

**NEW ISSUE - BOOK ENTRY ONLY**

**RATINGS: S&P: “AA” (Stable Outlook) (AG Insured)**

**Moody’s: “A2” (Underlying)**

(See “RATINGS” herein)

*In the opinion of Bowe & Odorizzi Law, LLC, Tamaqua, Pennsylvania, Bond Counsel, assuming continuing compliance by the School District with certain covenants to comply with provisions of the Internal Revenue Code of 1986, as amended (the “Code”) and any applicable regulations thereunder, interest on the Bonds is not includable in gross income under Section 103(a) of the Code and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. See “TAX MATTERS” in this Official Statement. Other provisions of the Code may affect purchasers and holders of the Bonds. See “TAX MATTERS” herein for a brief description of these provisions.*

*Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, 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.*

*The School District has designated and determined under and for purposes of Section 265(b)(3) of the Code to qualify each of the Bonds as a “qualified tax-exempt obligation” as such phrase is defined in the Code.*

**\$3,685,000\***

**WILLIAMS VALLEY SCHOOL DISTRICT  
(Dauphin and Schuylkill Counties, Pennsylvania)  
General Obligation Bonds, Series of 2026**

**Bonds Dated:** Date of delivery

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

**Denomination:** Integral multiples of \$5,000

**Interest Payable:** April 1 and October 1

**First Interest Payment:** October 1, 2026

**Form:** DTC Book-Entry Only

**Legal Investment for Fiduciaries in Pennsylvania:** The Bonds are a legal investment for fiduciaries in the Commonwealth of Pennsylvania under the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508 as amended and supplemented.

**General:** The General Obligation Bonds, Series of 2026 (the “Bonds” or “2026 Bonds”) in the aggregate principal amount of \$3,685,000\* are being issued by the Williams Valley School District (the “School District”), a public school district located in Dauphin and Schuylkill Counties, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by Fulton Bank, National Association, as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See “**BOOK-ENTRY ONLY SYSTEM**” herein. Interest on the Bonds is payable initially on October 1, 2026, and thereafter, semiannually on April 1 and October 1 of each year.

**Security:** The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on May 7, 2026, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law (see “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**”, APPENDIX A - “**TAXING POWERS AND LIMITS**” and “**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**” – “**Taxpayer Relief Act (Act 1)**” herein).

**Redemption:** The Bonds are subject to redemption prior to their stated maturity dates as described herein.

**Proceeds of the Bonds** will be used to: (1) fund various capital projects of the School District, including replacement and repairs of HVAC units; and (2) pay the related costs of issuing the Bonds.

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



The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to the approving legal opinion of Bowe & Odorizzi Law, LLC, Tamaqua, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by Williamson, Friedberg & Jones LLC, Pottsville, Pennsylvania, as Solicitor for the School District and for the Underwriter by its limited scope underwriter’s counsel, Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about June \_\_\_\_, 2026.

**RAYMOND JAMES®**

\*Preliminary, subject to change.

This Preliminary Official Statement and the information herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The School District deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1) except for certain information on the cover hereof and certain pages herein which have been omitted in accordance with such Rule and which will be supplied in the final Official Statement.

**\$3,685,000\***

**WILLIAMS VALLEY SCHOOL DISTRICT  
(Dauphin and Schuylkill Counties, Pennsylvania)  
General Obligation Bonds, Series of 2026**

**Bonds Dated:** Date of delivery  
**Principal Due:** April 1, as shown on inside cover  
**Denomination:** Integral multiples of \$5,000

**Interest Payable:** April 1 and October 1  
**First Interest Payment:** October 1, 2026  
**Form:** DTC Book-entry Only

**BOND MATURITY SCHEDULE**

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<b>(April 1)</b>	<b>Principal</b>	<b>Interest</b>			<b>CUSIP</b>
<b><u>Year</u></b>	<b><u>Amount</u></b>	<b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>Numbers</u> <sup>(1)</sup></b>

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<sup>(1)</sup>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 School District 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.

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\*Preliminary, subject to change.

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

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

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS ARE MADE ONLY BY THE MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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

Assured Guaranty Inc. (“AG”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading “BOND INSURANCE” and “Appendix G - Specimen Municipal Bond Insurance Policy”.

**TABLE OF CONTENTS**

SUMMARY PAGE ..... 1

BOARD OF SCHOOL DIRECTORS ..... 1

INTRODUCTION ..... 1

PURPOSE OF THE ISSUE ..... 1

SOURCES AND USES OF FUNDS ..... 1

DESCRIPTION OF THE BONDS ..... 2

Payment of Principal and Interest ..... 2

Transfer, Exchange and Registration of Certificated Bonds ..... 2

REDEMPTION OF BONDS ..... 3

Mandatory Sinking Fund Redemptions ..... 3

Optional Redemption ..... 3

Notice of Redemption ..... 3

Manner of Redemption ..... 3

BOOK-ENTRY ONLY SYSTEM ..... 4

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS ..... 5

General Obligation Pledge ..... 5

Actions in the Event of Default on the Bonds ..... 5

Sinking Fund ..... 5

Commonwealth Enforcement of Debt Service Payments ..... 6

Pennsylvania Budget Adoption Impasses ..... 6

Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse) ..... 7

BOND INSURANCE ..... 7

BONDHOLDER CONSIDERATIONS ..... 9

Bond Insurance Risk Factors ..... 9

Cybersecurity ..... 9

Climate Change ..... 10

Risk of Audit by Internal Revenue Service ..... 10

CONTINUING DISCLOSURE UNDERTAKING ..... 10

NO LITIGATION ..... 10

TAX MATTERS ..... 11

LEGAL OPINIONS ..... 12

RATINGS ..... 12

UNDERWRITING ..... 13

PAYING AGENT ..... 13

CERTAIN OTHER MATTERS ..... 13

APPENDIX A - SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

DESCRIPTION OF THE SCHOOL DISTRICT ..... A-1  
Introduction ..... A-1  
School Facilities..... A-1  
Pupil Enrollment..... A-1  
SCHOOL DISTRICT FINANCES ..... A-2  
Financial Reporting ..... A-2  
Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act) ..... A-2  
Summary and Discussion of Financial Results ..... A-3  
TAXING POWERS AND LIMITS ..... A-3  
In General..... A-3  
PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS..... A-4  
Taxpayer Relief Act (Act 1) ..... A-4  
Status of the Bonds Under the Taxpayer Relief Act (Act 1) ..... A-5  
Limitations on School District Fund Balance ..... A-5  
TAX REVENUES OF THE SCHOOL DISTRICT..... A-6  
Tax Levies ..... A-6  
Real Estate Tax Collection Record ..... A-6  
Trends in Market and Assessed Valuations ..... A-7  
Ten Most Valuable Taxable Parcels in the School District..... A-7  
COMMONWEALTH AID TO SCHOOL DISTRICTS..... A-8  
Lack of Commonwealth Appropriations for Debt Service Reimbursement..... A-8  
DEBT STATEMENT AND DEBT LIMITS..... A-9  
FUTURE FINANCING..... A-10  
BORROWING CAPACITY..... A-10  
LABOR RELATIONS..... A-10  
Employees and Labor Contracts ..... A-10  
Pension Program..... A-10  
Other Post-Employment Benefits (“OPEB”)..... A-11

APPENDIX B – LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION

APPENDIX C – PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX D – PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E – AUDITED FINANCIAL STATEMENTS

APPENDIX F – BOND AMORTIZATION SCHEDULE

APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY

**SUMMARY PAGE**

This Summary Statement is subject in all respects to more complete information 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. A full review of the entire Official Statement should be made by potential Bond purchasers.

<b>Issuer</b> .....	Williams Valley School District, Dauphin and Schuylkill Counties, Pennsylvania (the "School District").
<b>Bonds</b> .....	<p>The General Obligation Bonds, Series of 2026 in the principal amount of \$3,685,000* (the "Bonds"), dated as of the date of delivery, maturing on April 1, ____ through April 1, ____.</p> <p>Interest on the Bonds shall be payable semiannually on April 1 and October 1 of each year. See "<b>DESCRIPTION OF THE BONDS</b>" herein.</p>
<b>Optional Redemption</b> .....	The Bonds maturing on or after April 1, _____, shall be subject to redemption prior to maturity at the option of the School District in whole or in part, in any order of maturities, at any time, on or after _____, _____, at a price equal to 100% of the principal amount of the Bonds to be redeemed and interest accrued thereon to the date fixed for such optional redemption. In the event that less than all of the Bonds of a maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.
<b>Form</b> .....	Book-Entry Only.
<b>Application of Proceeds</b> .....	Proceeds of the Bonds will be used to: (1) fund various capital projects of the School District, including replacement and repairs of HVAC units; and (2) pay the related costs of issuing the Bonds.
<b>Security</b> .....	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
<b>Ratings</b> .....	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal Bond insured rating to this issue of Bonds with the understanding that upon issuance and 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 AG. Currently, AG's financial strength is rated "AA" (stable outlook) by S&P. Moody's Investors Service ("Moody's") has assigned the School District an underlying rating of "A2". (See " <b>RATINGS</b> " herein.)
<b>Continuing Disclosure Undertaking</b> .....	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See " <b>CONTINUING DISCLOSURE UNDERTAKING</b> " and " <b>APPENDIX D – PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE</b> ", herein.)

\_\_\_\_\_  
\*Preliminary, subject to change.

**WILLIAMS VALLEY SCHOOL DISTRICT  
(Dauphin and Schuylkill Counties, Pennsylvania)**

10330 Route 209 Road  
Tower City, Pennsylvania 17980

**BOARD OF SCHOOL DIRECTORS**

Joanna Stroup.....	President
David Ferraro.....	Vice President
Sheri Deitrich.....	Secretary
Joseph D’Agostino.....	Treasurer
Amanda Chappell.....	Member
Gary Houtz.....	Member
Michael Leiter.....	Member
Tracey Minnich.....	Member
Michael Savage.....	Member

**SCHOOL ADMINISTRATION**

Dr. David Hatfield.....	Superintendent of Schools
Joshua Soliday.....	Business Manager

**BOND COUNSEL**

Bowe & Odorizzi Law, LLC  
Tamaqua, Pennsylvania

**SOLICITOR**

Williamson, Friedberg & Jones LLC  
Pottsville, Pennsylvania

**UNDERWRITER**

Raymond James & Associates, Inc.  
Lancaster, Pennsylvania

**LIMITED SCOPE UNDERWRITER’S COUNSEL**

Eckert Seamans Cherin & Mellott, LLC  
Harrisburg, Pennsylvania

**PAYING AGENT**

Fulton Bank, National Association  
Lancaster, Pennsylvania

OFFICIAL STATEMENT

\$3,685,000\*

WILLIAMS VALLEY SCHOOL DISTRICT
(Dauphin and Schuylkill Counties, Pennsylvania)
General Obligation Bonds, Series of 2026

INTRODUCTION

This Official Statement is furnished by the Williams Valley School District (the "School District"), a public school district located in Dauphin and Schuylkill Counties, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2026 (the "Bonds") in the aggregate principal amount of \$3,685,000\*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on May 7, 2026 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of \$5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2026. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to Fulton Bank, National Association (the "Paying Agent"), serving as paying agent and sinking fund depository, for transfer to DTC. 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 bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See "BOOK-ENTRY ONLY SYSTEM" herein.

The information which follows contains summaries of the Resolution, the Bonds, the Debt Act, Act 1 (herein defined) and other laws, the School District's Budget and its Financial Statements. Such summaries do not purport to be complete, and reference is made to such documents and laws in their entirety, copies of which are on file and available for examination at the offices of the School District.

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

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to: (1) fund various capital projects of the School District, including replacement and repairs of HVAC units; and (2) pay the related costs of issuing the Bonds.

SOURCES AND USES OF FUNDS

Table with 2 columns: Description and Total. Rows include Sources of Funds (Proceeds of the Bonds, Original Issue Premium [Discount], Total Sources of Funds) and Uses of Funds (Construction Fund Deposit, Costs of Issuance (1), Total Uses of Funds).

(1) Includes legal fees, underwriter's discount, paying agent fees, rating fee, municipal bond insurance premium, CUSIP, printing and miscellaneous fees.

\*Preliminary, subject to change.

## DESCRIPTION OF THE BONDS

### Payment of Principal and Interest

The Bonds will be issued in book-entry form and will be dated date of delivery. The Bonds will bear interest payable on April 1 and October 1 of each year ("Interest Payment Dates"), commencing on October 1, 2026, as set forth on the cover page hereof and are issuable in denominations of \$5,000 or any whole multiple thereof. The Bonds mature on the dates and in the amounts shown on the inside cover page of this Official Statement. Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bonds, unless (a) such Bonds are registered and authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from said Interest Payment Date; or (b) the Bonds are registered and authenticated after a Regular Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bonds shall bear interest from such Interest Payment Date, or (c) the Bonds are registered and authenticated on or prior to the Regular Record Date preceding October 1, 2026, in which event such Bonds shall bear interest from the dated date thereof, or (d) as shown by the records of the Paying Agent, interest on such Bonds shall be in default, in which event such Bonds shall bear interest from the date on which interest was last paid on such Bonds.

The principal of the Bonds will be paid to the Registered Owners thereof or registered assigns, when due, upon presentation and surrender thereof at the principal corporate trust office of the Paying Agent. The person in whose name any Bond is registered at the close of business on any Regular Record Date with respect to an Interest Payment Date (the "Registered Owner") will be entitled to receive the interest payable by check mailed to such Registered Owner on such Interest Payment Date notwithstanding the cancellation of such Bond upon any transfer or exchange thereof subsequent to such Regular Record Date and prior to such Interest Payment Date. Except in the case of defaulted interest, the term "Regular Record Date" with respect to an Interest Payment Date means the fifteenth day (whether or not a business day) next preceding each Interest Payment Date.

If the School District shall be in default in payment of interest due on any Interest Payment Date, such defaulted interest shall be payable to the person in whose name the Bonds are registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of the Bonds not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. If the date for the payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

*When issued, the Bonds will be registered in the name of Cede & Co., as partnership 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.*

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of 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 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 and interest on the Bonds shall be made as described in the following paragraphs.*

### Transfer, Exchange and Registration of Certificated Bonds

*Subject to the provisions herein under "BOOK-ENTRY ONLY SYSTEM", the Bonds may be transferred or exchanged only on the bond register (the "Bond Register") of the School District maintained at the principal corporate trust office of the Paying Agent, or its duly authorized successor (the "Registrar, Paying Agent and Sinking Fund Depository"). No transfer or exchange of any Bond will be valid unless made at such office and registered on the Bond Register.*

The School District and the Paying Agent shall not be required: (i) to issue or to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part, until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds or other authorized denominations of the same series, maturity and interest rate.

Subject to the provisions described herein, under "Book-Entry Only System", the Bonds shall be transferable or exchangeable by the registered owner thereof upon surrender thereof to the Paying Agent, at its corporate trust office, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of the Bonds in the registration books of the School District maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees new fully registered Bonds or authorized denominations of the same maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

The Bonds originally will be issued solely in book-entry form registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). So long as the Bonds are held in the book-entry only system, DTC or its nominee will be the registered owner of the

Bonds for all purposes of the Resolution, the Bonds and this Official Statement. For purposes of this Official Statement, DTC or its nominee, and its successors and assigns, are referred to as the "Securities Depository". See "BOOK-ENTRY ONLY SYSTEM," herein.

## REDEMPTION OF BONDS

### Mandatory Sinking Fund Redemptions

The Bonds stated to mature on April 1, \_\_\_\_\_, are subject to mandatory redemption prior to maturity on April 1 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

<u>Year</u>	<u>Amount</u> *
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\_\_\_\_\_  
\* at maturity

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

### Optional Redemption

The Bonds maturing on or after April 1, \_\_\_\_\_, shall be subject to redemption prior to maturity at the option of the School District in whole or in part, in any order of maturities, at any time, on or after \_\_\_\_\_, \_\_\_\_\_, at a price equal to 100% of the principal amount of the Bonds to be redeemed and interest accrued thereon to the date fixed for such optional redemption. In the event that less than all of the Bonds of a maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

### Notice of Redemption

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

As provided more fully in the Resolution and in the form of the Bonds, notice of redemption of Bonds shall be given by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the redemption date to the Registered Owners of Bonds to be redeemed at the addresses which appear in the Bond Register. Neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond will affect the validity of the proceedings for the redemption of any other Bond. If the School District shall have duly given notice of redemption and shall have deposited with the Paying Agent funds for the payment of the redemption price of the Bonds so called for redemption with accrued interest thereon to the date fixed for redemption, interest on such Bonds will cease to accrue after such redemption date.

If at the time of mailing of the notice of redemption the School District shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

### Manner of Redemption

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

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

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

If any maturity of the Bonds which is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of such maturity required to be called for mandatory sinking fund redemption on any particular future date or dates, or shall be credited against the principal amount of such Bonds to be due and payable at stated maturity, in each case in a whole multiple of \$5,000 principal amount.

### BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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 3.5 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](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The Ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible

after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General Obligation Pledge**

The Bonds are general obligations of the School District, payable from its local taxes and other general revenues, including available state subsidies, on a parity basis with each other, and other existing or future general obligation debt of the School District. The taxing powers of the School District are described more fully in **APPENDIX A – TAXING POWERS AND LIMITS**. The School District has covenanted in the Resolution that it will include in its budget for each fiscal year, and will appropriate in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay, or cause to be paid, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power.

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

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

### **Sinking Fund**

Under the Resolution, the School District has created a “Sinking Fund - General Obligation Bonds, Series of 2026” (the “Sinking Fund Depository”) as required by the Debt Act and segregated from all other funds of the School District. The School District shall deposit in the respective Sinking Funds, not later than the date when principal or interest is to become due on the Bonds, an amount sufficient to provide for the payment of interest and principal becoming due on the Bonds.

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

The Paying Agent is authorized and directed to pay from the Sinking Fund the principal of and interest on the respective Bonds when due and payable.

### **Commonwealth Enforcement of Debt Service Payments**

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the "Public School Code"), provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the bonds were issued, the Secretary of Education of the Pennsylvania Department of Education ("PDE") shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers' salaries. In addition, enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally. See "**Pennsylvania Budget Adoption**" herein.

### **Pennsylvania Budget Adoption Impasses**

The Commonwealth's fiscal year begins on July 1<sup>st</sup>; however, over several of the past years, the Commonwealth has started its fiscal year without a fully adopted state budget.

The Governor timely signed the state's 2021-22 fiscal year budget on June 30, 2021. That budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a then record high of \$13.55 billion in the 2021-22 budget.

