months after they are awarded, or they shall be forfeited. Technical and support employees shall be awarded vacation days as determined by the terms of an applicable agreement or the collective bargaining contract.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Revenues and Expenditures/Expense - continued

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the cafeteria fund are charges to customers for meals and services provided. The principal operating revenues of the production fund are charges to customers for trade and industry production activities. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Other Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Compliance with finance related legal and contractual provisions

LCTI has no material violations of finance related legal and contractual provisions.

B. Deficit fund balance or net position of individual funds

Deficit Fund Balance - Proprietary Fund - Cafeteria Fund

For the year ended June 30, 2016, the accounting under GASB No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* created a deficiency in net position at year-end of $258,271. LCTI will fund this deficiency in future years through contributions to the Pennsylvania Public School Employees' Retirement Plan (PSERS) at a rate required by the PSERS.

C. Excess of expenditures over appropriations in individual funds

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONTINUED

D. Budgetary compliance

LCTI's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. LCTI cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2016.

NOTE 3 - CASH AND INVESTMENTS

The carrying amount of cash and investments at June 30, 2016, consists of the following:

Petty cash	$ 300
Pooled cash	7,733,467
	$ 7,733,767

Deposits
Custodial Credit Risk
Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. LCTI does have a policy for custodial credit risk. As of June 30, 2016, LCTI did not have any accounts subject to this risk.

Investments
Under Section 440.1 of the Public School Code of 1949, as amended, LCTI is permitted to invest funds in the following types of investments:

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.

Deposits in savings accounts, 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, therefore, shall be pledged by the depository.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met. At this time, LCTI does not have any investments related to Act 10.

As of June 30, 2016, LCTI had the following investments:

	Fair Value	Reconciling Items	Carrying Value
PA Local Government Investment Trust	$ 80,548	$ -	$ 80,548
PA School District Liquid Asset Fund:			
Max account balance	4,210,936	(473,017)	3,737,919
Fixed Income	3,915,000	-	3,915,000
Total Investments	$ 8,206,484	$ (473,017)	$ 7,733,467

A portion of LCTI's deposits are in the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, the funds act like a money market mutual fund in that their objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

LCTI's cash equivalent investments in PLGIT and PSDLAF cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of LCTI's position in the external investment pool is the same as the value of the pool shares. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

As of June 30, 2016, the entire PLGIT and PSDLAF book balance of $7,733,467 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

Interest Rate Risk

LCTI does 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.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Credit Risk

LCTI has an investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2016, LCTI's investments were rated as:

Investment	Standard & Poor's
PA Local Government Investment Trust	AAA
PA School District Liquid Asset Fund	AAA

Concentration of Credit Risk

LCTI places no limit on the amount that LCTI may invest in any one issuer. As of June 30, 2016, LCTI has no investments subject to concentration of credit risk.

Custodial Credit Risk

For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, LCTI will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. LCTI has an investment policy for custodial credit risk.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES/PAYABLES

Intergovernmental Receivables

The following amounts were intergovernmental receivables as of June 30, 2016:

		Proprietary Fund		
Name of Governmental Unit	General Fund	Cafeteria	Production	Total
Pennsylvania Department of Education	$ 626,813	$ 13,742	$ -	$ 13,742
Department of Veteran Affairs	5,134	-	-	-
Office of Vocational Rehabilitation	1,590	-	-	-
Member Schools	-	-	12,162	12,162
Nonmember Schools	52,456	-	-	-
Other	56,374	840	4,037	4,877
	$ 742,367	$ 14,582	$ 16,199	$ 30,781

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES/PAYABLES - CONTINUED

Intergovernmental Payables

The following amounts were intergovernmental payables as of June 30, 2016:

Name of Governmental Unit	General Fund
Pennsylvania School Employees Retirement System	$ 972,602
Member Schools	514,899
	$ 1,487,501

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

The following schedule represents the interfund receivables and payables at June 30, 2016:

Funds	Interfund Receivables	Interfund Payables
General Fund	$ 59,655	$ 170,026
Capital Projects Fund	37,248	-
Proprietary Funds:		
Cafeteria	24,879	31,402
Production	117,310	37,508
Agency Fund - Payroll Fund	-	156
	$ 239,092	$ 239,092

Interfund receivables/payables are due to shared costs which have not been reimbursed yet.

LCTI also made the following interfund transfers during the year ended June 30, 2016:

Fund	Transfers In	Transfers Out
General Fund	$ 22	$ 3,460,063
Capital Projects Fund	50,000	-
Debt Service Fund	3,410,063	22
	$ 3,460,085	$ 3,460,085

Transfers were made to meet future capital needs and fund debt service requirements.

NOTE 6 - CHANGES IN CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2016, were as follows:

Governmental Activities

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
Capital assets not being depreciated:				
Land	$ 95,302	$ -	$ -	$ 95,302
Capital assets being depreciated:				
Buildings and building improvements	59,937,395	47,166	-	59,984,561
Furniture and fixtures	2,540,513	13,680	(17,953)	2,536,240
Equipment	23,708,834	1,334,886	(864,398)	24,179,322
Vehicles	1,523,520	114,463	(159,600)	1,478,383
Textbooks	464,964	86,087	-	551,051
Total being depreciated	88,175,226	1,596,282	(1,041,951)	88,729,557
Less accumulated depreciation for:				
Buildings and building improvements	22,744,094	2,076,801	-	24,820,895
Furniture and fixtures	1,672,572	147,770	(21,416)	1,798,926
Equipment	15,692,821	1,699,591	(772,459)	16,619,953
Vehicles	1,007,918	111,117	(111,899)	1,007,136
Textbooks	402,466	46,997	-	449,463
Total accumulated depreciation	41,519,871	4,082,276	(905,774)	44,696,373
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	46,655,355	(2,485,994)	(136,177)	44,033,184
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	$ 46,750,657	$ (2,485,994)	$ (136,177)	$ 44,128,486

Business-Type Activities

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
Capital assets being depreciated:				
Buildings and building improvements	$ 344,463	$ -	$ -	$ 344,463
Equipment	506,423	41,503	-	547,926
Total being depreciated	850,886	41,503	-	892,389
Accumulated depreciation for:				
Buildings and building improvements	115,651	5,717	-	121,368
Equipment	344,231	45,508	-	389,739
Total accumulated depreciation	459,882	51,225	-	511,107
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 391,004	$ (9,722)	$ -	$ 381,282

NOTE 6 - CHANGES IN CAPITAL ASSETS - CONTINUED

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

Instructional Services:	
Regular	$ 74,408
Special Programs	2,883
Vocational	2,335,849
Other Instructional Programs	146,363
Adult Education Programs	524,252
Support Services:	
Pupil Personnel	11,217
Instructional Staff	22,830
Administration	23,566
Pupil Health	3,683
Business Services	13,639
Operation of Plant and Maintenance Services	719,704
Central Support Services	201,937
Community Services	1,945
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	$ 4,082,276

NOTE 7 - LONG-TERM LIABILITIES

Revenue Bonds Payable: The series of 2007 Revenue Bonds were issued by the State Public School Building Authority in January 2007. The proceeds of this bond were used to advance refund the Revenue Bond Series of 2001 and the Revenue Bond Series of 2003. Interest is payable semi-annually on April 1 and October 1 with interest ranging from 3.50% to 5.00%. The participating districts of LCTI are obligated to pay allocable shares for the rental (debt service) requirements which are payable from the current revenues of each of the participating districts in each applicable year. The allocable shares are based upon the market valuation of the participating district's taxable real estate. As title owner to the real estate, the Authority executed a lease agreement with the State Public School Building Authority with the rent payment equal to the net proceeds from the bond issuance. A sublease agreement was executed between the State Authority and LCTI with rental payments equal to the debt service requirements.	$ 40,585,000

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED

The future annual payments required to amortize all outstanding bonds are as follows:

	Revenue Bonds Series of 2007	
	Principal	Interest
2017	$ 1,725,000	$ 1,677,031
2018	1,810,000	1,601,913
2019	1,880,000	1,525,850
2020	1,960,000	1,444,150
2021	2,045,000	1,359,150
2022 - 2026	11,605,000	5,417,590
2027 - 2031	14,340,000	2,684,300
2032 - 2033	5,220,000	194,438
	$ 40,585,000	$ 15,904,422

Compensated Absences

Sick-Pay

Under LCTI's various bargaining agreements and plans, professional employees accumulate unused sick days without limitation. These unused sick days may be accumulated for future illnesses and are vested upon retirement.

LCTI maintains records of each employee's accumulated sick days that are vested with eligible employees. The sick leave termination benefit of $632,276, including FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide financial statements.

Vacation Leave

Unused vacation leave is paid upon an employee's termination. LCTI maintains records of each employee's accumulated vacation days. Vacation leave earned of $345,231, which includes the employer's share of FICA tax, is recorded as a long-term liability in the governmental activities column of the government-wide financial statement. The liability recorded in the Cafeteria Fund and in the business-type activity column of the government-wide financial statements is $3,851 at June 30, 2016.

NOTE 7 - LONG-TERM LIABILITIES - CONTINUED

Long-term liability balance and activity, except for the net pension liability and other postemployment benefits obligation, for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Debt:					
Bonds payable	$ 42,240,000	$ -	$ (1,655,000)	$ 40,585,000	$ 1,725,000
Less deferred amounts:					
For issuance discounts	(287,182)	-	16,410	(270,772)	-
Subtotal	41,952,818	-	(1,638,590)	40,314,228	1,725,000
Other Liabilities:					
Compensated absences	1,096,503	416,338	(535,334)	977,507	-
Total Governmental Long-Term Liabilities	$ 43,049,321	$ 416,338	$ (2,173,924)	$ 41,291,735	$ 1,725,000
Business-Type Activities					
Other Liabilities:					
Compensated absences	$ 2,889	$ 2,317	$ (1,355)	$ 3,851	$ 3,851

Payments on the bonds are made by the debt service fund with receipts from debt service assessments received from the member districts. The compensated absence liabilities will be liquidated by the general fund and the proprietary funds. Total interest paid during the year ended June 30, 2016, was $1,755,062.