After a week's delay and intense negotiations, a \$42.7 billion budget for the state's 2022-23 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$525 million increase over the 2021-22 fiscal year appropriation.

After over a month delay, a \$44.9 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-23 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023, multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget includes \$8.097 billion for the basic education funding appropriation. The total amount is a \$225 million increase over the 2023-24 fiscal year appropriation. The budget also provides \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

After months of negotiations, Governor Josh Shapiro signed the state's budget for the 2025-26 fiscal year late on November 12, 2025. The \$50.1 billion budget includes (i) \$8.262 billion for the basic education funding appropriation, which is more than a \$100 million increase over the basic education funding appropriation for the 2024-25 fiscal year, and (ii) \$1.526 billion for the special education appropriation, which is a \$40,000,000 increase over the same appropriation for the 2024-25 fiscal year. The budget also increases the Ready to Learn Block Grant program appropriation by approximately 68% from the 2024-25 fiscal year. In addition, the budget hopes to provide \$175 million in estimated savings for school districts through reforms to the existing cyber charter school law. (See "**SECURITY FOR THE BONDS**" herein.)

During a state budget impasse, school districts in the Commonwealth cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. **Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code. Act 85 of 2016 was adopted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See "Act 85 of 2016" herein.**

## **Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse)**

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

Act 85 of 2016 includes in the definition of "intercept statutes" Sections 633 of the Public School Code. The School District's general obligation debt, including the Bonds, are subject to Section 633 of the Public School Code.

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

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

The necessary amounts shall be appropriated on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 of Act 85 of 2016 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in the format PDE directs, information pertaining to each eligible borrowing within thirty (30) days of receipt of the proceeds of the obligations. The School District intends to submit this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

*The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.*

## **BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

### **Assured Guaranty Inc.**

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service,

Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

#### *Current Financial Strength Ratings*

On August 4, 2025, KBRA announced that it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG’s financial strength rating of “AA” (stable outlook).

On July 10, 2024, Moody’s announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

#### *Capitalization of AG*

At March 31, 2026:

- The policyholders’ surplus of AG was approximately \$3,158 million.
- The contingency reserve of AG was approximately \$1,539 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,402 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

#### *Incorporation of Certain Documents by Reference*

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026).

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

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

## Miscellaneous Matters

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

### BONDHOLDER CONSIDERATIONS

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

#### **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 against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the School District which is recovered by the School District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the School District unless the Bond Insurer chooses to pay such amounts at an earlier date.

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

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

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

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

Neither the School District nor Underwriter has 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.

#### **Cybersecurity**

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No

assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

### **Climate Change**

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District has not experienced increases in extreme weather events, but has established reserves to address severe weather disasters and maintains a comprehensive insurance policy.

### **Risk of Audit by Internal Revenue Service**

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the School District, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See “**TAX MATTERS**” herein.

## **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirement of Rule 15-c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Agreement and Supplement thereto (collectively, “Continuing Disclosure Agreement”) substantially in the form attached hereto as Appendix D.

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

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Agreement (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Agreement.

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

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

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

The School District has previously entered into a continuing disclosure agreement with respect to its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years are outlined in the following table.

The School District has **not** previously been subject to the Rule for the past 5 years but going forward will put reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

## **NO LITIGATION**

As a condition to the settlement for the Bonds, the School District will deliver a certificate, and the School District’s Solicitor’s opinion will include a paragraph, stating that there is no pending litigation challenging or pertaining to the Bonds.

## TAX MATTERS

### 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 School District, and impair or restrict the ability of the School District to finance projects on a tax-exempt basis. Failure on the part of the School District to comply with any one or more of such provisions of 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 prohibition on advance refunding of tax-exempt bonds and notes; and (c) the use of proceeds of the Bonds to benefit private activities. In addition, under the Code, the School District 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. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds or notes, 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 (a) indebtedness incurred or continued to purchase or carry certain state or local government bonds or notes, such as the Bonds, or, (b) 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 or notes as “qualified tax-exempt obligations” for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code (the School District has 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) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(1) of the Code reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government bonds or notes, such as the Bonds; (iii) interest on certain state or local government bonds or notes, 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; (iv) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state and local government bonds or notes, 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 or notes, such as the Bonds, may be subject to federal income tax under Section 1375 of the Code; and (v) 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 state or local government bonds such as the Bonds.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. Various legislative proposals have been submitted to Congress during the last several years, which if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. If enacted into law, such proposals may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds.

No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have the effect on the tax treatment of interest on the Bonds. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date, and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinion of Bond Counsel is only an opinion and not a warranty or guaranty of the matters discussed. Bond Counsel has no obligation to provide updated information concerning pending or future legislation. The School District does not have any obligation to provide updated information concerning pending or future legislation. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING ANY PROPOSED FEDERAL TAX LEGISLATION, AS TO WHICH BOND COUNSEL EXPRESSES NO OPINION.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the IRS or the courts.

Bond Counsel’s engagement with respect to the Bonds ends with the issuance of the Bonds.

### Tax Exemption

In the opinion of Bond Counsel, assuming continuing compliance by the School District with certain certifications and agreements relating to the use of the Bond proceeds and covenants to comply with provisions of the Code and any applicable regulations thereunder, now or hereafter enacted, interest on the Bonds is not includable in the gross income of the holders of the Bonds under Section 103(a) of the Code and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals. Other provisions of the Code will affect certain purchasers and holders of the Bonds. See “Federal Tax Laws” above.

The School District has designated and determined under and for purposes of Section 265(b)(3)(B) of the Code to qualify each of the Bonds as a “qualified tax exempt obligation” as such phrase is defined in the Code.

In the opinion of Bond Counsel 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 are subject to State and local taxation within the Commonwealth of Pennsylvania. The residence of a holder of a Bond in a state or jurisdiction other than Pennsylvania, or being subject to tax in a state or jurisdiction other than Pennsylvania, may result in income or other tax liabilities being imposed by such state or jurisdiction or its political subdivisions, as applicable, based on the interest or other income from the Bonds.

The School District will 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 School District will certify that, on the basis of the facts, estimates and circumstances in existence on the date of issuance of the Bonds, the School District does not reasonably expect to use the proceeds of the Bonds in a manner that would cause the Bonds to be or become "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Code.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

### **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 School District, or the taxability of interest in general.

No representation is made or can be made by the School District, or any other party associated with the issuance of the Bonds as to whether or not any 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 value 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.

### **LEGAL OPINIONS**

The issuance of the Bonds is subject to the approving legal opinion of legal opinion Bowe & Odorizzi Law, LLC, Tamaqua, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by Williamson, Friedberg & Jones LLC, Pottsville, Pennsylvania, as Solicitor for the School District and Eckert Seamans Cherin & Mellott, LLC, in Harrisburg, Pennsylvania, will pass upon certain legal matters as limited scope undertaking counsel to the underwriter.

### **RATINGS**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal Bond insured rating to this issue of Bonds with the understanding that upon issuance and 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 AG. Currently, AG's financial strength is rated "AA" (stable outlook) by S&P. Moody's Investors Service ("Moody's") has assigned the School District an underlying rating of "A2". This underlying rating may be changed, suspended or withdrawn as a result in, or unavailability of, information.

The above rating are not recommendations to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. See "**BOND INSURANCE**" herein.

## **UNDERWRITING**

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the "Underwriter") subject to certain conditions, has purchased the Bonds from the School District at a purchase price of \$ \_\_\_\_\_ (representing the par amount of the Bonds of \$ \_\_\_\_\_, plus an original issue premium of \$ \_\_\_\_\_, less an underwriting discount of \$ \_\_\_\_\_). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its 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 its 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 respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. The Underwriter and its 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 School District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

## **PAYING AGENT**

Pursuant to the provisions of the Resolution, as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the School District, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds.

The Paying Agent may now or in the future have banking relationships with the School District which involve making loans to the School District; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the School District.

## **CERTAIN OTHER MATTERS**

All references to sections or language of the Debt Act, Act 1, the Bonds and the Resolution set forth in this Official Statement are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and this Official Statement does not purport to be complete statements of any or all such provisions.

All information, estimates and assumptions herein have been obtained from officials of the School District, other governmental bodies, trade and statistical services, and other sources, which we believe to be reliable; but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended as such and not representations of fact.

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

**WILLIAMS VALLEY SCHOOL DISTRICT**  
**Dauphin and Schuylkill Counties, Pennsylvania**

By: \_\_\_\_\_  
President, Board of School Directors

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**APPENDIX A**

**SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT**

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## DESCRIPTION OF THE SCHOOL DISTRICT

### Introduction

The Williams Valley School District (the “School District”) is located in Dauphin and Schuylkill Counties, Pennsylvania. The district is highly fragmented, encompassing the boroughs of Williamstown and Tower City as well as the townships of Porter, Rush, Williams, and Wiconisco. The district encompasses approximately 62 square miles.

The School District is governed by a nine member Board of School Directors who are citizens of the School District and elected to serve four-year terms on a staggered basis. The daily operations and management of the School District are performed by a central administrative staff which is led by the Superintendent and the Business Manager who are appointed by the Board of School Directors.

### School Facilities

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

<u>Elementary School</u>	<u>Year Constructed</u>	<u>Additions/ Alterations</u>	<u>Grades</u>	<u>2025-26 Enrollment</u>
Williams Valley Elementary .....	1993	---	K-6	521
 <b><u>Secondary School</u></b>				
Williams Valley Jr./Sr. High School.....	1973	---	7-12	388
<b>Total School District</b> .....				<u>909</u>

Source: School District Officials.

### Pupil Enrollment

The past, current and projected enrollments within the School District are shown below:

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2021-22 .....	493	458	951
2022-23 .....	521	440	964
2023-24 .....	488	433	921
2024-25 .....	497	433	930
2025-26 (Current) .....	521	388	909
2026-27 (Projected) .....	528	371	899

Source: School District Officials – October 1 “Enrollment Report” as filed with the Pennsylvania Department of Education.

## SCHOOL DISTRICT FINANCES

### Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units.

The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Jones & Co., of Pottsville, Pennsylvania currently serves as the School District's auditor. The School District's auditor has not been engaged to perform and has not performed since the date of its report, any procedures on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this official statement.

### Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act)

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

Procedures for Adoption of the Annual Budget. Unless the Simplified Procedures described below are utilized, under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (together, the "Taxpayer Relief Act" or "Act 1") all school districts of the first class A, second class, third class and fourth class must adopt a preliminary budget (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election preceding the next fiscal year. This preliminary budget must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days prior public notice of its intent to adopt the preliminary budget prior to its adoption. The board of school directors shall print the final budget and make it available for public inspection at least 20 days prior to its adoption and shall give public notice of its intent to adopt the final budget at least 10 days prior to adoption, and may hold a public hearing prior to adoption. Guidance from PDE suggest that the preliminary budget be converted to a proposed budget adopted by the board of school directors at least 30 days prior to the adoption of the final budget as required by the Public School Code. The School District follows the requirements of Act 1 and the guidance of PDE pursuant to the requirements of the Public School Code.

If the adopted preliminary budget includes an increase in the rate of any tax levied, the school district must submit information on the increase to PDE on a uniform form furnished by PDE. Such information must be submitted no later than 85 days prior to the date of the election immediately preceding the school district's next fiscal year. PDE compares the proposed percentage increase in the rate of any tax with an index established annually (see "**The Taxpayer Relief Act (Act 1)**" herein) and within 10 days of the receipt of the information but not later than 75 days prior to the date of the election immediately preceding the beginning of the school district's next fiscal year, PDE informs the school district whether the proposed tax rate increase is less than or equal to the index. If PDE determines that the proposed percentage increase in the rate of the tax exceeds the index, PDE notifies the school district that: (1) the proposed tax increase must be reduced to an amount less than or equal to the index; or (2) the proposed tax increase must be approved by the electorate at the election immediately preceding the beginning of the school district's next fiscal year; or (3) the School District seek approval to utilize one or more of the referendum exceptions authorized under the Taxpayer Relief Act.

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

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

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the applicable Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires that the school district comply with the procedures in Section 687 of the School Code for the adoption of its proposed and final budgets. Section 687 of the School Code requires that the school district adopt a proposed budget at least thirty (30) days prior to the adoption of the annual budget; that the proposed budget be made available for public inspection at least twenty (20) days prior to the date set for the adoption of the annual budget; and that action shall not be taken on the annual budget until after ten (10) days public notice. No referendum exceptions are available to a school district adoption such resolution.

**Summary and Discussion of Financial Results**

The below table presents a summary of the School District’s General Fund Financial Condition for Fiscal Years ending June 30, 2021 through 2025. For more complete information, the individual financial statements and the 2026 Budget of the School District are available on the School District’s website or may be reviewed at the School District’s Business Office.

**WILLIAMS VALLEY SCHOOL DISTRICT  
General Fund Revenues, Expenditures and Fund Balances  
(Fiscal Years Ending June 30)**

	<b>Actual</b>					<b>Budgeted</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Revenues</b>						
Local Sources .....	\$ 4,632,900	\$ 4,803,512	\$ 4,817,607	\$ 5,361,717	\$ 6,137,961	\$ 5,319,282
State Sources.....	11,831,504	11,802,903	12,166,950	12,501,327	13,674,428	13,675,751
Federal Sources.....	<u>784,555</u>	<u>925,845</u>	<u>2,876,173</u>	<u>898,225</u>	<u>440,578</u>	<u>409,547</u>
<b>Total Revenues</b> .....	\$17,249,959	\$19,191,385	\$19,860,730	\$18,761,269	\$20,252,967	\$19,404,580
<b>Expenditures</b>						
Instructional Services.....	\$12,857,875	\$13,760,322	\$12,807,545	\$11,159,461	\$12,211,273	\$12,922,779
Support Services .....	5,396,939	5,612,000	5,080,171	5,295,730	5,398,982	6,627,799
Noninstructional Services .....	417,000	437,048	506,140	496,251	756,308	520,379
Capital Outlay.....	212,264	23,560	36,940	0	0	0
Debt Service .....	307,207	307,597	352,709	326,490	327,024	352,473
Miscellaneous .....	<u>0</u>	<u>0</u>	<u>7,800</u>	<u>0</u>	<u>9284</u>	<u>0</u>
<b>Total Expenditures</b> .....	\$19,191,385	\$20,140,527	\$18,791,305	\$17,286,232	\$18,702,871	\$20,423,430
<b>Other Financing Sources (Uses)</b>						
Interfund Transfers out .....	\$(300,000)	\$0	\$0	\$0	\$0	\$0
Proceeds from extended term financing.....	0	0	0	82,612	0	0
Refunds of prior year's receipts.....	40,119	0	0	0	0	0
Sale of Capital Assets .....	0	0	0	0	0	0
Loss on lease termination .....	0	0	0	0	0	0
Budgetary Reserve.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(259,881)</u>	<u>0</u>	<u>0</u>	<u>82,612</u>	<u>0</u>	<u>0</u>
<b>Excess Expenditures Over (Under) Revenues</b>	\$(1,942,426)	\$(2,608,267)	\$1,069,425	\$1,475,037	\$1,550,096	\$300,000
<b>Beginning Fund Balance</b> .....	<u>\$ 4,509,556</u>	<u>\$ 2,307,249</u>	<u>\$(301,018)</u>	<u>\$768,407</u>	<u>\$2,326,056</u>	<u>\$3,876,152</u>
<b>Fund Balance June 30</b> .....	<u>\$ 2,307,249</u>	<u>\$(301,018)</u>	<u>\$ 768,407</u>	<u>\$ 2,326,056</u>	<u>\$3,876,152</u>	<u>\$4,176,152</u>

Source: School District Audits and Budget.

**TAXING POWERS AND LIMITS**

**In General**

*Subject to certain limitations imposed by the Act 1 (more specifically described below),* the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
  - a) for minimum salaries and increments of the teaching and supervisory staff;
  - b) to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c) to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the School District; and
  - d) to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July 1959.
3. An annual per capita tax on each resident over 18 years of age of not more than \$5.00.

4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, a per capita tax, an earned income and net profits tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth (“STEB”)/Tax Equalization Division (“TED”)) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

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

### Taxpayer Relief Act (Act 1)

**The information set forth below is a partial summary of relevant sections of Act 1 and their impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor intended to provide a legal interpretation of any provision of Act 1. A prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.**

Under the Taxpayer Relief Act (Act 1), a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one or more of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004 (“Act 72”), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 (as in the case of the School District); (a) to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and (b) to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;
3. To make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is great than the Index (as determined by PDE in accordance with the provisions of Act 1), subject to the limitation that the salary base used for calculating estimated payments is capped at the 2011-12 salary base level, per PDE Referendum Exception Guidelines.”

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

“Index” is defined in Act 1 as follows:

### INDEX

1. Except as set forth in paragraph (2), the average of the percentage increase in the Statewide Average Weekly Wage and the Employment Cost Index.
2. For a school district with a market value/income aid ratio great than 0.400 for the school fiscal year prior to the school fiscal year for which the Index is calculated, the value under paragraph (1) multiplied by the sum of:
  - (i) 0.75; and
  - (ii) the school district’s market value/income aid ratio for the school fiscal year prior to the school fiscal year for which the Index is calculated.

“Statewide Average Weekly Wage” is defined in Act 1 as follows:

STATEWIDE AVERAGE WEEKLY WAGE

That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the Act of December 5, 1936 (2<sup>nd</sup> Sp. Sess., 1937 P.L. 2897, No. 1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

The Act 1 Index applicable to the School District for the next fiscal year, current fiscal year and prior four fiscal years is as follows:

<u>Fiscal Year</u>	<u>Index %</u>
2025-26	6.1
2024-25	8.1
2023-24	6.2
2022-23	5.1
2021-22	4.5

Source: Pennsylvania Department of Education website.

In accordance with Act 1, a board of school directors may submit, but is not required to submit, a referendum question to the voters in any future municipal election seeking approval to levy or increase the rate of an earned income tax (“EIT”) or impose a personal income tax (“PIT”) for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law. The referendum was not approved by a majority of the voters at the primary election.

**Status of the Bonds Under the Taxpayer Relief Act (Act 1)**

The debt service payable on the Bonds described in this Official Statement is not eligible for a specific exception to the Index limits of Act 1.