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Employee Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pension Plan

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

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24 Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

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

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

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

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Contributions

The contribution policy is set by the state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania.

Member Contributions:

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

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

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

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

Employer Contributions:

LCTI's contractually required contribution rate for fiscal year ended June 30, 2016, was 25.00 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The rate was certified by the PSERS Board of Trustees. Contributions to the pension plan from LCTI for the years ended June 30, 2016, 2015, and 2014 were $3,108,643; $2,591,775; and $2,000,848; respectively.

LCTI is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. For the year ended June 30, 2016, the contribution rate was 0.84 percent of covered payroll and LCTI contributed $104,450; $113,785; and $116,299; for the years ended June 30, 2016, 2015, and 2014, respectively.

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Under the current legislation, the Commonwealth of Pennsylvania reimburses LCTI for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net position liabilities and related pension expense represent 100 percent of the LCTI's share of these amounts. The total reimbursement recognized by LCTI for the years ended June 30, 2016, 2015, and 2014 was $1,644,187; $1,335,426; and $1,062,567; respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, LCTI reported a liability of $42,146,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2014 to June 30, 2015. LCTI's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2015, LCTI's proportion was 0.0973 percent, which was a decrease of 0.0008 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, LCTI recognized pension expense of $3,760,326. At June 30, 2016, LCTI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ -	$ 86,000
Difference between expected and actual experience	-	174,000
Change in proportion - Plan Level	476,000	271,000
Change in proportion - Internal	27,276	27,276
Difference between employer contributions and proportionate share of total contributions	91,929	-
Contributions subsequent to the measurement date	3,108,643	-
	$ 3,703,848	$ 558,276

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

The $3,108,643 reported as deferred outflows of resources resulting from LCTI pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2017	$ 128,675
2018	128,675
2019	128,675
2020	(422,954)
	$ (36,929)

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level percent of pay
- Investment return - 7.50 percent, includes inflation at 3.00 percent
- Salary increases - Effective average of 5.50 percent, which reflects an allowance for inflation of 3.00 percent, real wage growth of 1 percent, and merit or seniority increases of 1.50 percent
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

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

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

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public markets global equity	22.5%	4.8%
Private markets (equity)	15.0%	6.6%
Private real estate	12.0%	4.5%
Global fixed income	7.5%	2.4%
U.S. long treasuries	3.0%	1.4%
TIPS	12.0%	1.1%
High yield bonds	6.0%	3.3%
Cash	3.0%	70.0%
Absolute return	10.0%	4.9%
Risk parity	10.0%	3.7%
MLPs/Infrastructure	5.0%	5.2%
Commodities	8.0%	3.1%
Financing (LIBOR)	-14.0%	1.1%
	100%	

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

Discount Rate

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

NOTE 8 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
LCTI's proportionate share of the net pension liability	$ 51,949,000	$ 42,146,000	$ 33,906,000

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2016, LCTI had an accrued balance due to PSERS of $972,602. This amount represents LCTI's contractually obligated contributions for wages earned in April 2016 through June 2016. The balance will be paid in September 2016.

403(b) Tax Shelter Plan

LCTI has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. LCTI does not contribute to the Plan.

NOTE 9 - OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

LCTI administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The Plan provides certain healthcare insurance for eligible retirees and their spouses through LCTI's health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiation with LCTI and the unions representing LCTI's employees. The Retiree Health Plan does not issue a publicly available financial report.

NOTE 9 - OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS - CONTINUED

Funding Policy

Contribution requirements also are negotiated between LCTI and union representatives. The required contribution is based on pay as you go financing. For teachers who are eligible for PSERS retirement, with at least 15 years of service with LCTI and at least age 53, LCTI pays full medical, prescription drug, and dental coverage for the retired plan member. The retired plan member contributes 100 percent of the premiums for its dependents, spouse and family included. For administrators who are eligible for PSERS retirement, with at least seven years of service with LCTI and at least age 45, an account balance is determined at retirement based on the retired plan member's salary in the prior year. The account balance is used to pay for the retired plan member and spouse coverage until the account is exhausted. LCTI provides an annual credit of $1,000 to pay for medical, prescription drug, and dental for the retired plan member only. After account exhaustion, retired plan member contributes 100 percent of the premiums for its dependents, spouse, and family included. For confidential and nonclassified employees eligible for PSERS retirement, with at least 12 years of service with LCTI and at least age 55, LCTI provides an annual credit of $1,000 to pay for medical, prescription drug, and dental for the retired plan member. The retired plan member contributes 100 percent of the premiums for its dependents, spouse, and family included. For support staff with at least 30 years of service with LCTI or superannuation retirement (age 60 with 30 years of service, age 62 with 1 year of service, or 35 years of service regardless of age), the retired plan member must provide payment equal to the premium determined for the purpose of COBRA for continued coverage under LCTI's health plan. Under all the plans described, coverage is generally provided until the retiree is eligible for Medicare or until retiree's death, whichever is earlier. For the fiscal year ended June 30, 2016, LCTI contributed $184,984 to the Plan related to retirees.

Annual OPEB Cost and Net OPEB Obligation

LCTI's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of LCTI's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in LCTI's net OPEB obligation:

Annual required contribution	$ 301,293
Interest on net OPEB obligation	35,432
Adjustment to annual required contribution	(48,338)
Annual OPEB Cost	288,387
Contributions made	(184,984)
Increase in net OPEB obligation	103,403
Net OPEB obligation - beginning of year	787,369
Net OPEB obligation - end of year	$ 890,772

NOTE 9 - OTHER POSTEMPLOYMENT HEALTH CARE BENEFITS - CONTINUED

LCTI's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	$ 288,387	64.1%	$ 890,772
6/30/2015	289,820	69.8%	787,369
6/30/2014	343,620	50.7%	699,894

Funded Status and Funding Progress
As of July 1, 2014, the most recent actuarial valuation date, the Plan was unfunded. The actuarial accrued liability for benefits was $2,457,928, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $2,457,928. The covered payroll (annual payroll of active employees covered by the Plan) was $10,325,804, and the ratio of the UAAL to the covered payroll was 23.80 percent.

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

Actuarial Methods and Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent in 2014, decreasing 0.5 percent per year to 5.5 percent in 2016. Rates gradually decrease from 5.3 percent in 2017 to 4.2 percent in 2089 and later. The unfunded actuarial accrued liability is being amortized at the end of the year based on level dollar and a 30-year open amortization period.

NOTE 10 - FUND BALANCE

In January 2003, the members of the Joint Operating Committee of LCTI approved the establishment of a general fund balance. The purpose of this balance is to provide an alternative funding source in the consideration of the potential impact a sudden change in the level of funding from sources other than the member districts may have on the services of LCTI. The amount is determined in accordance with a prescribed formula to be followed each year as approved by the members of the Joint Operating Committee.

Details of LCTI's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies.* Fund balance classifications for the year ended June 30, 2016, were as follows:

General Fund

The General Fund has nonspendable funds of $3,514 for prepaid expenditures, committed funds of $1,250,000 for future retirement costs, assigned funds of $365,391 for the Academic Center, $1,101,699 for Adult Education, and an unassigned fund balance of $485,976. The commitment was authorized by the Joint Operating Committee's motion to set aside resources to fund anticipated increases in PSERS contributions.

The General Fund of LCTI is comprised of three components - one for regular operations, another for its adult education activities, and another for its academic center. The academic center reflects those activities at LCTI for the core educational competencies normally provided by the member schools. This allows students of the member districts to attend LCTI on a full day basis.

The classification of fund balances within the General Fund at June 30, 2016, is as follows:

	Operating Fund Retainage	Adult Education Retainage	Academic Center Retainage	Total
Fund Balance - July 1, 2015	$ 1,645,802	$ 825,618	$ 363,106	$ 2,834,526
2015 - 2016 Operating Fund	93,688	-	-	93,688
2015 - 2016 Academic Center Fund Balance Retainage	-	-	48,816	48,816
2015 - 2016 Academic Center Fund Transfer to Member Districts	-	-	(46,531)	(46,531)
2015 - 2016 Revenues Over (Under) Expenditures on Reserved Operations	-	276,081	-	276,081
Fund Balance - June 30, 2016	$ 1,739,490	$ 1,101,699	$ 365,391	$ 3,206,580

NOTE 10 - FUND BALANCE - CONTINUED

The Operating Fund had excess revenues over expenditures for the 2015/2016 fiscal year of $374,756, of which $93,688 was retained in accordance with establishment of the general fund balance retainage policy. The remaining Operating Fund excess revenues over expenditures for the 2015/2016 fiscal year of $270,542 has been charged against the participating districts' contributions to LCTI for the 2015/2016 fiscal year, and is included as a liability of the General Fund as of June 30, 2016.

The Joint Operating Committee of Lehigh Career & Technical Institute has also established an agreement to allow LCTI to retain and reserve any excess revenues over expenditures occurring within the General Fund that is created by the adult school operations of LCTI. The amount retained and reserved for adult school operations within the General Fund at June 30, 2016, was $1,101,699. The current year's revenues exceeded expenditures for adult school operations by $276,081.

The Academic Center Fund had excess revenues over expenditures for the 2015/2016 fiscal year of $195,262, of which $48,816 was retained in accordance with establishment of the general fund balance retainage policy. This fund balance is classified as assigned for the purpose of funding the Academic Center. The remaining Academic Center Fund excess revenues over expenditures for the 2015/2016 fiscal year of $146,446 has been charged against the participating districts' contributions to LCTI for the 2015/2016 fiscal year, and is included as a liability of the General Fund as of June 30, 2016.