**Limitations on School District Fund Balance**

**Set forth below is a summary of relevant sections of Act 48. This summary is not intended to be an exhaustive discussion of the provisions of Act 48 nor intended to provide a legal interpretation of any provisions of Act 48. A prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.**

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

<u>Total Budgeted Expenditures:</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures<sup>(1)</sup>:</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

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

\*Applicable to the School District

<sup>(1)</sup>Effective June 30, 2011, Governmental Accounting Standards Statement #54 adopted the term “Unassigned” to refer to general fund balances that would fall within the definition of “Unreserved and Undesignated Fund Balance” in the statute known as Act 48 of 2003.

**TAX REVENUES OF THE SCHOOL DISTRICT**

**Tax Levies**

**2025-26 Real Estate and Non-Real Estate Tax Rates**

**Realty Tax Rates**

<u>Municipality</u>	<u>Real Estate (Mills)</u>			
	<u>School District</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
<i>Dauphin County:</i>				
Rush Township .....	19.344	0.520	7.226	27.090
Wiconisco Township .....	19.344	4.900	7.226	31.470
Williams Township.....	19.344	2.000	7.226	28.570
<i>Schuylkill County:</i>				
Porter Township.....	38.426	3.200	3.729	45.355
Tower City Borough .....	38.426	1.262	3.729	43.417

**Non-Real Estate Tax Rates**

<u>Municipality</u>	<u>Local Services (\$)</u>		<u>Earned Income (%)</u>		<u>Real Estate Transfer (%)</u>		<u>Per Capita (\$)</u>		<u>Occupation (mills)</u>	
	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>	<u>Municipal</u>	<u>School</u>
<i>Dauphin County:</i>										
Rush Township .....	---	10.00	1.0	0.5	0.5	0.5	---	10.00	0	820
Wiconisco Township	5.00	5.00	1.5	0.5	0.5	0.5	---	10.00	760	820
Williams Township...	5.00	5.00	1.5	0.5	0.5	0.5	---	10.00	0	820
<i>Schuylkill County:</i>										
Porter Township.....	47.00	5.00	1.0	0.5	0.5	0.5	---	10.00	71	820
Tower City Borough.	47.00	5.00	1.5	0.5	0.5	0.5	---	10.00	30	820

Source: Local Officials

**Real Estate Tax Collection Record**

The School District's realty tax collection record for the current and previous five fiscal years ending June 30th, of the years shown below, is as follows:

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Current Collections</u>	<u>Current Percent Collected</u>	<u>Total Collections<sup>(1)</sup></u>	<u>Total Percent Collected</u>
2020-21	\$ 3,047,911	\$ 2,455,468	91.41%	\$ 2,685,957	91.42%
2021-22	3,226,933	2,560,630	89.89%	2,836,785	90.27%
2022-23	3,273,929	2,570,943	90.00%	2,858,994	89.92%
2023-24	3,479,610	2,750,259	89.40%	3,070,062	89.58%
2024-25	3,765,956	2,963,626	90.80%	3,274,766	90.50%

<sup>(1)</sup>Includes delinquent real estate collection.

Source: School District Officials.

**Trends in Market and Assessed Valuations**

The trend in market and assessed valuations of real estate in the School District is shown below:

<u>Tax Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2020-21	\$250,758,699	\$137,168,460	54.70%
2021-22	251,850,808	137,638,440	54.65%
2022-23	279,126,255	137,904,935	49.41%
2023-24	279,398,780	137,784,665	49.31%
2024-25	323,171,858	138,980,565	43.01%
2025-26*	315,964,870	315,964,870	100.00%

The Schuylkill County countywide reassessment began in 2022, with data collection and valuation work completed in 2025. The new values went into effect January 1, 2026 but the reassessed, certified valuations provided by STEB, will not be released until June/July 2026.

\*Estimated assessed value, provided by the County to the School District and based on STEB's pre-determined ratio of 100% during the county-wide reassessment year.

Source: Pennsylvania State Tax Equalization Board (“STEB”). Valuations are certified in June of following year.

**Ten Largest Taxpayers in the School District**

The following table represents the top ten largest taxpayers in the School District. These taxpayers represent approximately 6.2% of the School District’s total most recent reassessment assessed value.

<u>Taxpayer</u>	<u>Taxable Assessed Valuation</u>
Heritage Mills Personal Care .....	\$ 4,826,600
VPT LLC .....	3,842,100
Route 325 Properties LLC .....	2,710,700
Zemaitis, John & Acme Markets .....	1,643,000
Tallman Family Farms LLC .....	1,420,000
Stavola Summit Land, L.P. ....	1,230,000
Tower View Limited Partnership.....	1,127,200
Rausch Creek Land L.P. ....	1,104,300
Mini, Guisepppe & Rosalba Amato .....	921,300
Schorr Motorsports Inc. ....	882,600
<b>Totals</b> .....	<b><u>\$19,707,800</u></b>

Source: County Assessment Office

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## COMMONWEALTH AID TO SCHOOL DISTRICTS

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

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2023-24 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero. Beginning in 2024-25, there is also a Hold Harmless Relief Supplement for qualifying school districts.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>.

School districts also receive subsidies for special education, pupil transportation, career and technical education and health services, among other things.

### **Lack of Commonwealth Appropriations for Debt Service Reimbursement**

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds after said bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's MVAR is currently higher at 78.75%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year and a retroactive effective date of July 1, 2017. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017 and November 6, 2017, and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law, if made available by the Commonwealth. On June 22, 2018, the Governor approved and signed House Bill 1448, known as Act 39 of 2018, extending the PlanCon moratorium through the end of the 2018-2019 fiscal year. On June 28, 2019, the Governor approved and signed House Bill 1615, known as Act 16 of 2019, that included a continuation of the moratorium on new PlanCon Part A submittals through the end of the 2019-20 fiscal year. Act 30 of 2020 extended the moratorium on new PlanCon Part A submittals through the end of the 2020-21 fiscal year. On June 30, 2021, the Governor approved and signed Senate Bill 381 known as School Code or Act 26 of 2021, which extended the moratorium on new PlanCon Part A submittals through the end of the 2021-2022 fiscal year.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, consisting of the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016 and its Revenue Bonds, Series of 2019 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenue Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, as well as its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues will be used to provide PlanCon reimbursement to the School District for the current and future fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

Act 70 of 2019 was adopted by the State legislature that has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the Commonwealth would start to allow applicants to enter into the new program. There is a moratorium for the new PlanCon program, which still remains in place.

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

**DEBT STATEMENT AND DEBT LIMITS**

Residents of the School District are responsible for the following debt within the School District, the municipalities within the School District and the County following the settlement of the Bonds. The School District has never defaulted on the payment of debt service.

<b><u>DIRECT DEBT*</u></b>	<b><u>Gross</u></b>	<b><u>Project</u></b>	<b><u>Effective</u></b>	<b><u>State</u></b>	<b><u>Local</u></b>
<b><u>NONELECTORAL DEBT</u></b>	<b><u>Outstanding</u></b>	<b><u>Reimbursable</u></b>	<b><u>Reimbursement<sup>(1)</sup></u></b>	<b><u>Share</u></b>	<b><u>Share</u></b>
<b><u>Issue Type</u></b>		<b><u>Percent (%)</u></b>			
General Obligation Bonds, Series of 2026.....	\$3,685,000	0.00%	0.00%	\$0	\$3,685,000
General Obligation Bonds, Series of 2016 (QZAB)(Federally Taxable).....	<u>3,767,000</u>	0.00%	0.00%	<u>0</u>	<u>3,767,000</u>
<b>Total Principal of Nonelectoral Debt.....</b>	<b><u>\$7,452,000</u></b>			<b><u>\$0</u></b>	<b><u>\$7,452,000</u></b>
 <b><u>LEASE RENTAL DEBT</u></b>					
<b>Total Principal of Lease Rental Debt .....</b>	<b><u>0</u></b>				
<b>TOTAL DIRECT DEBT .....</b>	<b><u>\$7,452,000</u></b>				
 <b><u>OVERLAPPING DEBT</u></b>					
Component Municipalities Debt .....	\$10,670,706				
Dauphin County <sup>(2)</sup> .....	2,783,914				
Schuylkill County <sup>(3)</sup> .....	<u>1,254,495</u>				
<b>Total Principal of Overlapping Debt.....</b>	<b><u>\$14,709,115</u></b>				
 <b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	 <b>\$22,161,115</b>				
 <b><u>DEBT RATIOS OF DIRECT DEBT</u></b>					
Market Valuation of Real Estate .....	2.31%				
Assessed Valuation of Real Estate.....	5.36%				
Per Capita (2024 est. Population).....	\$992				
 <b><u>DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT</u></b>					
Market Valuation of Real Estate .....	6.86%				
Assessed Valuation of Real Estate.....	15.95%				
Per Capita (2023 est. Population).....	\$2,949				
 <b><u>FINANCIAL FACTORS OF THE SCHOOL DISTRICT</u></b>					
Market Value .....	\$323,171,858				
Assessed Value .....	\$138,980,565				
Population (2024 est.).....	7,515				

\*Authorized, but not yet issued, the School District will be doing a private placement financing in the amount of approximately \$2 million, June 2026.

<sup>(1)</sup>Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See “**Commonwealth Aid to School Districts**” herein.

<sup>(2)</sup>School District’s pro rata 0.86% share of Dauphin County’s \$325,492,592,000 principal amount outstanding.

<sup>(3)</sup>School District’s pro rata 5.34% share of Schuylkill County’s \$23,492,000 principal amount outstanding.

Source: Department of Community and Economic Development (“DCED”) website.

**FUTURE FINANCING**

The School District does anticipate issuing additional long-term debt of approximately \$2 million for a solar project in the near future.

**BORROWING CAPACITY  
(Under Local Government Unit Debt Act)**

The legal borrowing capacity of the School District is calculated in accordance with the Debt Act, which describes the applicable debt limits for local government units (entities with taxing powers), including school districts and municipalities. Under the Debt Act, the School District may incur electoral debt, which is debt that is approved by a majority of the School District's voters at either a general or special election, in an unlimited amount. Net nonelectoral debt, or debt not approved by the School District's electorate, net of state aid, may not exceed 225% of the School District's "Borrowing Base", as defined in the Debt Act. The Bonds constitute nonelectoral debt under the Debt Act. The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Debt Act), for the three full fiscal years next preceding the date of incurring debt. Combined net nonelectoral debt and net lease rental debt (debt represented by capital leases and similar agreements relating to debt payments), net of approved state aid, incurred on behalf of the School District may not exceed 225% of the School District's Borrowing Base. The Borrowing Base and borrowing capacity of the School District are as follows:

	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
<b>Total General Fund Revenues</b>	\$19,860,730	\$18,761,269	\$20,252,967
<b><u>Less: Required Deductions</u></b>			
a. Rental and Sinking Fund Reimbursement.....	\$0	\$0	\$0
b. Revenues for Self-Liquidating Debt.....	0	0	0
c. Refunds from Prior Year Expenditures.....	33,302	29,976	6,418
d. Grant and Gifts for Capital Projects .....	0	0	0
e. Sale of Equipment and Non-Recurring Items (i.e., insurance recoveries) .....	0	0	0
<b>Total Deductions</b> .....	<u>\$33,302</u>	<u>\$29,976</u>	<u>\$6,418</u>
<b>Total Net Revenues</b> .....	<u>\$19,827,428</u>	<u>\$18,731,293</u>	<u>\$20,246,549</u>
<b>Total Net Revenues for Three Years</b> .....		\$58,805,270	
<b>Borrowing Base - Average Net Revenues for Three-Year Period</b> .....		\$19,601,757	
<b><u>Computation of Borrowing Capacity</u></b>			
Debt Limitation - 225% OF Borrowing Base .....		\$44,103,953	
Less: Net Non-Electoral and Lease Rental Debt.....		7,452,000	
<b>Current Non-Electoral and Lease Rental Borrowing Capacity</b> .....		<u>\$36,651,953</u>	

**LABOR RELATIONS**

**Employees and Labor Contracts**

There are presently 102 full-time employees of the School District, including 76 teachers/professional staff, 10 administrators, and 16 support personnel, including secretaries, maintenance staff, school police officers and teacher aides.

The School District's teachers/professional staff are represented by the Pennsylvania State Education Association (PSEA), under a contract that will expire June 30, 2028. The support staff is not represented by the PSEA.

**Pension Program**

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees’ Retirement Code. Members who enrolled prior to January 1, 2002, range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board certified the 33.6% employer rate to be paid by the School District for the 2026-27 fiscal year. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

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

Under Act 5 of 2017 (“Act 5”) PSERS transitioned from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members’ classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019, will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

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

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period. Both the School District and the Commonwealth are responsible for paying a portion of the employer’s share. School entities are responsible for paying 100% of the employer contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted bi-weekly for each paycheck and remitted monthly. Recent School District gross payments have been as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2021-22	\$ 1,973,737
2022-23	2,458,359
2023-24	2,377,553
2024-25	1,868,539
2025-26 (budgeted)	2,049,736

On June 30, 2025, the School District reported a liability of \$14,984,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. This method was changed beginning with the System’s fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District’s one-year reported covered payroll as it related to PSERS’ total one-year report covered payroll. At June 30, 2025, the School Districts proportion was 0.0358 percent, which was a decrease of 0.0076 from its proportion measured as of June 30, 2024.

As of June 30, 2024, the PSERS plan was 64.63% funded, with an unfunded actuarial accrued liability of approximately \$42.3 billion. PSERS’ rate of return for fiscal year ended June 30, 2024 was 7.05%. The Fund had plan net assets of \$76.5 billion at June 30, 2024. For more information, visit the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov), which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Audit and PSERS

**Other Post-Employment Benefits (“OPEB”)**

The School District provides certain health care and life insurance benefits for its retirees (commonly referred to as “other post-employment benefits” or “OPEB”). Effective for the 2008-2009 fiscal year, the District adhered to Governmental Accounting Standards Board Statement No. 45, (“GASB 45”) "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions," for certain post-employment healthcare benefits and life insurance benefits provided by the District. As of June 2017, GASB 45 has been eliminated and replaced with a new standard, Governmental Accounting Standards Board Statement No. 75 (“GASB 75”). GASB 75 replaces the requirements of GASB 45 and establishes new accounting and financial reporting requirements. The School District funds the PSERS cost sharing, multiple-employer OPEB plan through contractually required contribution rates. No assurances can be given that the District’s future OPEB obligations will not have a material impact on the District’s ability to pay its debts, including the Bonds.

For a full description of the pension and OPEB plans, please refer to Appendix E – Audited Financial Statements.

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**APPENDIX B**

**LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION**

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**DEMOGRAPHIC AND STATISTICAL INFORMATION**

The following tables provide population trends, age, wealth and housing indices for the School District, the County and the Commonwealth of Pennsylvania.

**Population**

	<u>2020</u>	<u>2010</u>
<i>School District</i>	20,224	18,076
Dauphin County	279,874	268,100
Schuylkill County	143,201	148,288
Pennsylvania	13,002,700	12,702,379

Source: U.S. Bureau of Census.

**Age Composition**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	<u>Persons per Household</u>
Dauphin County	22.0	60.0	18.0	2.3
Schuylkill County	19.8	59.5	20.7	2.2
Pennsylvania	20.0	60.0	20.0	2.4

Source: Census Reporter/U.S. Census Bureau (2024). American Community Survey 1-year estimates.

**Income**

	<u>Median Household</u>	<u>Per Capita</u>	<u>Persons in Poverty</u>
Dauphin County	\$72,737	\$42,889	13.7%
Schuylkill County	63,574	34,954	7.9
Pennsylvania	77,545	44,674	11.6

Source: Census Reporter/U.S. Census Bureau (2024). American Community Survey 1-year estimates.

**Housing Characteristics**

	<u>Total Housing Units</u>	<u>Percent Owner Occupied</u>
Dauphin County	129,244	96.0%
Schuylkill County	67,328	84.6
Pennsylvania	5,861,320	91.0

Source: Census Reporter/U.S. Census Bureau (2024). American Community Survey 1-year estimates.

**Medical facilities**

*Dauphin County*

<u>Institution</u>	<u>Location</u>
Helen M. Simpson Rehabilitation Hospital	Harrisburg
Milton S. Hershey Medical Center	Hershey
UPMC Pinnacle Hospitals	Harrisburg
Penn State Hershey Rehabilitation, LLC	Hummelstown
Pennsylvania Psychiatric Institute	Harrisburg
Select Medical at Polyclinic Medical Center	Harrisburg

Source: Pennsylvania Department of Health, Bureau of Health Statistics

*Schuylkill County*

<u>Institution</u>	<u>Location</u>
Lehigh Valley Hospital Schuylkill .....	Pottsville
St. Luke's Miners Memorial Hospital .....	Coaldale
Geisinger St. Luke's .....	Orwigsburg

Source: Pennsylvania Department of Health, Bureau of Health Statistics

**Utilities**

Those utilities serving the Counties include PPL Electric Utilities which provides electric service to the area. Verizon, which provides telephone services, and UGI Corporation which provides natural gas service. Several other utilities provide services to customers throughout lesser populated areas of the Counties not served by those utilities previously discussed.

**Higher Education**

The Counties and surrounding area included within the SMSA have a number of institutions of higher learning including the Penn State College of Medicine, the Harrisburg Area Community College, Penn State Harrisburg, Dickinson College, Penn State Dickinson School of Law, Widener University School of Law, Messiah College, and the University Center at Harrisburg which consists of extension programs offered by a consortium of five institutions of higher learning including Temple University, Pennsylvania State University and the University of Pennsylvania.

The largest of these schools in terms of enrollment is the Harrisburg Area Community College ("HACC") which was the first comprehensive community college to be established in the Commonwealth and serves the SMSA. Founded in 1964 and fully accredited, this college occupies a campus of 157 acres. Since HACC's inception it has grown from a single campus of less than 500 students into a multi-campus institution which enrolls nearly 15,000 credit students each semester, in campuses throughout the SMSA including Harrisburg, Gettysburg, Lancaster, Lebanon and York.

The Penn State Harrisburg campus offers baccalaureate and graduate degree programs. Enrollment is approximately 3,416. Dickinson College, located in Carlisle, is the second oldest institution of higher learning in the Commonwealth. Enrollment at this coeducational liberal arts college is 1,990 full-time students. The Penn State Dickinson School of Law, also located in Carlisle, is the second oldest law school in the Commonwealth having been founded in 1834. Messiah College is a liberal arts institution located in Grantham with current enrollment of approximately 2,700 students.

**Transportation**

The School District and Counties are served by Interstate 81 which connects the area with Scranton and Wilkes-Barre, Pennsylvania and Binghamton and Syracuse, New York, to the north, and major cities to the south; Interstate 78 which connects the area with Allentown-Bethlehem-Easton and New York City to the east; Interstate 76 which connects the area with Philadelphia and Pittsburgh; and Interstate 83 which connects the area with York, Baltimore and Washington, D.C. to the south. U.S. Routes 11, 15, 22, 322 and 422 and Pa. 283 also serve the area.