During the 2015/2016 fiscal year, participating districts requested $46,531 of the assigned fund balance in the Academic Center Fund to be used as credits against current year billings. This amount is reported as a credit applied from the Academic Center Fund on the statement of revenues, expenditures, and changes in fund balance - governmental funds.

Restricted Fund Balance
The Capital Projects Fund has restricted funds of $533,309 comprised of surplus monies transferred from the General Fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Pennsylvania School Code Section 1850.4.

NOTE 11 - CONTINGENCIES AND COMMITMENTS

LCTI receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. LCTI officials do not expect any significant adjustments as a result of these examinations.

LCTI is subject to claims made by individuals for various assertions. Management believes they have insurance that will meet any potential liability and the impact to LCTI will be minimal.

NOTE 12 - RISK MANAGEMENT

LCTI is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which LCTI retains risk of loss. For insured programs, there were no significant reductions in insurance coverage for the 2015/2016 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans* - The objective of this statement is to improve the usefulness of information about other postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for LCTI's fiscal year ending June 30, 2017.

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement is effective for LCTI's fiscal year ending June 30, 2018.

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED

- Statement No. 77, *Tax Abatement Disclosures* - The requirements of this statement enhance the disclosure of information about the nature and magnitude of tax abatements and will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations, and (2) the impact those abatements have on a government's financial position and economic condition. This statement is effective for LCTI's fiscal year ending June 30, 2017.

- Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73* - This statement addressed certain issues that have been raised with respect to GASB Statements No. 67, No. 68, and No. 73 related to (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions of the treatment of deviations from the guidance in Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for LCTI's fiscal year ending June 30, 2017.

LCTI has not yet completed the analyses necessary to estimate the financial statement impact of these new pronouncements, but believe the result will have a negative impact on financial position.

REQUIRED SUPPLEMENTARY INFORMATION

LEHIGH CAREER & TECHNICAL INSTITUTE

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended June 30, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP) Basis	Variances Final to Actual
REVENUES				
Local Sources	$ 3,334,643	$ 3,334,643	$ 2,562,011	$ (772,632)
Local Sources - Other LEAs	20,771,520	20,771,520	20,354,532	(416,988)
State Sources	5,328,318	5,328,318	5,072,717	(255,601)
Federal Sources	715,000	715,000	823,744	108,744
TOTAL REVENUES	30,149,481	30,149,481	28,813,004	(1,336,477)
EXPENDITURES				
INSTRUCTION				
Regular	2,232,166	2,204,116	2,020,620	183,496
Special Programs	1,000,263	1,034,321	1,021,577	12,744
Vocational	9,675,985	9,689,631	9,550,497	139,134
Other Instructional	1,320,528	1,290,368	1,258,300	32,068
Adult Education	3,229,235	3,229,235	2,623,001	606,234
TOTAL INSTRUCTION	17,458,177	17,447,671	16,473,995	973,676
SUPPORT SERVICES				
Pupil Personnel	945,684	893,653	864,135	29,518
Instructional Staff	676,600	755,605	741,210	14,395
Administration	1,651,280	1,683,620	1,652,029	31,591
Pupil Health	144,572	143,822	139,513	4,309
Business Services	733,229	740,454	729,475	10,979
Operation of Plant and Maintenance Services	2,588,458	2,539,158	2,497,031	42,127
Student Transportation Services	9,450	9,900	4,349	5,551
Central	1,929,412	1,910,982	1,854,405	56,577
TOTAL SUPPORT SERVICES	8,678,685	8,677,194	8,482,147	195,047
OPERATION OF NONINSTRUCTIONAL SERVICES				
Student Activities	83,833	90,628	89,351	1,277
Community Services	14,135	9,135	3,430	5,705
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	97,968	99,763	92,781	6,982
REFUND OF PRIOR YEAR REVENUE				
Academic Center Credit Applied	-	-	46,531	(46,531)
TOTAL EXPENDITURES	26,234,830	26,224,628	25,095,454	1,129,174
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,914,651	3,924,853	3,717,550	(207,303)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	25,000	25,000	114,545	89,545
Transfers In	-	-	22	22
Transfers Out	(3,461,890)	(3,472,092)	(3,460,063)	12,029
Budgetary Reserve	(198,000)	(198,000)	-	198,000
TOTAL OTHER FINANCING SOURCES (USES)	(3,634,890)	(3,645,092)	(3,345,496)	299,596
REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ 279,761	$ 279,761	372,054	$ 92,293
BEGINNING FUND BALANCE			2,834,526	
ENDING FUND BALANCE			$ 3,206,580	

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF LCTI'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PENSION PLAN

June 30, 2016

	2016	2015	2014
LCTI's proportion of the collective net pension liability	0.0973%	0.0981%	0.0962%
LCTI's proportionate share of the collective net pension liability	$ 42,146,000	$ 38,829,000	$ 39,381,000
LCTI's covered employee payroll	$ 12,519,658	$ 12,519,299	$ 12,348,475
LCTI's proportionate share of the net pension liability as a percentage of its covered employee payroll	336.64%	310.15%	318.91%
Plan fiduciary net position as a percentage of the total pension liability	54.36%	57.24%	54.50%

LCTI's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2015, 2014, and 2013).

Note: This schedule is to present the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years for which information is available is shown.

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF LCTI CONTRIBUTIONS - PENSION PLAN

LAST 10 FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 3,108,643	$ 2,591,775	$ 2,000,848	$ 1,423,485	$ 998,305	$ 592,287	$ 502,708	$ 452,192	$ 665,360	$ 576,116
Contributions in relation to the contractually required contribution	3,108,643	2,591,775	2,000,848	1,423,485	998,305	592,287	502,708	452,192	665,360	576,116
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
LCTI's covered employee payroll	$ 12,647,324	$ 12,519,658	$ 12,519,299	$ 12,348,475						
Contributions as a percentage of covered employee payroll	24.58%	20.70%	15.98%	11.53%						

NOTE: This schedule is to present the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years for which information is available is shown.

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS PLAN

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
Eligible Employees	7/1/2014	$ -	$ 2,457,928	$ 2,457,928	0.00%	$ 10,325,804	23.80%
Eligible Employees	7/1/2012	-	2,441,341	2,441,341	0.00%	10,685,857	22.85%
Eligible Employees	7/1/2010	-	2,840,583	2,840,583	0.00%	10,505,108	27.04%

BUDGETARY DATA

The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

SUPPLEMENTARY INFORMATION

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - OPERATING FUND

For the Year Ended June 30, 2016

INSTRUCTION	Final Budget	Actual	Variance Final to Actual
Regular Programs, Secondary:			
Salaries	$ 519,180	$ 515,395	$ 3,785
Employee Benefits	334,978	333,200	1,778
Purchased Professional Services	250	80	170
Purchased Property Services	900	878	22
Other Purchased Services	1,000	857	143
Supplies	8,250	7,790	460
Property	3,150	3,101	49
	867,708	861,301	6,407
Special Education Programs, Secondary:			
Salaries	596,570	590,504	6,066
Employee Benefits	427,015	420,855	6,160
Purchased Professional Services	4,770	4,770	-
Other Purchased Services	806	805	1
Supplies	540	422	118
Property	4,620	4,221	399
	1,034,321	1,021,577	12,744
Vocational Education Programs:			
Salaries	4,633,096	4,632,732	364
Employee Benefits	2,923,757	2,918,641	5,116
Purchased Professional Services	19,207	19,122	85
Purchased Property Services	259,950	259,282	668
Other Purchased Services	60,682	60,678	4
Supplies	591,222	591,205	17
Property	1,168,799	1,042,518	126,281
Other Objects	9,180	8,584	596
	9,665,893	9,532,762	133,131
Other Instructional Programs:			
Salaries	749,056	747,503	1,553
Employee Benefits	460,209	452,588	7,621
Purchased Property Services	1,000	-	1,000
Supplies	44,745	43,343	1,402
	1,255,010	1,243,434	11,576
SUPPORT SERVICES			
Pupil Personnel:			
Salaries	433,022	429,468	3,554
Employee Benefits	293,763	293,385	378
Purchased Professional Services	34,123	20,650	13,473
Purchased Property Services	12,950	7,996	4,954
Other Purchased Services	15,650	11,274	4,376
Supplies	8,130	8,129	1
Other objects	460	456	4
	798,098	771,358	26,740

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - OPERATING FUND - CONTINUED

For the Year Ended June 30, 2016

SUPPORT SERVICES (continued):	Final Budget	Actual	Variance Final to Actual
Instructional Staff:			
Salaries	222,171	222,044	127
Employee Benefits	151,131	146,908	4,223
Purchased Professional Services	13,002	11,463	1,539
Purchased Property Services	500	-	500
Other Purchased Services	5,000	3,564	1,436
Supplies	19,311	19,308	3
Property	51,800	51,638	162
Other Objects	700	667	33
	463,615	455,592	8,023
Administration:			
Salaries	948,322	947,273	1,049
Employee Benefits	495,141	494,903	238
Purchased Professional Services	29,630	29,590	40
Purchased Property Services	2,740	2,564	176
Other Purchased Services	11,700	8,130	3,570
Supplies	48,000	44,445	3,555
Property	10,400	10,355	45
Other Objects	12,240	8,699	3,541
	1,558,173	1,545,959	12,214
Pupil Health:			
Salaries	87,455	87,424	31
Employee Benefits	52,747	49,618	3,129
Purchased Professional Services	350	319	31
Purchased Property Services	-	(348)	348
Other Purchased Services	870	324	546
Supplies	2,150	2,062	88
Other Objects	250	115	135
	143,822	139,514	4,308
Business:			
Salaries	349,100	347,180	1,920
Employee Benefits	213,719	210,984	2,735
Purchased Professional Services	72,600	72,524	76
Purchased Property Services	4,085	4,054	31
Other Purchased Services	42,250	37,298	4,952
Supplies	56,310	55,697	613
Other Objects	2,390	1,737	653
	740,454	729,474	10,980
Operation and Maintenance of Plant Services:			
Salaries	859,886	859,713	173
Employee Benefits	543,521	533,492	10,029
Purchased Professional Services	49,400	49,303	97
Purchased Property Services	179,730	161,714	18,016
Other Purchased Services	162,342	152,533	9,809
Supplies	619,150	619,008	142
Property	105,700	105,656	44
Other Objects	3,460	2,854	606
	2,523,189	2,484,273	38,916