The Harrisburg International Airport, located in Dauphin County, serves the area. This facility has a 10,000-foot runway and can handle the nation's largest commercial and military aircraft. The U.S. Commerce Department has simplified export procedures for the Harrisburg Port-of-Entry, so that cargo may now be flown directly from the County to foreign countries as well as any domestic point. The Airport underwent major renovations and construction of a new terminal complex that opened in 2012. The Airport is served by Air Canada, Air Tran Airways, Continental Airlines, Delta Airlines, Northwest Airlines, United Airlines and US Airways. General aviation service is also available at the Capitol City Airport and three other airports in the Standard Metropolitan Statistical Area (SMSA).

CONRAIL's facilities, which include the mainline of the former Penn Central Railroad, offer freight transportation to and from the area. The yard at Enola in Cumberland County is one of the largest classification yards on the CONRAIL system. AMTRAK operates regular daily passenger service, with regular stops in Middletown and throughout Dauphin County to major eastern, southern and western cities. Recently the Harrisburg station serving AMTRAK and the Trailways bus system was completely renovated. In addition, Greyhound bus lines has constructed its own new terminal facility in the City of Harrisburg.

**ECONOMIC INFORMATION**

**Top 10 Employers in Dauphin County**

**Top 10 Employers in Dauphin County**

**Company**

State Government  
 Milton S. Hershey Medical Center  
 Hershey Entertainment & Resorts Co.  
 UPMC Pinnacle Hospitals  
 The Hershey Company  
 United Parcel Service Inc.  
 Federal Government  
 Penn State Health  
 Pennsylvania State University  
 Milton Hershey School

**Top 10 Employers in Schuylkill County**

**Company**

Wal-Mart Associates Inc  
 State Government  
 Hydro Extrusion USA LLC  
 Kings Home Healthcare  
 Lehigh Valley Hospital - Schuylkill South Jackson Street  
 Cargill Meat Solutions Corporation  
 Jeld-Wen Inc.  
 Wegmans Food Markets Inc.  
 Lowe's Home Centers LLC  
 Saks Com LLC\*

\*On March 4, 2026, this company announced its impending closure by 5/31/2026.

Source: Center for Workforce Information and Analysis – Labor & Industry (L & I), 4<sup>th</sup> Quarter, 2025.

**Trends in Schuylkill County Employment and Unemployment**

TOTAL CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND  
 UNEMPLOYMENT RATE BY PLACE OF RESIDENCE

TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOY- MENT	UNEMPLOY- MENT	RATE (%)	SEASONALLY ADJUSTED			
					LABOR FORCE	EMPLOY- MENT	UNEMPLOY- MENT	RATE (%)
January 2026	67,000	63,600	3,400	5.1	66,900	63,700	3,200	4.8
December 2025	67,700	64,800	2,900	4.3	68,300	65,000	3,300	4.9
November	67,700	64,700	3,000	4.4	68,300	65,000	3,300	4.9
January 2025	66,700	63,600	3,000	4.6	66,500	63,700	2,800	4.2

SOURCE: U.S. Department of Labor and Industry, Pennsylvania Bureau of Employment.

Trends in Dauphin County Employment and Unemployment

HARRISBURG-CARLISLE METROPOLITAN STATISTICAL AREA

(Cumberland, Dauphin and Perry Counties)

TOTAL CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND UNEMPLOYMENT RATE BY PLACE OF RESIDENCE<sup>1</sup>

TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT	RATE (%)	SEASONALLY ADJUSTED			
					LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT	RATE (%)
December 2025	314,400	304,200	10,200	3.2	314,200	301,900	12,300	3.9
November	315,000	304,200	10,800	3.4	312,800	300,500	12,300	3.9
October	-	-	-	-	-	-	-	-
December 2024	311,500	302,600	8,900	2.9	313,900	303,400	10,400	3.3

December 2025							
NONFARM JOBS - NOT SEASONALLY ADJUSTED							
ESTABLISHMENT DATA	Industry Employment				Net Change From:		
	Dec 2025	Nov 2025	Oct 2025	Dec 2024	Nov 2025	Dec 2024	
<b>TOTAL NONFARM</b>	<b>375,100</b>	374,400	372,200	372,400	700	2,700	
<b>TOTAL PRIVATE</b>	<b>315,400</b>	314,500	312,800	313,000	900	2,400	
<b>GOODS-PRODUCING</b>	<b>34,100</b>	34,000	34,200	34,300	100	-200	
<b>Mining, Logging, and Construction</b>	<b>12,900</b>	13,000	13,100	12,600	-100	300	
<b>Manufacturing</b>	<b>21,200</b>	21,000	21,100	21,700	200	-500	
Durable Goods	<b>9,500</b>	9,400	9,500	10,000	100	-500	
Non-Durable Goods	<b>11,700</b>	11,600	11,600	11,700	100	0	
Food mfg.	<b>6,600</b>	6,600	6,500	6,600	0	0	
<b>SERVICE-PROVIDING</b>	<b>341,000</b>	340,400	338,000	338,100	600	2,900	
<b>PRIVATE SERVICE-PROVIDING</b>	<b>281,300</b>	280,500	278,600	278,700	800	2,600	
<b>Trade, Transportation, and Utilities</b>	<b>84,100</b>	82,800	80,400	83,900	1,300	200	
Wholesale Trade	<b>12,400</b>	12,500	12,500	12,900	-100	-500	
Retail Trade	<b>32,600</b>	32,200	31,500	32,500	400	100	
General merchandise retailers	<b>6,300</b>	6,200	5,700	6,000	100	300	
Transportation, Warehousing, and Utilities	<b>39,100</b>	38,100	36,400	38,500	1,000	600	
Transportation and Warehousing	<b>38,600</b>	37,600	35,900	38,000	1,000	600	
Truck transportation	<b>7,500</b>	7,500	7,400	7,500	0	0	
Warehousing and storage	<b>17,800</b>	17,700	17,000	18,000	100	-200	
Information	<b>3,200</b>	3,100	3,200	3,200	100	0	
<b>Financial Activities</b>	<b>20,400</b>	20,300	20,300	19,900	100	500	
Finance and insurance	<b>17,200</b>	17,000	17,000	16,700	200	500	
<b>Professional and Business Services</b>	<b>51,000</b>	51,400	51,500	51,900	-400	-900	
Professional and technical services	<b>22,000</b>	22,100	22,200	21,600	-100	400	
Management of companies and enterprises	<b>10,300</b>	10,400	10,400	10,400	-100	-100	
Administrative and waste services	<b>18,700</b>	18,900	18,900	19,900	-200	-1,200	
<b>Education and Health Services</b>	<b>76,200</b>	76,100	75,600	73,300	100	2,900	
Educational services	<b>10,200</b>	10,200	10,000	9,300	0	900	
Health care and social assistance	<b>66,000</b>	65,900	65,600	64,000	100	2,000	
Hospitals	<b>21,400</b>	21,300	21,300	20,500	100	900	
<b>Leisure and Hospitality</b>	<b>29,900</b>	30,300	31,000	30,000	-400	-100	
Accommodation and food services	<b>22,300</b>	22,600	22,900	22,700	-300	-400	
Food services and drinking places	<b>18,500</b>	18,800	19,000	18,900	-300	-400	
<b>Other Services</b>	<b>16,500</b>	16,500	16,600	16,500	0	0	
<b>Government</b>	<b>59,700</b>	59,900	59,400	59,400	-200	300	
Federal Government	<b>7,000</b>	7,000	7,000	7,400	0	-400	
State Government	<b>31,600</b>	31,800	31,500	31,200	-200	400	
Local Government	<b>21,100</b>	21,100	20,900	20,800	0	300	
Local government educational services	<b>14,400</b>	14,400	14,200	14,100	0	300	
Local government excluding educational services	<b>6,700</b>	6,700	6,700	6,700	0	0	
Data benchmarked to March 2024	***Data changes of 100 may be due to rounding***						

Source: Center for Workforce Information & Analysis (CWIA), Pennsylvania Department of Labor & Industry

**APPENDIX C**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

June \_\_, 2026

WILLIAMS VALLEY SCHOOL DISTRICT

Schuylkill and Dauphin Counties, Pennsylvania

General Obligation Bonds, \$3,000,000 Series of 2026

OPINION

Williams Valley School District, Schuylkill and Dauphin Counties, Pennsylvania (the “School District”), is a school district existing under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”).

The Board of School Directors of the School District has determined to issue its tax-exempt Series of 2026 Bonds: in the maximum aggregate principal amount of \$3,000,000, with the proceeds of the Bonds, together with any interest earned thereon, to be used to provide funds for (a) various capital projects of the School District, including replacement and repairs of HVAC units, and (b) payment of the costs and expenses related to issuing the Bonds (the “Project”).

The Board of School Directors of the School District, by Resolution duly adopted on May 7, 2026 (the “Resolution”), authorized and directed issuance of the Bonds, all dated as of June \_\_, 2026, with proceeds from the sale thereof to be applied for and toward payment of costs and expenses of the Project.

Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with the Local Government Unit Debt Act, approved December 19, 1996, Act 177, as amended, 53 Pa.C.S. Chs. 80-82 (the “Act”), of the Commonwealth.

The Series of 2026 Bonds may be in the denomination of \$5,000 or whole multiples thereof and are fully registered as to principal and interest. The Series of 2026 Bonds mature on April 1 of each of the years 202\_ through 20\_\_, inclusive. The Bonds bear interest from June \_\_, 2026, at rates set forth in the Resolution, payable initially on October 1, 2026, and thereafter semiannually on April 1 and October 1 in each year, until maturity.

The Pennsylvania Department of Community and Economic Development (the “Department”) has approved the proceedings for the increase of debt of the School District and for the issuance and sale of the Bonds as authorized in the Resolution, as required by the Act.

The Bonds maturing on and after April \_\_, \_\_\_\_, are subject to redemption prior to maturity at the option of the School District, in whole or, from time to time, in part and, if in part, selected by the School District in \$5,000 denominations, on \_\_\_\_\_, or at any date thereafter.

The Bonds stated to mature on April 1, \_\_\_\_, are subject to mandatory redemption prior to maturity on April 1 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedules, as drawn by lot by the Trustee:

The Bonds stated to mature on April 1, \_\_\_\_:

Redemption Date April 1	Principal Amount to be Redeemed or Purchased
	\$
	\$
	\$
	\$
	\$
*	\$

\*at maturity

In connection with the Bonds, we have examined, among other things: all proceedings under the Act; approval of proceedings and facts related to the increase of debt of the School District, as issued by the Department; an affidavit of no litigation; a Non-Arbitrage Certificate of the School District; and usual closing affidavits, certificates and documents and an executed Bond of each Series, duly authenticated by Fulton Bank, National Association, as Paying Agent for the Bonds. We have assumed that all other Bonds have been similarly authenticated.

In rendering our opinion, we have assumed the truth, completeness and due authorization of all written instruments, statements and certificates executed by public officials. We have also relied on the opinion of Williamson, Friedberg & Jones, LLC, District Solicitor, of even date herewith and delivered concurrently herewith, as to matters expressed therein. Our opinion is further subject to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws relating to or affecting the rights of creditors generally.

We are of the opinion that:

1. The School District is authorized by laws of the Commonwealth to issue the Bonds for the purposes hereinbefore set forth.

2. Proceedings for the increase of debt of the School District and for the issuance and sale of the Bonds are in accordance with law.

3. The net nonelectoral debt of the School District, including the Bonds, and the net lease rental debt of the School District presently outstanding, is less than the total allowable net nonelectoral debt plus net lease rental debt permitted by the Act.

4. Under existing laws of the Commonwealth, the interest on the Bonds is exempt from the present Pennsylvania personal income tax, the present Pennsylvania corporate net income tax and the present Pennsylvania personal property taxes.

5. Conditioned upon compliance by the School District with all covenants and agreements contained in the Resolution and in other documents relating to issuance of the Bonds, we are of the opinion that the interest on the Bonds will not be includible in gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and under present regulations and decisions, nor will the interest on the Bonds be an item of tax preference for purposes of the alternative minimum tax imposed on individuals. However, we call to your attention that under the Code (i) to the extent that interest on the Bonds is a component of a corporate holder's "adjusted net book income" (or "adjusted current earnings" for taxable years beginning after December 31, 1989), a portion of that interest may be subject to an alternative minimum tax and an environmental tax for taxable years beginning after December 31, 1986, and (ii) interest on the Bonds is subject to a "branch profits tax" imposed on foreign corporations engaged in a trade or business in the United States for taxable years beginning after December 31, 1986.

No opinion is expressed as to other tax consequences that may accrue to a registered owner of the Bonds as a result of purchase and/or ownership of the same except as specifically set forth above.

6. The Bonds are authorized investments under the Pennsylvania Probate, Estates and Fiduciaries Code, Chapter 73, Fiduciaries Investments, Act No. 164 of 1972, approved June 30, 1972, as amended and supplemented.

7. The Bond is a "qualified tax-exempt obligation", as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), for the purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

We are of the further opinion that: (1) the Bonds are valid and binding general obligations of the School District; (2) the School District has effectively covenanted to make payments out of its sinking fund or any other of its revenues or funds at such times and in such annual amounts, specified in such covenant, as shall be sufficient for the payment of the interest agreed to be paid

on the Bonds and the principal thereof when due; (3) the full faith, credit and taxing power of the School District are pledged for payment of the principal of and interest on the Bonds; (4) the Bonds are additionally secured by the “state aid intercept” provisions of Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, as further embodied in Act No. 85 of 2016, P.L. 664, No. 85 amending the Pennsylvania Fiscal Code; and (5) the Bonds are enforceable against the School District in accordance with their terms and in accordance with the Act; subject, however, to any applicable bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles affecting the enforcement of creditors’ rights heretofore or hereafter enacted.

Certain maturities of the Bonds may be sold to the public in the initial offering at a price less than the stated redemption price of such Bonds at maturity (that is, at less than par or the stated principal amount), the difference being “original issue discount”. We are of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. For Pennsylvania Personal Income Tax purposes, original issue discount on the Bonds is treated under current regulations of the Pennsylvania Department of Revenue as interest and, for purposes of determining taxable gains upon sale or other distributions of an obligation the interest on which is exempt from income taxation by the Commonwealth, as an adjustment to basis.

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

We express no opinion as to whether any legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Bonds to inclusion in gross income for Federal, state or local income tax purposes.

Very truly yours,

BOWE & ODORIZZI LAW, LLC

By \_\_\_\_\_  
Martin J. Cerullo, Esquire

**APPENDIX D**

**PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the **WILLIAMS VALLEY SCHOOL DISTRICT**, Schuylkill and Dauphin Counties, Pennsylvania (the “School District”), in connection with the issuance of its General Obligation Bonds, Series of 2026, dated as of June \_\_, 2026 (the “Bonds”) in the aggregate principal amount of \$3,000,000. The Bonds are being issued pursuant to a Resolution duly adopted by the Board of School Directors of the School District on May 7, 2026 (the “Resolution”). The School District makes the following certifications and representations as an inducement to the Participating Underwriter and others to purchase the Bonds:

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

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

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

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

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

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

“State Depository” shall mean any public or private depository or entity designated by the Commonwealth as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports. (a) The School District shall, within 270 days following the close of each of its fiscal years, beginning with the fiscal year ending June 30, 2026, provide to the MSRB through EMMA at <http://www.emma.msrb.org/> an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package in PDF format, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report. In the event the School District’s audited financial statements are not available by the 270 day deadline, the School District will provide its internal financial statements with a notice as to when its audited financial statements are expected to be available, and will submit its audit report when available.

If the School District is unable to provide to the MSRB an Annual Report by the dates required in the preceding paragraph, the School District shall send or cause to be sent a notice to the MSRB stating in substance that the School District has not provided an Annual Report as required by this Section 3 and the date that the School District anticipates filing the Annual Report.

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

- the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards
- a summary of the budget for the current fiscal year
- the aggregate assessed value and market value of all taxable real estate for the current fiscal year
- the taxes and millage rates imposed for the current fiscal year
- the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year’s levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year’s levy and as an aggregate dollar amount)
- a list of the ten (10) largest real estate taxpayers and, for each, the total assessed

value of real estate for the current fiscal year

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each other document so incorporated by reference. The School District reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be in a manner consistent with the Rule.

SECTION 5. Reporting of Listed Events.

(a) The School District will, in a timely manner, file with EMMA, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the

obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such actions, other than pursuant to its terms, if material;

- (13) appointment of a successor or additional trustee or a change of name of a trustee, if material;
- (14) in a timely manner, to provide to the MSRB through the EMMA System, notice of any failure to provide required annual financial information on or before the dates specified above;
- (15) Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affected security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

(b) Whenever the School District obtains knowledge of the occurrence of a Listed Event, the School District shall as soon as possible (with respect to those Listed Events where a determination of materiality by the School District is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities Laws.

(c) If (i) a Determination of materiality by the School District is not relevant to the obligation to give notice of a Listed Event or (ii) the School District determines (with respect to those Listed Events where a determination of materiality by the School District is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the School District shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Trustee.

(d) For purposes of the Listed Events in Section 5(a)(13), the School District and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: “Note: for the purposes of the event identified in subparagraph (b)(5)(I)C(12), the 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 governmental 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.”

The School District 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 School District, such other event is material with respect to the Bonds, but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Whenever the School District obtains knowledge of the occurrence of a Listed Event, the School District shall, or shall cause the Dissemination Agent (if not the School District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing notice of Listed Events described above in subsections (h) and (i) above need not be given under this Section any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds.

SECTION 6. Dissemination Agent. The School District may, at any time and from time to time, appoint or engage another person (the “Dissemination Agent”) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor, and without notice to holders of the Bonds.

SECTION 7. Termination of Disclosure Obligation. The School District’s obligations under this Disclosure Certificate shall terminate at such time as the School District is no longer an “obligated person” with respect to the Bonds, as such phrase is defined in the Rule.

SECTION 8. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the School District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, The School District causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors, all as of June \_\_, 2026.

**WILLIAMS VALLEY SCHOOL DISTRICT,**  
Schuylkill County, Pennsylvania

By: \_\_\_\_\_  
Joanna Stroup, President

**APPENDIX E**  
**AUDITED FINANCIAL STATEMENTS**

**WILLIAMS VALLEY SCHOOL DISTRICT**  
**TOWER CITY, PENNSYLVANIA**  
**FINANCIAL STATEMENTS AND SINGLE AUDIT REPORT**  
**YEAR ENDED JUNE 30, 2025**

WILLIAMS VALLEY SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-15
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT - WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	16
STATEMENT OF ACTIVITIES	17
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS	18
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	19
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	20
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	21
STATEMENT OF NET POSITION - PROPRIETARY FUND	22
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND	23
STATEMENT OF CASH FLOWS - PROPRIETARY FUND	24
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS	25
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS	26
NOTES TO FINANCIAL STATEMENTS	27-66

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION	
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	67
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - DISTRICT SPECIFIC PLAN	68
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS PLAN	69
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS – PSERS PLAN	70
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	71
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS	72
OTHER SUPPLEMENTAL INFORMATION	
SINGLE AUDIT REPORT	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	73
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	74
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	75-76
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	77-79
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	80-82
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	83



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## INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Williams Valley School District  
Tower City, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Williams Valley School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 the District, as of June 30, 2025, 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not



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Williams Valley School District  
Page 2

a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Adoption of New Governmental Accounting Standards Board Pronouncements***

As described in Note 1 to the financial statements, in 2025 the District adopted the provisions of Governmental Accounting Standards Board's Statement No. 101, "*Compensated Absences*", and the provisions of GASB Statement No. 102, "*Certain Risk Disclosures*". Our opinion is not modified with respect to these matters.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance - budget and actual - General Fund, the schedule of changes in the total OPEB liability and related ratios - District Specific Plan, the schedule of the District's proportionate share of the net OPEB liability - PSERS Plan, the schedule of the District's OPEB contributions - PSERS Plan, the schedule of the District's OPEB contributions - PSERS Plan, the schedule of the District's proportionate share of the net pension liability, and the schedule of the District's pension contributions on pages 4 through 15 and pages 67 through 72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the



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Board of School Directors  
Williams Valley School District  
Page 3

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 District's internal control over financial reporting and compliance.

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Harrisburg, Pennsylvania  
March 17, 2026

**WILLIAMS VALLEY SCHOOL DISTRICT  
TOWER CITY, PENNSYLVANIA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
June 30, 2025**

The discussion and analysis of Williams Valley School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the 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. The MD&A does not need to be submitted in conjunction with the AFR filing. However, this document should be completed and made available to the Bureau of Commonwealth Accounting upon request. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS (GENERAL FUND)**

During the fiscal year 2024-2025, the Williams Valley School District realized an increase of \$1,416,639 to total General Fund expenditures. Local revenues increased by \$776,244, the revenue from federal sources decreased by \$457,647, and the revenue from state sources increased by \$1,173,101. The Dauphin County and Schuylkill County millages rate for the 2024-2025 school year increased to 20.489 and 42.343, respectively. The District's general fund balance increased from \$2,326,056 in 2023-2024 to \$3,876,152 in 2024-2025 (increase of \$1,550,096).

**USING THE ANNUAL FINANCIAL REPORT (AFR)**

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

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

The remaining statements (fund) focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like a business. For this District, this is our Food Service Fund. Fiduciary fund statements offer short- and long-term financial information about the activities that the District holds for other parties. For this District, this is our Private-Purpose Trust and Custodial Funds.

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

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

Figure A-1  
Required components of  
Williams Valley School District's  
Financial Report

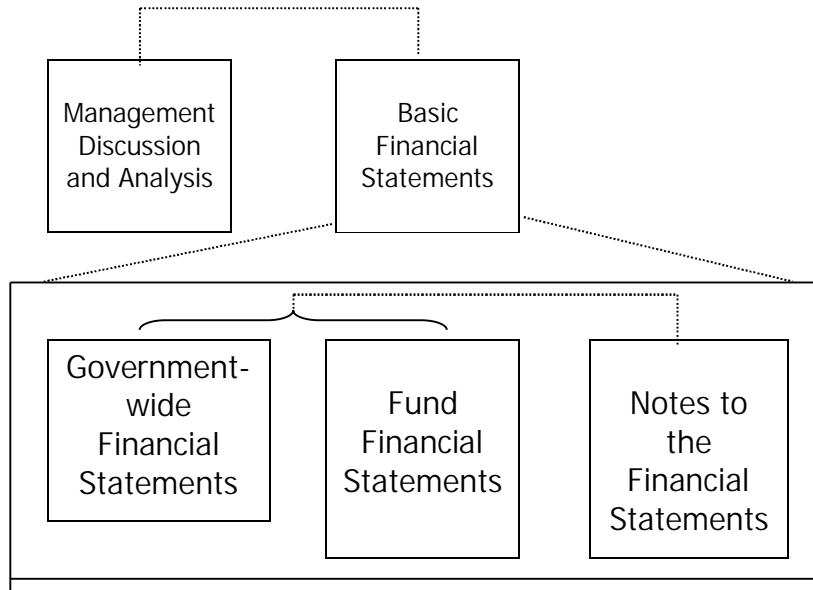


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the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

Figure A-2  
Major Features of Williams Valley School District’s  
Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business – Food Services	Activities for which the District is trustee for someone else’s assets, such as the Private Purpose Trust and Custodial 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 fiduciary net position Statement of revenues, expenses and changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources and liabilities and deferred inflows of resources, 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 financial and capital, and short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## OVERVIEW OF FINANCIAL STATEMENTS

### Government-wide Statements

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

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

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

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

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

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

### Fund Financial Statements

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

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

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

Fiduciary funds. These funds are used to account for resources held by the District as a trustee or fiduciary for the benefit of parties outside the government. These funds include certain custodial funds, or private-purpose trusts held by the District in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong. The District is responsible to ensure the assets reported in these funds are used for their intended purpose. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the District's own programs. Instead, the activity of the fiduciary funds is reported in a separate statement of fiduciary net position. The fiduciary funds are reported using the accrual basis of accounting.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net deficit was (\$7,848,666) at June 30, 2025 and (\$13,074,536) at June 30, 2024.

**Table A-3**  
**Fiscal Year Ended June 30, 2025 and June 30, 2024**  
**Net Position**

	2024-2025			2023-2024		
	Governmental Activities	Business-Type Activities	School District Total	Governmental Activities	Business-Type Activities	School District Total
Current and other assets	\$ 7,436,912	\$ 561,805	\$ 7,998,717	\$ 5,244,542	\$ 460,173	\$ 5,704,715
Capital assets	10,329,049	137,350	10,466,399	10,788,875	123,165	10,912,040
Total assets	17,765,961	699,155	18,465,116	16,033,417	583,338	16,616,755
Deferred outflows of resources	2,576,984	-	2,576,984	2,528,908	-	2,528,908
Total assets and deferred outflows of resources	<u>\$ 20,342,945</u>	<u>\$ 699,155</u>	<u>\$ 21,042,100</u>	<u>\$ 18,562,325</u>	<u>\$ 583,338</u>	<u>\$ 19,145,663</u>
Current and other liabilities	\$ 2,649,365	\$ 27,204	\$ 2,676,569	\$ 1,976,142	\$ 12,418	\$ 1,988,560
Long-term liabilities	20,516,336	-	20,516,336	25,463,719	-	25,463,719
Total liabilities	23,165,701	27,204	23,192,905	27,439,861	12,418	27,452,279
Deferred inflows	5,697,861	-	5,697,861	4,752,506	15,414	4,767,920
Net position:						
Net investment in capital assets	6,101,687	137,350	6,239,037	6,644,246	123,165	6,767,411
Unrestricted	(14,622,304)	534,601	(14,087,703)	(20,274,288)	432,341	(19,841,947)
Total net position	<u>(8,520,617)</u>	<u>671,951</u>	<u>(7,848,666)</u>	<u>(13,630,042)</u>	<u>555,506</u>	<u>(13,074,536)</u>
Total liabilities and net position	<u>\$ 20,342,945</u>	<u>\$ 699,155</u>	<u>\$ 21,042,100</u>	<u>\$ 18,562,325</u>	<u>\$ 583,338</u>	<u>\$ 19,145,663</u>

The majority of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is a combination of restricted and unassigned amounts.

**Table A-4**  
**Williams Valley School District**  
**Change in Net Position**  
**For the Years Ended June 30, 2025 and 2024**

Comparison of Year Ended June 30, 2025 and June 30, 2024

	2024-2025			2023-2024		
	Governmental Activities	Business-Type Activities	School District Total	Governmental Activities	Business-Type Activities	School District Total
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 200,978	\$ 103,311	\$ 304,289	\$ -	\$ 71,532	\$ 71,532
Operating grants and contributions	6,156,733	686,841	6,843,574	5,134,612	679,352	5,813,964
<b>General revenues</b>						
Property taxes	3,432,180	-	3,432,180	2,742,861	-	2,742,861
Other taxes	1,698,845	-	1,698,845	1,595,562	-	1,595,562
Unrestricted grants, subsidies, and contributions	8,397,052	-	8,397,052	8,264,939	-	8,264,939
Investment earnings	138,304	17,525	155,829	96,659	16,848	113,507
Miscellaneous	434,567	-	434,567	688,656	11,565	700,221
Gain on disposal of capital assets	-	25,237	25,237	-	-	-
<b>Total revenues</b>	<b>\$ 20,458,659</b>	<b>\$ 832,914</b>	<b>\$ 21,291,573</b>	<b>\$ 18,523,289</b>	<b>\$ 779,297</b>	<b>\$ 19,302,586</b>
<b>Expenses</b>						
Instruction	\$ 10,175,328	\$ -	\$ 10,175,328	\$ 11,100,620	\$ -	\$ 11,100,620
Support services	648,484	-	648,484	2,098,098	-	2,098,098
Administrative and financial support	1,945,467	-	1,945,467	713,439	-	713,439
Operation and maintenance	1,303,052	-	1,303,052	1,340,810	-	1,340,810
Pupil transportation	784,451	-	784,451	936,219	-	936,219
Student activities	465,577	-	465,577	490,308	-	490,308
Community service	7,522	-	7,522	8,300	-	8,300
Interest on long-term debt	19,353	-	19,353	24,625	-	24,625
Unallocated depreciation	-	-	-	245,522	-	245,522
Food service	-	716,469	716,469	-	671,632	671,632
<b>Total expenses</b>	<b>\$ 15,349,234</b>	<b>\$ 716,469</b>	<b>\$ 16,065,703</b>	<b>\$ 16,957,941</b>	<b>\$ 671,632</b>	<b>\$ 17,629,573</b>
<b>Increase in net position</b>	<b>\$ 5,109,425</b>	<b>\$ 116,445</b>	<b>\$ 5,225,870</b>	<b>\$ 1,565,348</b>	<b>\$ 107,665</b>	<b>\$ 1,673,013</b>

Changes in net position: The District's total revenues were \$21,291,573 for the year ended June 30, 2025. Unrestricted grants, subsidies, and contributions equaled 39.44% or \$8,397,052 of total revenue. Operating grants and contributions accounted for \$6,843,574 or 32.14% of total revenues. Property taxes were the third largest funding source at 16.12% or \$3,432,180. Other Taxes contributed 7.98% to the total revenue. The remaining 4.32% of revenues consisted of charges for services, investment earnings, miscellaneous, and gain on disposal of capital asset sources. (see Table A-4).

Total revenues exceeded expenditures, increasing Net Position by \$5,225,870. The prior year experienced an increase in Net Position of \$1,673,013. The primary reason for this year's increase was an increase in revenues and decreased expenses; mainly driven by a decrease in pension expense recorded for the 24/25 year.

The total cost of all programs and services was \$16,065,703. The District's costs related to educating and servicing students accounted for 75.15% (Instruction, support services, pupil transportation, student activities), Administrative costs accounted for 12.11%. Operation of the District's facilities accounted for 8.11%, Food service costs made 4.46%, interest on long-term debt was 0.12% and community services was 0.05%. Depreciation expense was allocated to respective functions based on total expenditures. (see Table A-4).

**Table A-5  
Williams Valley School District  
Net Cost of Governmental Activities**

	2024-2025		2023-2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 10,175,328	\$ 5,363,704	\$ 11,100,620	\$ 6,918,287
Support services	648,484	223,278	2,098,098	1,974,586
Administration and financial support	1,945,467	1,669,725	713,439	542,696
Operation and maintenance	1,303,052	1,179,537	1,340,810	1,251,725
Pupil transportation	784,451	189,151	936,219	397,266
Student activities	465,577	339,253	490,308	460,322
Community service	7,522	7,522	8,300	8,300
Interest on long-term debt	19,353	19,353	24,625	24,625
Unallocated depreciation	-	-	245,522	245,522
	-	-	245,522	245,522
<b>Total expenses</b>	<b>\$ 15,349,234</b>	<b>\$ 8,991,523</b>	<b>\$ 16,957,941</b>	<b>\$ 11,823,329</b>

The results of this year's operations as a whole are reported in the Statement of Activities. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

#### THE DISTRICT FUNDS

At June 30, 2025, the District governmental funds reported a combined fund balance of \$4,057,379. The primary reasons for this are specific to two funds:

##### General Fund:

The District continues to budget for increases in PSERS employer contribution costs, healthcare increases, as well as unforeseen absences. The areas of maintenance, fuel costs, PSERS employer contributions, special education costs, and charter/cyber school costs are challenges for the district in budgeting. Special education costs and charter/cyber school costs are dependent upon needs of the students' enrolled in the District each year. For special education costs, enrollment and/or withdrawal of students can cause this expenditure to fluctuate. For charter/cyber school costs, increases or decreases in enrollment can cause this expenditure to fluctuate. While the District does prepare a budget with a modest reserve each year for unexpected emergencies, this expenditure is dependent upon actual experience during the fiscal year.

##### Capital Reserve Fund:

The District has this fund to provide for various capital expenditures.

**Table A-6**  
**Williams Valley School District**  
**Change in Fund Balances**  
**For Years Ended June 30, 2025 and 2024**

	Fund Balance <u>June 30, 2025</u>	Fund Balance <u>June 30, 2024</u>	Increase (Decrease)
General Fund	\$ 3,876,152	\$ 2,326,056	\$ 1,550,096
Capital Reserve Fund	181,227	178,738	2,489
Total Fund Balance	<u>\$ 4,057,379</u>	<u>\$ 2,504,794</u>	<u>\$ 1,552,585</u>

Revenues for the District's general fund was \$20,252,967 and total expenditures were \$18,702,871 resulting in an increase to fund balance of \$1,550,096.

The District's Capital Reserve Fund had local revenue of \$2,489 and total expenditures were \$0 resulting in an increase in fund balance of \$2,489 in the Capital Reserve Fund.

The following provides a summary of General Fund revenues:

**Table A-7**  
**Williams Valley School District**  
**General Fund Revenues**  
**For Years Ended June 30, 2025 and 2024**

	Revenues <u>2024-2025</u>	Revenues <u>2023-2024</u>	Increase (Decrease)	Percent Change
Local sources	\$ 6,137,961	\$ 5,361,717	\$ 776,244	14.48%
State sources	13,674,428	12,501,327	1,173,101	9.38%
Federal sources	440,578	898,225	(457,647)	-50.95%
Other financing sources	-	82,612	(82,612)	-100.00%
Total revenue & other financing sources	<u>\$ 20,252,967</u>	<u>\$ 18,843,881</u>	<u>\$ 1,409,086</u>	<u>7.48%</u>

Total General Fund revenues increased by \$1,409,086 or 7.48% from the previous year. (See Table A-7). The increase can be attributed to multiple factors: Local Tax Revenue Increases, State Funding increases, increase in donations.

The following provides a summary of General Fund expenditures:

**Table A-8  
Williams Valley School District  
General Fund Expenditures  
For Years Ended June 30, 2025 and 2024**

	<u>Expenditures 2024-2025</u>	<u>Expenditures 2023-2024</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Instruction	\$ 12,211,273	\$ 11,159,461	\$ 1,051,812	9.43%
Support services	756,308	843,885	(87,577)	-10.38%
Administration and financial support	2,380,524	2,151,496	229,028	10.65%
Operation and maintenance	1,484,292	1,364,130	120,162	8.81%
Pupil transportation	968,096	936,219	31,877	3.40%
Student activities	566,070	496,251	69,819	14.07%
Community service	9,284	8,300	984	11.86%
Debt service	327,024	326,490	534	0.16%
<b>Total expenditures</b>	<b><u>\$ 18,702,871</u></b>	<b><u>\$ 17,286,232</u></b>	<b><u>\$ 1,416,639</u></b>	<b><u>8.20%</u></b>

Total General Fund expenditures increased by \$1,416,639 or 8.20% from the previous year. The majority of the increase can be attributed to more Cyber/Charter rate increases, increase in instructional costs, increase in operation and maintenance costs and increase in salaries and benefits.

#### General Fund Budget

During the fiscal year, the Board of School Directors (The Board) may authorize revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law.

The District applies for federal, state, and local grants and these grants cannot always be anticipated in the budgeting process.

No changes were made to the 2024/2025 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2025, the District had \$10,466,399 invested in a broad range of capital assets, including land, buildings, site improvements, furniture, equipment, and vehicles.

The following provides a summary of our Capital Assets:

**Table A-9  
Williams Valley School District  
Capital Assets  
For Years Ended June 30, 2025 and 2024**

	Governmental Activities <u>2024-2025</u>	Business-Type Activities <u>2024-2025</u>	Governmental Activities <u>2023-2024</u>	Business-Type Activities <u>2023-2024</u>	Total <u>2024-2025</u>	Total <u>2023-2024</u>	Percent Change
Land	\$ 756,120	\$ -	\$ 756,120	\$ -	\$ 756,120	\$ 756,120	0.00%
Land and site improvements	2,117,137	-	2,117,137	-	2,117,137	2,117,137	0.00%
Building and building improvements	20,203,086	-	20,223,492	-	20,203,086	20,223,492	-0.10%
Furniture, equipment, and vehicles	2,682,731	405,316	2,546,824	529,656	3,088,047	3,076,480	0.38%
Leasehold assets	82,612	-	82,612	-	82,612	82,612	0.00%
Accumulated depreciation/amortization	<u>(15,512,637)</u>	<u>(267,966)</u>	<u>(14,937,310)</u>	<u>(406,491)</u>	<u>(15,780,603)</u>	<u>(15,343,801)</u>	<u>2.85%</u>
Totals	<u>\$ 10,329,049</u>	<u>\$ 137,350</u>	<u>\$ 10,788,875</u>	<u>\$ 123,165</u>	<u>\$ 10,466,399</u>	<u>\$ 10,912,040</u>	<u>-4.08%</u>

## DEBT ADMINISTRATION

As of June 30, 2025, the District had total outstanding General Obligation Bond Debt principal of \$4,174,183. This debt consisted of Federally Taxable Qualified Zone Academy General Obligation Bonds (Tax Credit Bonds), Series of 2016 (\$3,992,264) and a General Obligation Note of 2018 (\$181,919).