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - OPERATING FUND - CONTINUED

For the Year Ended June 30, 2016

SUPPORT SERVICES (continued):	Final Budget	Actual	Variance Final to Actual
Student Transportation Services:			
Purchased Property Services	1,000	-	1,000
Other Purchased Services	8,150	4,349	3,801
Supplies	250	-	250
	9,400	4,349	5,051
Central:			
Salaries	851,002	850,111	891
Employee Benefits	591,790	579,832	11,958
Purchased Professional Services	23,450	7,829	15,621
Purchased Property Services	114,170	91,558	22,612
Other Purchased Services	59,890	54,963	4,927
Supplies	201,550	201,515	35
Property	68,420	68,097	323
Other Objects	710	499	211
	1,910,982	1,854,404	56,578
OPERATION OF NONINSTRUCTIONAL SERVICES			
Student Activities:			
Salaries	17,600	17,229	371
Employee Benefits	6,033	5,728	305
Purchased Professional Services	3,400	3,359	41
Other Purchased Services	36,950	36,506	444
Supplies	10,875	10,795	80
Other Objects	15,770	15,735	35
	90,628	89,352	1,276
Community Services:			
Salaries	6,545	1,400	5,145
Employee Benefits	590	117	473
Supplies	2,000	1,912	88
	9,135	3,429	5,706
OTHER FINANCING USES			
Interfund Transfers	3,460,070	3,460,063	7
Intrafund Transfers I.D.C.	10,202	10,202	-
Budget Reserve	185,000	-	185,000
	3,655,272	3,470,265	185,007
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 24,725,700	$ 24,207,043	$ 518,657

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF PRODUCTION FUND COMPONENTS - REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2016

	Agriculture	Marketing/ Distributive Education	Home Economics	Summer Fun Camp	Trade and Industry	Total
OPERATING REVENUES						
Production Service Revenue	$ 2,834	$ 55,107	$ 56,061	$ 43,197	$ 1,070,192	$ 1,227,391
TOTAL OPERATING REVENUES	2,834	55,107	56,061	43,197	1,070,192	1,227,391
OPERATING EXPENSES						
Salaries	-	-	4,050	21,589	145,185	170,824
Employee Benefits	-	-	1,384	7,479	77,635	86,498
Other Purchased Services	-	-	219	6,692	106	7,017
Supplies	1,017	43,924	34,814	4,057	825,511	909,323
Depreciation	-	-	-	-	22,058	22,058
Other Miscellaneous Expense	-	-	-	1,176	360	1,536
TOTAL OPERATING EXPENSES	1,017	43,924	40,467	40,993	1,070,855	1,197,256
OPERATING INCOME (LOSS)	1,817	11,183	15,594	2,204	(663)	30,135
NONOPERATING REVENUES						
Local Sources - Earnings on Investments	-	-	-	-	2,109	2,109
State Sources - FICA Reimbursement	-	-	154	826	5,401	6,381
State Sources - Retirement Reimbursement	-	-	523	2,834	17,372	20,729
TOTAL NONOPERATING REVENUES	-	-	677	3,660	24,882	29,219
NET INCOME	$ 1,817	$ 11,183	$ 16,271	$ 5,864	$ 24,219	59,354
NET POSITION - BEGINNING OF YEAR						1,139,934
NET POSITION - END OF YEAR						$ 1,199,288

LEHIGH CAREER & TECHNICAL INSTITUTE

COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUND TYPES - AGENCY

June 30, 2016

	Student Activities Fund	Payroll	Total Agency Fund
ASSETS			
Cash	$ 81,124	$ 44,859	$ 125,983
TOTAL ASSETS	$ 81,124	$ 44,859	$ 125,983
LIABILITIES			
Payroll Taxes and Withholdings	$ -	$ 44,703	$ 44,703
Interfund Payables	-	156	156
Other Current Liabilities	81,124	-	81,124
TOTAL LIABILITIES	$ 81,124	$ 44,859	$ 125,983

LEHIGH CAREER & TECHNICAL INSTITUTE

STATEMENT OF RECEIPTS AND DISBURSEMENTS - STUDENT ACTIVITIES FUND

For the Year Ended June 30, 2016

	Balance 7/1/2015	Receipts	Disbursements	Balance 6/30/2016
DECA	$ 25,651	$ 42,289	$ 40,186	$ 27,754
FFA	11,294	2,548	270	13,572
HOSA	5,808	41,570	44,464	2,914
Skills USA	28,441	26,168	32,291	22,318
FCCLA	1,243	19,363	16,036	4,570
FBLA	2,089	27,912	21,466	8,535
NTHS	2,225	2,021	2,785	1,461
	$ 76,751	$ 161,871	$ 157,498	$ 81,124