Also at June 30, 2025, the District had to recognize a pension liability of \$14,984,000 due to GASB 68, which requires school districts providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability. This recognition requirement began with the year ending June 30, 2015.

The District adopted GASB 75 for the 2017/2018 financial statements. The total Other Postemployment Benefits liability ("OPEB") recognized during the year was \$1,597,382.

Other obligations include capital leases and accrued vacation pay and sick leave for specific employees of the District. More detailed information about our long-term liabilities is included in the financial statements.

The following provides a summary of our Long-Term Liabilities:

**Table A-10**  
**Williams Valley School District**  
**Long-Term Liabilities**  
**For Years Ended June 30, 2025 and 2024**

	Year Ending <u>June 30, 2025</u>	Year Ending <u>June 30, 2024</u>	Increase <u>(Decrease)</u>	Percent <u>Change</u>
General obligation bonds & notes	\$ 4,174,183	\$ 4,464,916	\$ (290,733)	-6.51%
Lease payable	53,179	68,440	(15,261)	-22.30%
Compensated absences	252,016	168,268	83,748	49.77%
Other postemployment benefits	1,597,382	1,761,201	(163,819)	-9.30%
Net pension liability	<u>14,984,000</u>	<u>19,307,000</u>	<u>(4,323,000)</u>	<u>-22.39%</u>
Total long-term liabilities	<u>\$ 21,060,760</u>	<u>\$ 25,769,825</u>	<u>\$ (4,709,065)</u>	<u>-18.27%</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the 2024-25 School Year, employer contributions to the Pennsylvania State Employees Retirement System (PSERS), fluctuating Cyber/Charter expense, rising healthcare, and the unpredictable cost for special education continue to be the primary areas of concern. Cyber charter expenses have not returned to pre-pandemic levels. The District has been managing the impact by offering an in-house cyber solution.

Although the rate of PSERS increases has begun to slow, the required contribution was 34% of salary expenditures.

Regarding Special Education expenditures, the number of special education students fluctuates depending on a number of factors. The District utilizes multiple approaches to provide services for the individuals. While preference is to provide services at/by the District, student needs may require out-of-district placement. Additionally, with staffing and certifications posing a challenge, the district provides some services through both shared service agreements with other districts and will also contract with outside vendors as needed to provide services. The District is working in a strategic manner to grow the supports available to the student population.

Healthcare costs for the 2025-26 school year were budgeted with an increase over what was budgeted in the 2024-25 school year. The monthly cost increased 10.47% to \$1,744.37 per month for the Traditional plan and to \$1,514.87 per month for the Qualified High Deductible Health Plan (QHDHP). The district is a participant in the Multi-County Healthcare Insurance Consortium. District costs are determined by utilization and shared risk within the consortium.

While the pandemic is officially over, the financial environment has not returned to prior levels. Cyber/Charter tuition remains one of the most significant expenses affecting the District. The District will continue to focus resources and energies into being more efficient at monitoring and controlling all expenditures.

The percentage of the total budget of revenue and expenditure by category for 2025-2026 and 2024-2025 school years is as follows:

### BUDGETED REVENUES

	<b>2025-26</b>	<b>2024-25</b>
Local	27.37%	27.13%
State	70.68%	70.85%
Federal	1.95%	2.02%

### BUDGETED EXPENDITURES

	<b>2025-26</b>	<b>2024-25</b>
Instruction	63.14%	63.95%
Support Services	32.68%	31.69%
Non-Instruction/Facilities	2.62%	2.73%
Debt	1.56%	1.63%

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Joshua Soliday, Business Manager at Williams Valley School District, at 10330 Route 209 Road, Tower City, PA 17980, or by phone at (717) 647-2167.

## **BASIC FINANCIAL STATEMENTS**

WILLIAMS VALLEY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 4,855,916	\$ 477,610	\$ 5,333,526
Investments	33,629	-	33,629
Taxes receivables, net	1,395,910	-	1,395,910
Due from other governments	964,754	67,758	1,032,512
Other receivables	140,830	-	140,830
Inventories	45,873	16,437	62,310
Total current assets	7,436,912	561,805	7,998,717
Noncurrent assets:			
Capital assets, net of accumulated depreciation/amortization			
Land	756,120	-	756,120
Land and site improvements	443,710	-	443,710
Buildings and improvements	8,718,795	-	8,718,795
Furniture, equipment, and vehicles	360,857	137,350	498,207
Leasehold assets	49,567	-	49,567
Total noncurrent assets	10,329,049	137,350	10,466,399
TOTAL ASSETS	17,765,961	699,155	18,465,116
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Other postemployment benefits	511,460	-	511,460
Pension	2,065,524	-	2,065,524
Total deferred outflows of resources	2,576,984	-	2,576,984
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	643,589	14,594	658,183
Accrued salaries and benefits	907,548	-	907,548
Payroll deductions and withholdings	535,166	-	535,166
Other liabilities	18,258	-	18,258
Accrued interest payable	380	-	380
Bonds and notes payable	293,024	-	293,024
Lease payable	16,432	-	16,432
Compensated absences	155,099	-	155,099
Other postemployment benefits liability	79,869	-	79,869
Unearned revenue	-	12,610	12,610
Total current liabilities	2,649,365	27,204	2,676,569
Noncurrent liabilities:			
Bonds and notes payable	3,881,159	-	3,881,159
Lease payable	36,747	-	36,747
Compensated absences	96,917	-	96,917
Other postemployment benefits liability	1,517,513	-	1,517,513
Net pension liability	14,984,000	-	14,984,000
Total noncurrent liabilities	20,516,336	-	20,516,336
Total liabilities	23,165,701	27,204	23,192,905
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other postemployment benefits	1,040,861	-	1,040,861
Pensions	4,657,000	-	4,657,000
Total deferred inflows of resources	5,697,861	-	5,697,861
<u>NET POSITION</u>			
Net investment in capital assets	6,101,687	137,350	6,239,037
Unrestricted	(14,622,304)	534,601	(14,087,703)
Total net position	\$ (8,520,617)	\$ 671,951	\$ (7,848,666)

See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

Function/Programs	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR	OPERATING GRANTS AND	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITY	TOTAL
		SERVICES	CONTRIBUTIONS			
<b>Governmental activities:</b>						
Instruction	\$ 10,175,328	\$ 136,731	\$ 4,674,893	\$ (5,363,704)	\$ -	\$ (5,363,704)
Support services	648,484	-	425,206	(223,278)	-	(223,278)
Administrative and financial support	1,945,467	-	275,742	(1,669,725)	-	(1,669,725)
Operation and maintenance	1,303,052	-	123,515	(1,179,537)	-	(1,179,537)
Pupil transportation	784,451	-	595,300	(189,151)	-	(189,151)
Student activities	465,577	64,247	62,077	(339,253)	-	(339,253)
Community service	7,522	-	-	(7,522)	-	(7,522)
Interest on long-term debt	19,353	-	-	(19,353)	-	(19,353)
Total governmental activities	<u>15,349,234</u>	<u>200,978</u>	<u>6,156,733</u>	<u>(8,991,523)</u>	<u>-</u>	<u>(8,991,523)</u>
<b>Business-type activity:</b>						
Food service	<u>716,469</u>	<u>103,311</u>	<u>686,841</u>	<u>-</u>	<u>73,683</u>	<u>73,683</u>
Total business-type activity	<u>716,469</u>	<u>103,311</u>	<u>686,841</u>	<u>-</u>	<u>73,683</u>	<u>73,683</u>
Total	<u>\$ 16,065,703</u>	<u>\$ 304,289</u>	<u>\$ 6,843,574</u>	<u>(8,991,523)</u>	<u>73,683</u>	<u>(8,917,840)</u>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes, net				3,432,180	-	3,432,180
Public utility realty and earned income taxes levied for general purposes, net				1,698,845	-	1,698,845
Unrestricted grants, subsidies, and contributions				8,397,052	-	8,397,052
Investment earnings				138,304	17,525	155,829
Miscellaneous income				434,567	-	434,567
Gain on disposal of capital assets				-	25,237	25,237
Total general revenues				<u>14,100,948</u>	<u>42,762</u>	<u>14,143,710</u>
Changes in net position				5,109,425	116,445	5,225,870
Net position - beginning				<u>(13,630,042)</u>	<u>555,506</u>	<u>(13,074,536)</u>
Net position - ending				<u>\$ (8,520,617)</u>	<u>\$ 671,951</u>	<u>\$ (7,848,666)</u>

See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025

	GENERAL	CAPITAL RESERVE	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 4,674,689	\$ 181,227	\$ 4,855,916
Investments	33,629	-	33,629
Taxes receivable, net	1,395,910	-	1,395,910
Due from other governments	964,754	-	964,754
Other receivables	140,830	-	140,830
Inventories	45,873	-	45,873
Total assets	<u>\$ 7,255,685</u>	<u>\$ 181,227</u>	<u>\$ 7,436,912</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 643,589	\$ -	\$ 643,589
Accrued salaries and benefits	907,548	-	907,548
Payroll deductions and withholdings	535,166	-	535,166
Other Liabilities	18,258	-	18,258
Total liabilities	<u>2,104,561</u>	<u>-</u>	<u>2,104,561</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable tax revenue	<u>1,274,972</u>	<u>-</u>	<u>1,274,972</u>
Total deferred inflows or resources	<u>1,274,972</u>	<u>-</u>	<u>1,274,972</u>
<b>FUND BALANCES:</b>			
<b>Nonspendable:</b>			
Inventories	45,873	-	45,873
<b>Assigned to:</b>			
Appropriations for subsequent budget	900,409	-	900,409
Capital projects	-	181,227	181,227
Unassigned	<u>2,929,870</u>	<u>-</u>	<u>2,929,870</u>
Total fund balances	<u>3,876,152</u>	<u>181,227</u>	<u>4,057,379</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,255,685</u>	<u>\$ 181,227</u>	<u>\$ 7,436,912</u>

See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2025

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TOTAL FUND BALANCES, GOVERNMENTAL FUNDS	\$	4,057,379
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$25,841,686 and the accumulated depreciation is \$15,512,637.		10,329,049
The funds record only the tax revenue received through a period of 60 days subsequent to year end. The statement of net position includes a receivable for the District's anticipated collections on the levy		1,274,972
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:		
Deferred outflows of resources		2,576,984
Accrued interest payable		(380)
Bonds and notes payable, net		(4,174,183)
Lease payable		(53,179)
Compensated absences		(252,016)
Other post employment benefits liability		(1,597,382)
Net pension liability		(14,984,000)
Deferred inflows of resources		(5,697,861)
		(8,520,617)
TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES	\$	(8,520,617)

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See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

	GENERAL	CAPITAL RESERVE	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>			
Local sources	\$ 6,137,961	\$ 2,489	\$ 6,140,450
State sources	13,674,428	-	13,674,428
Federal sources	440,578	-	440,578
	<u>20,252,967</u>	<u>2,489</u>	<u>20,255,456</u>
<b>EXPENDITURES:</b>			
Instruction	12,211,273	-	12,211,273
Support services	756,308	-	756,308
Administrative and financial support	2,380,524	-	2,380,524
Operation and maintenance	1,484,292	-	1,484,292
Pupil transportation	968,096	-	968,096
Student activities	566,070	-	566,070
Community service	9,284	-	9,284
Debt service			
Principal	305,994	-	305,994
Interest	21,030	-	21,030
	<u>18,702,871</u>	<u>-</u>	<u>18,702,871</u>
<b>EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES</b>	<u>1,550,096</u>	<u>2,489</u>	<u>1,552,585</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,550,096	2,489	1,552,585
<b>FUND BALANCE, BEGINNING</b>	<u>2,326,056</u>	<u>178,738</u>	<u>2,504,794</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 3,876,152</u>	<u>\$ 181,227</u>	<u>\$ 4,057,379</u>

See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT  
OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

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NET CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS	\$	1,552,585
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Amounts reports for governmental activities in the statement of activities are different because:

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

Capital outlays		135,907
Less: depreciation/amortization expense		(575,793)
Less: loss on disposal of capital assets		(19,940)

Revenues in the statement of activities that do not provide current financial resources are not reposted as revenues in the funds. This amount is the net change in revenues accrued between the prior and current year:

Property Taxes		203,203
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Repayment of the principal of long-term obligations consumes the current financial resources of governmental funds

Bond principal payments		290,733
Lease principal payments		15,261

Change in accrued interest on bonds and notes payable		1,677
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Increase in compensated absences		(83,748)
Decrease in pension expense		3,465,524
Decrease in other postemployment benefits expense		124,016

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>5,109,425</u>
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See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2025

	FOOD SERVICE
<b>ASSETS:</b>	
Current assets:	
Cash and cash equivalents	\$ 477,610
Due from other governments	67,758
Inventories	16,437
Total current assets	561,805
Noncurrent assets:	
Furniture, equipment, and vehicles, net	137,350
Total noncurrent assets	137,350
<b>TOTAL ASSETS</b>	<b>\$ 699,155</b>
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable	\$ 14,594
Unearned revenue	12,610
Total liabilities	27,204
<b>NET POSITION:</b>	
Net investment in capital assets	137,350
Unrestricted	534,601
Total net position	671,951
<b>TOTAL NET POSITION AND LIABILITIES</b>	<b>\$ 699,155</b>

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See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2025

	FOOD SERVICE
<b>OPERATING REVENUES:</b>	
Food service revenue	\$ 103,311
Total operating revenues	103,311
<b>OPERATING EXPENSES:</b>	
Contracted services	646,934
Supplies	52,086
Repairs and maintenance	3,308
Depreciation	11,052
Other expenses	3,089
Total operating expenses	716,469
<b>OPERATING LOSS</b>	<b>(613,158)</b>
<b>NONOPERATING REVENUES:</b>	
Federal subsidies	605,121
Value of donated commodities	44,807
State subsidies	36,913
Interest earned	17,525
Gain on disposal of capital assets	25,237
Total nonoperating revenues	729,603
<b>CHANGE IN NET POSITION</b>	116,445
<b>NET POSITION, Beginning of year</b>	<b>555,506</b>
<b>NET POSITION, End of year</b>	<b>\$ 671,951</b>

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See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2025

	FOOD SERVICE
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from users	\$ 103,311
Cash payments to suppliers for goods and services	(652,737)
Net cash used in operating activities	(549,426)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Federal subsidies	538,788
State subsidies	32,684
Net cash provided by noncapital financing activities	571,472
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:</b>	
Investment income	17,525
Net cash provided by investing activities	17,525
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,571
CASH AND CASH EQUIVALENTS, BEGINNING	438,039
CASH AND CASH EQUIVALENTS, ENDING	\$ 477,610
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:</b>	
Donated commodities	\$ 44,807
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (613,158)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	11,052
Donated commodities expense	44,807
Increase or decrease in assets and liabilities	
Inventories	5,697
Accounts payable	2,176
Total adjustments	63,732
NET CASH USED IN OPERATING ACTIVITIES	\$ (549,426)

See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2025

	PRIVATE-PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 694	\$ 81,075
Total current assets	694	81,075
<b>TOTAL ASSETS</b>	<b>\$ 694</b>	<b>\$ 81,075</b>
<b>LIABILITIES AND NET POSITION:</b>		
Restricted for individuals and other organizations	\$ 694	\$ 81,075
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 694</b>	<b>\$ 81,075</b>

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See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

	PRIVATE-PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS:		
Investment earnings	\$ 9	\$ -
Student activities	-	101,892
Total additions	9	101,892
DEDUCTIONS:		
Student activities	-	81,835
Total deductions	-	81,835
CHANGE IN NET POSITION	9	20,057
NET POSITION, Beginning of year	685	61,018
NET POSITION, End of year	\$ 694	\$ 81,075

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See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Operations

The Williams Valley School District is located in Dauphin County and Schuylkill County, Pennsylvania. The School District encompasses an area of 62 square miles in Dauphin and Schuylkill County and is comprised of 2 boroughs and 4 townships: the Boroughs of Williamstown and Tower City; and the Townships of Port, Rush, Williams, and Wiconisco. The School District is governed by a board of 9 school directors who are citizens of the School District and are elected by the public for 4-year terms on a basis. The School District operates two main school buildings for its K-12 students, serving the area with one elementary and one combined middle/high school facility.

B. Reporting Entity

Governmental Accounting Standards Board ("GASB") Statement No. 61, "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*" established the criteria used by the School District to evaluate the possible inclusion of related entities within its reporting entity based upon financial accountability and the nature and significance of the relationship. Based on the foregoing criteria, the School District does not include any Parent-Teacher Associations (PTA), Parent-Teacher Organizations (PTO) and athletic and band booster clubs in its financial statements. These agencies provide services to students and employees of the School District but are separate legal entities that have sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the School District. The School District has no component units that are required to be included in the School District's financial statements.

C. Joint Venture

The District participates in the Schuylkill Technology Center (STC) located in Marlin and Frackville, Pennsylvania. This joint venture does not meet the criteria for inclusion within the reporting entity because the STC is separately chartered from the school districts it serves; its joint operating committee controls the employment of personnel; its joint operating committee has the power to approve all operating expenditures of the STC; and the STC is maintained in a separate operating unit.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Joint Venture (Continued)

The District has one member on the thirteen-member joint operating committee which governs the STC. The committee is comprised of one member from each of the member school districts who are appointed annually. The STC provides vocational and technical education for students of the member school districts. Each member school district pays tuition to the STC based upon its enrollment percentage. At the end of each fiscal year, actual expenditures are divided among the member districts based upon the prior year's enrollment percentage. The excess of tuition paid over allocated expenditures is refundable by the STC to the member districts. If allocable expenditures exceed the tuition paid by any member school district, the school district will pay the additional amount due to the STC. The member school districts approve the budget of the STC.

Audited financial statements for the year ended June 30, 2025 for the STC are available at its business office.

D. Intermediate Unit 29 – Related Organization

The District is a participating member of the Schuylkill Intermediate Unit IU29 (SIU) located in Marlin, Pennsylvania. The SIU is a self-sustaining organization that provides services for fees to participating districts. Through their membership, the District is able to secure various special services including federal program assistance and special education services.

E. Measurement Focus, Basis of Accounting

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Fiduciary financial statements
- Notes to the financial statements

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting (Continued)

1. Government-wide Financial Statements

Government-wide financial statements (i.e. the statement of net position and the statement of activities) report on all the nonfiduciary activities of the School District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide and fiduciary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements which incorporates noncurrent assets as well as long term debt and obligations. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customer 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Amounts expended to acquire capital assets, including entering into contracts giving the District the right to use assets, are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the School District are reported as a reduction of the related liability, rather than an expenditure.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus, Basis of Accounting (Continued)

2. Fund Financial Statements

The operations of the School District are organized and are recorded in individual funds. Each fund is a separate accounting entity, with self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures.

**Governmental Funds**

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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 180 days of the end of the current fiscal period with the exception of property taxes, which must be received within 60 days of year-end to be deemed available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Operating and capital grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the School District.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental funds operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current position. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current position, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Measurement Focus and Basis of Accounting (Continued)

2. Fund Financial Statements (Continued)

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is made.

**Proprietary Funds**

The School District's Food Service Fund is a proprietary fund. In the fund financial statements, the proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The proprietary fund type operating statement presents increases (revenues) and decreases (expenses) in total net position.

The proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Amounts paid to acquire capital assets are capitalized as assets in the fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness are reported as a reduction of the related liabilities, rather than an expense.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Basis of Presentation

The following are the School District's major funds:

Governmental Fund Types

- The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.
- The Capital Reserve Fund is used to account for financial resources to be used in acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.

Proprietary Fund Types

- The Food Service Fund is used to account for the operations of the School District's food service operations. Operating revenue consists of charges for food served. Operating expenses consists mainly of food, food preparation costs, supplies, and other direct costs. All other revenues and expenses are reported as non-operating.

Fiduciary Fund Types

- The Private-Purpose Trust Funds are used to account for the operations of the School District's scholarships. Additions consist of contributions and investment earnings while deductions consist of scholarship awards.
- The Custodial Funds are used to account for the operations of the School District's student activities. Additions consist of fundraisers and contributions while deductions consist of supplies and activities.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Fund Balance

1. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, and pooled fund investments subject to daily withdrawal.

2. Investments

The fair value hierarchy is based on the valuation inputs used to measure the 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. The District had investments that met the Level 1 requirements. The investments in external investment pools and money market funds are valued at amortized cost, which approximates fair value, and are reported in accordance with GASB Statement No. 79.

3. Receivables and Payables

Activity between the District and various vendors that are representative of transactions that occur in a different period than when payment is made or received.

4. Inventory

Inventory consisted of expendable supplies valued at cost on a first-in, first-out basis, and federal government donated commodities received from the U.S. Department of Agriculture (USDA) recorded at estimated fair values provided by the USDA. Inventory in the General and Food Service Funds are recorded as an expense when consumed.

5. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the governmental or business-type activity column in the government-wide and the proprietary fund financial statements. Property, plant, and equipment, with initial, individual costs that equal or exceed \$1,500 and estimated useful lives of greater than one year are recorded as capital assets.

WILLIAMS VALLEY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Fund Balance (Continued)

5. Capital Assets (Continued)

Capital assets are recorded at historical costs (except for intangible right-to-use assets, the measurement of which is discussed below) or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are completed.

Capital assets of the School District are depreciated using the straight-line method over the following intended useful lives:

Description	Estimated Useful Lives
Land and Site Improvements	20 years
Buildings and Building Improvements	15-30 years
Furniture and Equipment	5-15 years
Vehicles	3-15 years

6. Compensated Absences

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates, which apply historical data to current factors. The District maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences using the termination method. A liability is also reported for leave that is attributable for services already rendered, accumulates, and is more likely than not to be used as time off in future periods. The computed liability is in compliance with GASB Statement No. 101, *Compensated Absences*.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Fund Balance (Continued)

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, the long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Unearned Revenues

Revenues that are received but not yet earned are recorded as unearned revenue in the District's financial statements. In the District's governmental funds, unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the governmental funds' balance sheet and revenue is recognized.

9. Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent the School District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Fund Balance (Continued)

9. Fund Balance (Continued)

- Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted fund balance – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of School Directors. These amounts cannot be used for any other purpose unless the Board of School Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- Assigned fund balance – This classification includes amounts that are constrained by the School District’s intent to be used for a specific purpose but are neither restricted nor committed. The Board of School Directors delegated this responsibility to the Business Manager.
- Unassigned fund balance – This classification represents amounts that are available for any purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance and lastly unassigned fund balance.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Fund Balance (Continued)

10. Net Position

The government-wide, fiduciary, and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net Investment in Capital Assets* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the School District, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the School District's policy is to apply restricted net position first.

11. Accounting Estimates

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

12. Deferred Inflows/Outflows of Resources

The Statement of Net Position and the Balance Sheet report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow or inflow of resources (expense/revenue) until then. The District has three items that qualify for reporting in these categories: deferred outflows and inflows related to other postemployment benefits and pensions and deferred inflows of resources for unavailable tax revenue.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Fund Balance (Continued)

12. Deferred Inflows/Outflows of Resources (Continued)

Deferred outflows and inflows of resources related to pensions and postemployment benefits are described further in Notes 10 and 11, respectively. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual investment earnings on investments, are amortized into pension/OPEB expense over a closed period, which reflects the weighted average remaining service life of all PSERS/OPEB members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on PSERS investments is amortized over a five-year closed period beginning the year in which the difference occurs (current year).

*Unavailable tax revenue*, which arises under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

13. Pensions/OPEB

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the Public School Employee's 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 benefit terms. Investments are reported at fair value.

14. Leases

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value consistent with capital asset thresholds.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position or Fund Balance (Continued)

14. Leases (Continued)

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

G. Adoption of Governmental Accounting Standards Board Statements

The District adopted the provisions of GASB Statement No. 101, “*Compensated Absences*”. The adoption of this statement resulted in an additional liability being recorded on the government-wide financial statements.

The District adopted the provisions of GASB Statement No. 102, “*Certain Risk Disclosures*”. The adoption of this statement did not result in modification to previously reported amounts.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 1: NATURE OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Pending Changes in Accounting Principles (Continued)

In April 2024, the GASB issued Statement No. 103, “*Financial Reporting Model Improvements*”. The District is required to adopt the provisions of Statement No. 103 for its fiscal year 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, “*Disclosure of Certain Capital Assets*”. The District is required to adopt the provisions of Statement No. 104 for its fiscal year 2026 financial statements.

In December 2025, the GASB issued Statement No. 105, “*Subsequent Events*”. The District is required to adopt the provisions of Statement No. 105 for its fiscal year 2027 financial statements.

The School District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

The School District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District.

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

Legal budgetary control is maintained at the fund level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 2: BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

In order to preserve a portion of an appropriation for which expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported in the fund financial statements as assigned fund balances.

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

NOTE 3: DEPOSIT AND INVESTMENT RISK

The School District's investment policy is in accordance with the Public School Code of 1949, Section 440.1 which requires monies to be invested in the following types of investments: U.S. Treasury bills, short-term obligations of the U.S. government or its agencies or instrumentalities, savings or time accounts, or share accounts of institutions insured by the FDIC, FSLIC, or NCUSIF to the extent 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, obligations of the United States of America or any of its agencies or instrumentalities, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities, or obligations of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.

*Custodial Credit Risk* – For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of June 30, 2025, the School District's cash deposit balances for its governmental, fiduciary, and business-type activities were \$5,415,295 and its bank balances for cash deposits were \$5,478,111. Of these cash deposit bank balances, \$5,228,111 were exposed to custodial credit risk and they were collateralized with securities held by the pledging financial institutions and uninsured. The District does not have a formal policy to address custodial credit risk.

*Participation in External Investment Pools* - At June 30, 2025, the School District had investments classified as cash equivalents in money market holdings and agencies through the Pennsylvania Treasurer's INVEST Program for Local Governments and Nonprofits ("INVEST"), Pennsylvania School District Liquid Asset Fund ("PSDLAF"), and Pennsylvania Local Government Investment Trust ("PLGIT") of \$4,094,179. None of the remaining investments of the School District were subject to custodial credit risk.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

INVEST is an external investment pool created by the Pennsylvania Treasurer's Office. The District's fair value of its position in the pool is measured at amortized cost and is the same as the value of the pool shares. The Commonwealth of Pennsylvania provides external regulatory oversight of the INVEST program. Separately issued financial statements of the INVEST program are available to the public via its website. The pool is audited annually by the Commonwealth of Pennsylvania Department of the Auditor General and is rated AAAM by Standard & Poor's.

PSDLAF and PLGIT were established to enable school districts to pool funds for investments in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

Investment Pool investments are multiple investment portfolios with PSDLAF similar to a money market fund. The portfolio investments are valued at amortized cost, which approximates market value. The District has no regulatory oversight for the pool, which is governed by the Board of Trustees. The pool is audited annually by PricewaterhouseCoopers LLP. The pool is rated AAA by Standard & Poor's. PSDLAF issues separate financial statements available at [www.psdlaf.org](http://www.psdlaf.org).

The Pennsylvania Local Government Investment Trust (PLGIT) I-Class is a 2a7-like pool. The District's investment in PLGIT is reported at amortized cost, which approximates market value. The District has no regulatory oversight for the pool, which is governed by the Board of Trustee and is administered by PFM Asset Management, LLC. The pool is audited annually by Ernst & Young, LLP. The pool is rated AAA by Standard & Poor's. PLGIT issues separate financial statements available at [www.plgit.com](http://www.plgit.com).

*Restrictions on Qualified Investment Pool Withdrawals.* INVEST and PSDLAF do not place any limitations or restrictions on withdrawals from the program. The PLGIT investments are limited to two withdrawals per month.

*Investments and Fair Value* – District investments consist of shares of Prudential common stock held in the General Fund. Investments are measured at fair value on a recurring basis in accordance with the framework established by GASB Statement No. 72, "*Fair Value Measurement and Application*". That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as below:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 3: DEPOSIT AND INVESTMENT RISK (CONTINUED)

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of June 30, 2025, the District’s investment fair value measurements were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>
Common Stock	\$ 33,629	\$ 33,629
Total	<u>\$ 33,629</u>	<u>\$ 33,629</u>

*Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 4: REAL ESTATE TAXES ASSESSED

Real estate taxes are assessed on July 1, of each year and become due and payable on that date. Taxpayers are given a two percent discount if they pay their taxes by August 31. All taxes levied on July 1, become delinquent on November 1, and are charged a ten percent penalty. On January 15, of the following year, all delinquent taxpayers are turned over for collection to the Dauphin and Schuylkill County Tax Claim Bureaus. Uncollected real estate taxes attach as an enforceable lien on property when recorded by the Dauphin and Schuylkill County Tax Claim Bureaus in January. Delinquent real estate taxes receivable at June 30, 2025 were \$740,128.

NOTE 5: DUE FROM OTHER GOVERNMENTS

The following table summarizes the amounts due from other governments at June 30, 2025 as related to the School District’s General Fund and Food Service Fund:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
State Subsidies	\$ 658,641	\$ 4,229	\$ 662,870
Federal Subsidies	306,113	63,529	369,642
Total	<u>\$ 964,754</u>	<u>\$ 67,758</u>	<u>\$ 1,032,512</u>

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

<u>Governmental Activities:</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
<b>Capital assets not being depreciated/amortized</b>				
Land	\$ 756,120	\$ -	\$ -	\$ 756,120
<b>Total capital assets not being depreciated/amortized</b>	<u>\$ 756,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 756,120</u>
<b>Capital assets being depreciated/amortized</b>				
Land and site improvements	\$ 2,117,137	\$ -	\$ -	\$ 2,117,137
Building and building improvements	20,223,492	-	(20,406)	20,203,086
Furniture, equipment, and vehicles	2,546,824	135,907	-	2,682,731
Leasehold assets	82,612	-	-	82,612
<b>Total capital assets being depreciated/amortized</b>	<u>\$ 24,970,065</u>	<u>\$ 135,907</u>	<u>\$ (20,406)</u>	<u>\$ 25,085,566</u>
<b>Less accumulated depreciation/amortization:</b>				
Land and site improvements	\$ 1,630,239	\$ 43,188	\$ -	\$ 1,673,427
Building and building improvements	11,120,505	363,786	-	11,484,291
Furniture, equipment, and vehicles	2,170,044	152,296	(466)	2,321,874
Leasehold assets	16,522	16,523	-	33,045
<b>Total accumulated depreciation/amortization</b>	<u>\$ 14,937,310</u>	<u>\$ 575,793</u>	<u>\$ (466)</u>	<u>\$ 15,512,637</u>
<b>Total capital assets, being depreciated/amortized, net</b>	<u>\$ 10,032,755</u>	<u>\$ (439,886)</u>	<u>\$ (19,940)</u>	<u>\$ 9,572,929</u>
<b>Governmental activities, capital assets, net</b>	<u>\$ 10,788,875</u>	<u>\$ (439,886)</u>	<u>\$ (19,940)</u>	<u>\$ 10,329,049</u>
<b><u>Business-Type Activity:</u></b>				
<b>Capital assets being depreciated/amortized</b>				
Furniture and equipment	\$ 529,656	\$ -	\$ (124,340)	\$ 405,316
<b>Total capital assets being depreciated/amortized</b>	<u>\$ 529,656</u>	<u>\$ -</u>	<u>\$ (124,340)</u>	<u>\$ 405,316</u>
<b>Less accumulated depreciation/amortization:</b>				
Furniture and equipment	\$ 406,491	\$ 11,052	\$ (149,577)	\$ 267,966
<b>Total accumulated depreciation/amortization</b>	<u>\$ 406,491</u>	<u>\$ 11,052</u>	<u>\$ (149,577)</u>	<u>\$ 267,966</u>
<b>Business-Type activities, capital assets, net</b>	<u>\$ 123,165</u>	<u>\$ (11,052)</u>	<u>\$ 25,237</u>	<u>\$ 137,350</u>

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged to governmental activities as follows:

Instruction	\$	280,503
Support services		35,645
Administrative and financial support		16,523
Operation and maintenance		236,233
Student activities		6,889
Total depreciation/amortization expense	\$	575,793

NOTE 7: GENERAL OBLIGATION NOTES AND BONDS

As of June 30, 2025, the School District's long-term debt consisted of the following:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
General Obligation Bonds and Notes	\$ 4,464,916	\$ -	\$ 290,733	\$ 4,174,183	\$ 293,024
Lease Payable	68,440	-	15,261	53,179	16,432
Compensated Absences	168,268	83,748	-	252,016	155,099
Other Postemployment Benefits	1,761,201	-	163,819	1,597,382	79,869
Net Pension Liability	19,307,000	-	4,323,000	14,984,000	-
Total Long Term Obligations	\$ 25,769,825	\$ 83,748	\$ 4,792,813	\$ 21,060,760	\$ 544,424

Pertinent information regarding long-term debt obligations outstanding is presented below:

Date of Issue	Amount of Original Issue	Purpose	Balance Outstanding June 30, 2025
2016	\$ 5,833,000	In December 2016, the District issued Federally Taxable Qualified Zone Academy General Obligation Bonds (Tax Credit Bonds), Series of 2016, at a fixed rate of 0.20%. The proceeds of the issuance were used to complete capital renovations and to pay issuance costs. Annual installments are required to provide payment of principal and interest through December 2041.	\$ 3,992,264
2018	\$ 565,620	In April 2018, the District obtained a General Obligation Note, Series of 2018, from Mid Penn Bank. The proceeds of the Note were utilized to fund renovations at the Schuylkill County Career and Technology Center. Repayment terms require monthly payments of \$5,656 including interest at a fixed rate of 3.68% per annum, and final payment of all unpaid principal and interest due in April 2028.	181,919
Total			\$ 4,174,183

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 7: GENERAL OBLIGATION NOTES AND BONDS (CONTINUED)

The following summarized the District's estimated future debt service requirements on these bonds and notes as of June 30, 2025:

	Principal	Interest	Total
2026	\$ 293,024	\$ 12,320	\$ 305,344
2027	296,378	9,464	305,842
2028	287,517	7,013	294,530
2029	233,000	6,373	239,373
2030	233,000	5,907	238,907
2031-2035	1,174,000	22,510	1,196,510
2036-2040	1,186,000	10,710	1,196,710
2041-2042	471,264	955	472,219
Total	\$4,174,183	\$ 75,252	\$4,249,435

NOTE 8: LEASES

In March 2023, the District entered into a five-year lease agreement for the acquisition and use of equipment with an initial lease liability of \$82,612 and an interest rate of 7.42% per annum. The terms of the agreement require monthly principal and interest payments of \$1,652 through June 2028. At June 30, 2025, the net lease asset was \$49,567 while the lease liability was \$53,179.

The future principal and interest payments as of June 30, 2025, were as follows:

	Principal	Interest	Total
2026	\$ 16,432	\$ 3,395	\$ 19,827
2027	17,694	2,133	19,827
2028	19,053	774	19,827
Total	\$ 53,179	\$ 6,302	\$ 59,481

WILLIAMS VALLEY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

NOTE 9: COMPENSATED ABSENCES

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s right to receive compensation are attributable to services already rendered and it is probable the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability based on accumulated sick leave and the various buyout or pay rates.

The changes in the School District’s compensated absences in 2025 are summarized as follows:

	<u>Governmental</u>
	<u>Activities</u>
Beginning Balance	\$ 168,268
Net Change	<u>83,748</u>
Ending Balance	<u><u>\$ 252,016</u></u>

Compensated absences are paid from the General Fund.

NOTE 10: PENSION PLAN

General Information about the Pension Plan

Plan Description

The Pennsylvania Public School Employees’ Retirement System (“PSERS”) is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, 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.

The administrative staff of PSERS administers the plan. The control and management of PSERS, including the investment of its assets, is vested in the Board of Trustees (Board). The Board consists of 15 members: the Secretary of Education, ex officio; the State Treasurer, ex officio; two Senators; two members of the House of Representatives; the executive secretary of the Pennsylvania School Boards Association, ex officio; two Governor appointees, at least one of whom shall not be a school employee or an officer or employee of the State of Pennsylvania; three who are elected by the active professional members of PSERS from among their number; one who is elected by annuitants from among their number; one who is elected by the active nonprofessional members of PSERS from among their number; and one who is elected by members of Pennsylvania public school boards from among their number. The chairman of the Board is elected by the Board members.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 10: PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Plan Description (Continued)

Each ex officio member of the Board and each legislative member of the Board may appoint a duly authorized designee to act in their stead.