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

Grantor/Program Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Program Award Amount	Grant Period Beginning/ Ending Dates	Receipts for the Year	Accrued or (Unearned) Revenue at July 1, 2015	Revenue Recognized	Expenditures	Accrued or (Unearned) Revenue at June 30, 2016
U.S. Department of Education										
Passed through the Commonwealth of Pennsylvania Department of Education:										
Career and Technical Education	I	84.048	380-16-0073	$ 823,744	07/01/15-06/30/16	$ 755,099	$ -	$ 823,744	$ 823,744	$ 68,645
Career and Technical Education	I	84.048	380-15-0074	717,549	07/21/14-06/30/15	59,796	59,796	-	-	-
Total Career and Technical Education						814,895	59,796	823,744	823,744	68,645
Passed through the Pennsylvania Training & Technical Assistance Network and Intermediate Unit #1:										
Universal Screening for 9th Grade Students at Lehigh Career & Technical Institute	I	84.027	062-15-0-032	10,000	09/01/14-06/30/15	6,233	6,233	-	-	-
TOTAL U.S. DEPARTMENT OF EDUCATION						821,128	66,029	823,744	823,744	68,645
U.S. Department of Health and Human Services										
Passed through the Lehigh Valley Workforce Development Board, Inc.										
LCTI/CareerFORCE 2016 Summer Jobs Program for Youth	I	93.558	1502 PATANF	35,358	06/02/16-09/30/16	-	-	14,867	14,867	14,867
U.S. Department of Agriculture										
Child Nutrition Cluster										
Passed through the Commonwealth of Pennsylvania Department of Education:										
National School Lunch Program	I	10.555	N/A	N/A	07/01/15-06/30/16	433,404	-	446,627	446,627	13,223
National School Lunch Program	I	10.555	N/A	N/A	07/01/14-06/30/15	54,798	54,798	-	-	-
Passed through PA Department of Agriculture:										
National School Lunch Program - USDA Commodities	I	10.555	N/A	N/A	07/01/15-06/30/16	64,527	(778)	63,764	63,764	(1,541)
Total Child Nutrition Cluster						552,729	54,020	510,391	510,391	11,682
Passed through the Commonwealth of Pennsylvania Department of Education:										
PA Team Nutrition Grant	I	10.574	4300426810	1,500	08/15/14-06/15/15	375	375	-	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						553,104	54,395	510,391	510,391	11,682
TOTAL FEDERAL AWARDS						$ 1,374,232	$ 120,424	$ 1,349,002	$ 1,349,002	$ 95,194

I = Indirect Source of Funding

NOTE: No funds were passed through to subrecipients in the year ended June 30, 2016.

See notes to schedule of expenditures of federal awards.

LEHIGH CAREER & TECHNICAL INSTITUTE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Lehigh Career & Technical Institute under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Lehigh Career & Technical Institute, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Lehigh Career & Technical Institute.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business amounts reported as expenditures in prior years.

NOTE 3 - DE MINIMUS RATE FOR INDIRECT COSTS

LCTI did not elect to use the De Minimus rate for indirect costs.

NOTE 4 - FOOD COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2016, LCTI had $1,541 of food commodity inventory.

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

To the Joint Operating Committee
Lehigh Career & Technical Institute
Schnecksville, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lehigh Career & Technical Institute, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Lehigh Career & Technical Institute's basic financial statements, and have issued our report thereon dated November 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lehigh Career & Technical Institute'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 Lehigh Career & Technical Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lehigh Career & Technical Institute'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

Herbein + Company, Inc.

Reading, Pennsylvania
November 22, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Joint Operating Committee
Lehigh Career & Technical Institute
Schnecksville, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the Lehigh Career & Technical Institute's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Lehigh Career & Technical Institute's major federal programs for the year ended June 30, 2016. The Lehigh Career & Technical Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the Lehigh Career & Technical Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Lehigh Career & Technical Institute 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 the Lehigh Career & Technical Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lehigh Career & Technical Institute'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.

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

Herbein + Company, Inc.

Reading, Pennsylvania
November 22, 2016

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:	Unmodified			
Internal Control Over Financial Reporting:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) 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(ies) identified not considered to be material weaknesses?		yes	X	none reported
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?		yes	X	no

Identification of Major Program(s):

CFDA Number(s)	Name of Federal Program or Cluster
84.048	Career and Technical Education

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

Auditee qualified as low-risk auditee? X yes ____ no

LEHIGH CAREER & TECHNICAL INSTITUTE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section II - Financial Statement Findings

There were no financial statement findings reported.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings reported.

LEHIGH CAREER & TECHNICAL INSTITUTE

STATUS OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section II - Financial Statement Findings

There were no financial statement findings reported.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings reported.