PSERS was established on July 18, 1917 under the provisions of Pamphlet Law, No. 343. Benefit payments to members and contribution provision by employers and employees are specified in the Pennsylvania Public School Employees' Retirement Code ("Code"). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Benefits Provided

PSERS provides retirement, disability, and death benefits. Under the provisions of the 1975 revision of the Code by the Pennsylvania General Assembly, members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserved the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service credit that is equal to or greater than 97 with a minimum of 35 years of credited service. The stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 10: PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Benefits are generally equal to 1% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Contributions

Member Contributions:

Member contribution rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 10: PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions (Continued)

Member contribution rates are as follows:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit Contribution Rate	Defined Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% *	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% *	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% *	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% *	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

\* This contribution is subject to a shared risk provision as follows:

Shared Risk Program Summary				
Membership Class	Defined Benefit Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The contribution policy is set by the Code. The District's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% of covered payroll which includes 0.35% for the Act 5 defined contribution plan members, 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. Contributions to the pension plan from the District were \$1,817,524 for the year ended June 30, 2025.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 10: PENSION PLAN (CONTINUED)

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

At June 30, 2025, the District reported a liability of \$14,984,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the District's proportion was 0.0358 percent, which was a decrease of 0.0076 from its proportion measured as of June 30, 2024.

For the fiscal year ended June 30, 2025, the District recognized pension expense of \$236,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 248,000	\$ -
Changes in proportion	-	4,421,000
Difference between expected and actual experience	-	236,000
Contributions subsequent to the measurement date	1,817,524	-
Total	\$ 2,065,524	\$ 4,657,000

\$1,817,524 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ (2,648,000)
2027	(957,000)
2028	(754,000)
2029	(50,000)
Total	\$ (4,409,000)

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 10: PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2024 was determined by rolling forward the System's total pension liability as of the June 30, 2023 actuarial valuation to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return - 7.00%, includes inflation assumption at 2.50%.
- Salary growth - Effective average of 4.50%, which reflects an allowance for inflation of 2.50% and real wage growth and merit or seniority increases of 2.00%.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2024 valuation were based on the experience study that was performed for the five-year period ending June 30, 2020.

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.

WILLIAMS VALLEY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

NOTE 10: PENSION PLAN (CONTINUED)

Actuarial Assumptions (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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	30.00%	4.80%
Private Equity	12.00%	6.70%
Fixed income	33.50%	3.90%
Commodities	5.00%	2.50%
Infrastructure	10.00%	6.40%
Real estate	9.50%	5.90%
	<u>100.00%</u>	

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, 2024.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

WILLIAMS VALLEY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

NOTE 10: PENSION PLAN (CONTINUED)

Sensitivity of the School District’s proportionate share of the net pension liability to change in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District’s Proportionate Share of the Net Pension Liability	\$19,739,000	\$14,984,000	\$10,969,000

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PSERS Comprehensive Annual Financial Report which can be found on the system’s website at [www.psers.pa.gov](http://www.psers.pa.gov).

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of \$525,486 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS

District Specific Plan

Plan Description

*Plan Administration.* The District School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the “Plan”) that is used to provide postretirement healthcare benefits for teachers and certain others who retire under the qualifications of the Pennsylvania School Employee’s Retirement System. Plan provisions are established based on bargaining agreements negotiated by the District. The plan is unfunded, and no financial report is prepared.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

District Specific Plan (Continued)

Plan Description (Continued)

*Plan Membership.* As of June 30, 2025, the Plan's membership consisted of the following:

Active Participants	103
Retired Participants	<u>12</u>
Total	<u>115</u>

*Benefits Provided.* The Plan provides healthcare benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer and vary depending on employee classification and years of service of the retiree. For all employees who retire through PSERS, the member and spouse may elect healthcare coverage by paying the full premiums for medical, prescription drug, dental, and vision. For employees who retired between 2017 and 2019 through PSERS with either 20 years of uninterrupted service with the School District or 30 years of PSERS service or 60 years of age, members may elect one of the following options: fully paid medical, prescription drug, dental, and vision coverage for a period of 5 years for the member only. The member must contribute the \$100 monthly PSERS supplement if choosing this option, or the member may elect to receive 75% of the cost for medical, prescription drug, dental, and vision coverage for the member only for a period of 7 years. For employees who retired in 2022 through PSERS with either 20 years of uninterrupted service with the School District or 30 years of PSERS service or 58 years of age, members may elect one of the following options: fully paid medical, prescription drug, dental, and vision coverage for a period of 5 years for the member only. The member must contribute the \$100 monthly PSERS supplement if choosing this option, or the member may elect to receive 75% of the cost for medical, prescription drug, dental, and vision coverage for the member only for a period of 7 years. The School Board of Directors has the authority to periodically negotiate the benefit terms established in the bargaining agreements.

*Contributions.* The contribution requirements of the plan members and the District are established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund the healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund. Retiree contribution rates and amount vary depending on classification and years of service with the District.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

District Specific Plan (Continued)

Total OPEB Liability

The District's total OPEB liability of \$959,382 was measured as of July 1, 2024 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and Other Inputs.* The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	4.00% average, including inflation
Discount Rate	4.29% (adjusted at 7/1/2024)
Healthcare Cost Trend Rates	7.00% in 2024 with 0.5% decrease per year until 5.50% in 2027. Rates gradually decrease from 5.40% in 2028 to 4.00% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index at 7/1/2024.

Mortality rates are assumed using the PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers and the PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees with projections incorporated based on the Scale MP-2021 to reflect mortality improvement.

The actuarial assumptions used in the July 1, 2024 valuation were based on historical results, as a recent experience study was not completed.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

District Specific Plan (Continued)

Total OPEB Liability (Continued)

Changes in the District’s total OPEB liability for the plan for the fiscal year ended June 30, 2025 was as follows:

	<u>Total OPEB Liability</u>
Balance at 7/1/2023	\$ 976,201
Service Cost	51,338
Interest	39,996
Change in Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes in Assumptions	953
Benefit Payments	(109,106)
Net Changes	(16,819)
Balance at 7/1/2024	\$ 959,382

Changes in assumptions reflect a change in the discount rate from 4.13% to 4.29% and the trend assumption was updated.

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate.* The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (6%) or 1-percentage higher (8%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
District’s Total OPEB Liability	\$866,032	\$959,382	\$1,067,879

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.29%) or 1-percentage higher (5.29%) than the current discount rate:

	<u>1% Decrease 3.29%</u>	<u>Current Discount Rate 4.29%</u>	<u>1% Increase 5.29%</u>
District’s Proportionate Share of the Net Pension	\$1,024,963	\$959,382	\$897,764

WILLIAMS VALLEY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

District Specific Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$52,759. At June 30, 2025, the District reported deferred outflows related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 85,393	\$ 303,041
Difference between expected and actual experience	177,292	337,820
Contributions subsequent to the measurement date	77,358	-
Total	\$ 340,043	\$ 640,861

The \$77,358 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$ (38,575)
2027	(38,575)
2028	(38,575)
2029	(38,575)
2030	(38,575)
Thereafter	(185,301)
Total	\$ (378,176)

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Premium Assistance Plan

Plan Description

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15-member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance Program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of services and retired after reaching superannuation age

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria;

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lessor of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Premium Assistance Plan (Continued)

Benefits Provided (Continued)

*Employer Contributions.* The school districts' contractually required contribution rate for fiscal year ended June 30, 2025 was 0.63% of covered payroll, an actuarially determined 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. Contributions to the PSERS Plan from the District were \$34,417 for the year ended June 30, 2025.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the District reported a liability of \$638,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan. At June 30, 2024, the District's proportion was 0.0359 percent, which was a decrease of 0.0075 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(28,000). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 1,000	\$ -
Changes in assumptions	39,000	97,000
Changes in proportion	95,000	293,000
Difference between expected and actual experience	2,000	10,000
Contributions subsequent to the measurement date	34,417	-
Total	\$ 171,417	\$ 400,000

WILLIAMS VALLEY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Premium Assistance Plan (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$34,417 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$ (71,000)
2027	(55,000)
2028	(65,000)
2029	(45,000)
2030	(27,000)
Total	<u>\$ (263,000)</u>

Actuarial Assumptions

Actuarial Assumptions. The total OPEB liability as of June 30, 2024 was determined by rolling forward the System’s total OPEB liability as of the June 30, 2023 actuarial valuation to June 30, 2024 measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

- Investment return – 4.21% - S&P 20 Year Municipal Bond Rate.
- The discount rate increased from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and seniority increases.
- Premium assistance reimbursement capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate pre age 65 at 50%.
  - Eligible retirees will elect to participate post age 65 at 70%.

WILLIAMS VALLEY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Premium Assistance Plan (Continued)

Actuarial Assumptions (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate:
  - The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale

The actuarial assumptions used in the June 30, 2023 valuation were based on the results on an actuarial experience study that was performed for the five year period ending June 30, 2020.

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the Program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. 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, 2024 were:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.7%
Total	100.0%	

WILLIAMS VALLEY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Premium Assistance Plan (Continued)

Actuarial Assumptions (Continued)

Discount rate. The discount rate used to measure the total OPEB liability was 4.21%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 4.21%, which represents the S&P 20 year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District’s Proportionate Share of the net OPEB liability as well as what the District’s Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	1% Decrease Between 4% - 6%	Trend Rate Between 5% - 7%	1% Increase Between 6% - 8%
District’s Total OPEB Liability	\$638,000	\$638,000	\$638,000

WILLIAMS VALLEY SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2025

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Health Insurance Premium Assistance Plan (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate (Continued)

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21 percent) or higher (5.21 percent) than the current discount rate:

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
Share of the Net Pension Liability	\$720,000	\$638,000	\$568,000

OPEB 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.pa.gov](http://www.psers.pa.gov).

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of \$8,858 for the outstanding amount of benefits paid to the pension plan required for the year ended June 30, 2025.

NOTE 12: RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District provides for these risks through the purchase of commercial insurance coverage.

The District is a participant in the Multi-County Health Care Insurance Consortium, a local consortium of schools participating in self-insurance and health maintenance programs for staff medical, dental and vision benefits, life insurance coverage, and a wellness program. The Trust is organized as a consortium of participants in order to offer rate consistency regardless of claims.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 13: CONTINGENT LIABILITIES AND COMMITMENTS

The District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to the District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the District.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulation governing the grants, refunds of any money received may be required and the collectability of any related receivables at June 30, 2025 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

The District has entered into subscription-based information technology agreements with various vendors to provide electronic educational programs as well as administrative storage and operating systems. These agreements are for a maximum term of twelve months or include a provision that either party can terminate with a reasonable amount of notice and as such, the District has not recorded a liability in the financial statements for these agreements in accordance with GASB 96.

NOTE 14: CONCENTRATION OF REVENUES

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of Pennsylvania. Because of this dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. For the fiscal year ending June 30, 2025 the District received \$14,115,006 in Federal and State funds, which is 69.69% of the total revenue reported for governmental funds.

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2025

NOTE 15: SUBSEQUENT EVENTS

The District had evaluated all subsequent events through the report issue date of March 17, 2026. No events have taken place that affect the financial statements or require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

WILLIAMS VALLEY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2025

	ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
<b>REVENUES:</b>				
Local sources	\$ 4,943,811	\$ 4,943,811	\$ 6,137,961	\$ 1,194,150
State sources	12,911,822	12,911,822	13,674,428	762,606
Federal sources	368,386	368,386	440,578	72,192
Total revenues	<u>18,224,019</u>	<u>18,224,019</u>	<u>20,252,967</u>	<u>2,028,948</u>
<b>EXPENDITURES:</b>				
Instruction:				
Regular programs	7,824,895	7,824,895	7,101,205	723,690
Special programs	3,347,505	3,347,505	4,250,839	(903,334)
Vocational educational program	834,014	834,014	792,016	41,998
Other instructional programs	500	500	22,984	(22,484)
College education programs	33,000	33,000	44,229	(11,229)
Total instruction	<u>12,039,914</u>	<u>12,039,914</u>	<u>12,211,273</u>	<u>(171,359)</u>
Support services:				
Pupil personnel	666,350	666,350	713,797	(47,447)
Instructional staff	286,279	286,279	42,511	243,768
Administration	1,944,454	1,944,454	2,176,372	(231,918)
Pupil health	235,835	235,835	204,152	31,683
Operation and maintenance of plant services	1,566,235	1,566,235	1,484,292	81,943
Student transportation services	1,268,230	1,268,230	968,096	300,134
Total support services	<u>5,967,383</u>	<u>5,967,383</u>	<u>5,589,220</u>	<u>378,163</u>
Operation of noninstructional services:				
Student activities	513,540	513,540	566,070	(52,530)
Community services	-	-	9,284	(9,284)
Total operation of noninstructional services	<u>513,540</u>	<u>513,540</u>	<u>575,354</u>	<u>(61,814)</u>
Debt service	307,094	307,094	327,024	(19,930)
Total expenditures	<u>18,827,931</u>	<u>18,827,931</u>	<u>18,702,871</u>	<u>125,060</u>
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	<u>(603,912)</u>	<u>(603,912)</u>	<u>1,550,096</u>	<u>2,154,008</u>
NET CHANGE IN FUND BALANCE	<u>\$ (603,912)</u>	<u>\$ (603,912)</u>	<u>\$ 1,550,096</u>	<u>\$ 2,154,008</u>

See Notes to Financial Statements

WILLIAMS VALLEY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - DISTRICT SPECIFIC PLAN

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Total OPEB liability</b>								
Service cost	\$ 81,930	\$ 77,611	\$ 82,016	\$ 74,024	\$ 99,154	\$ 123,782	\$ 82,207	\$ 51,338
Interest	23,500	33,312	32,400	37,482	23,070	34,046	47,913	39,996
Changes of benefit terms	193,630	-	61,634	-	-	-	130,557	-
Differences between expected and actual experience	(92,049)	-	(3,153)	-	256,088	-	(355,882)	-
Changes of assumptions or other inputs	(7,816)	1,579	(25,115)	112,897	(39,204)	(335,658)	13,384	953
Benefit payments	(48,139)	(96,569)	(91,719)	(128,226)	(121,739)	(101,606)	(87,051)	(109,106)
Net change in total OPEB liability	151,056	15,933	56,063	96,177	217,369	(279,436)	(168,872)	(16,819)
Total OPEB liability - beginning	887,911	1,038,967	1,054,900	1,110,963	1,207,140	1,424,509	1,145,073	976,201
Total OPEB liability - ending	<u>\$ 1,038,967</u>	<u>\$ 1,054,900</u>	<u>\$ 1,110,963</u>	<u>\$ 1,207,140</u>	<u>\$ 1,424,509</u>	<u>\$ 1,145,073</u>	<u>\$ 976,201</u>	<u>\$ 959,382</u>
<b>Covered payroll</b>	\$ 6,356,813	\$ 6,356,813	\$ 6,390,654	\$ 6,390,654	\$ 6,466,841	\$ 6,466,841	\$ 5,459,655	\$ 5,459,655
<b>District's total OPEB liability as a percentage of covered payroll</b>	16.34%	16.59%	17.38%	18.89%	22.03%	17.71%	17.88%	17.57%

**Changes of Assumptions and Benefit Terms**

Effective 7/1/18: The discount rate changed from 3.13% to 2.98%. The trend assumption was updated.  
Effective 7/1/19: The discount rate changed from 2.98% to 3.36%.  
Effective 7/1/20: The discount rate changed from 3.36% to 1.86%. The trend assumption was updated.  
Effective 7/1/21: The discount rate changed from 1.86% to 2.28%.  
Effective 7/1/22: The discount rate changed from 2.28% to 4.06%. The trend assumption was updated.  
Effective 7/1/23: The discount rate changed from 4.06% to 4.13%.  
Effective 7/1/24: The discount rate changed from 4.13% to 4.29%. The trend assumption was updated.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.  
This schedule will accumulate each year until sufficient information is available to present ten-year trend data.

No assets are accumulated in at trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

WILLIAMS VALLEY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net OPEB liability	0.0503%	0.0495%	0.0509%	0.0447%	0.0472%	0.0561%	0.0482%	0.0434%	0.0359%
District's proportionate share of the net OPEB liability	\$ 1,083,000	\$ 1,009,000	\$ 1,061,000	\$ 951,000	\$ 1,020,000	\$ 1,329,000	\$ 887,000	\$ 785,000	\$ 638,000
District's covered payroll	\$ 6,514,994	\$ 6,586,849	\$ 6,858,158	\$ 6,162,481	\$ 6,626,852	\$ 7,952,034	\$ 7,091,680	\$ 6,656,597	\$ 5,695,996
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	17%	15%	15%	15%	15%	17%	13%	12%	11%
Plan fiduciary net position as a percentage of the total OPEB liability	6%	5%	6%	6%	6%	6%	5%	7%	7%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.  
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

WILLIAMS VALLEY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually determined contribution	\$ 55,000	\$ 57,000	\$ 51,000	\$ 56,000	\$ 65,000	\$ 56,000	\$ 50,000	\$ 37,000	\$ 34,417
Contributions in relation to the contractually determined contribution	<u>55,000</u>	<u>57,000</u>	<u>51,000</u>	<u>56,000</u>	<u>65,000</u>	<u>56,000</u>	<u>50,000</u>	<u>37,000</u>	<u>34,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,586,849	\$ 6,858,158	\$ 6,162,481	\$ 6,626,852	\$ 7,952,034	\$ 7,091,680	\$ 6,656,597	\$ 5,695,996	\$ 5,646,339
Contributions as a percentage of covered payroll	0.83%	0.83%	0.83%	0.85%	0.82%	0.79%	0.75%	0.65%	0.61%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively.  
 This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

The covered payroll amount has been revised from prior year presentation to reflect adjustments processed by PSERS.

WILLIAMS VALLEY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
District's proportion of the net pension liability	0.0493%	0.0503%	0.0495%	0.0495%	0.0447%	0.0470%	0.0560%	0.0482%	0.0434%	0.0358%
District's proportionate share of the net pension liability	\$ 21,354,000	\$ 24,927,000	\$ 24,447,000	\$ 24,435,000	\$ 20,912,000	\$ 23,142,000	\$ 22,992,000	\$ 21,429,000	\$ 19,307,000	\$ 14,984,000
District's covered payroll	\$ 6,342,233	\$ 6,514,994	\$ 6,586,849	\$ 6,858,158	\$ 6,162,481	\$ 6,626,852	\$ 7,952,034	\$ 7,091,680	\$ 6,656,597	5,695,996
District's proportionate share of the net pension liability as a percentage of its covered payroll	337%	383%	371%	356%	339%	349%	289%	302%	290%	263%
Plan fiduciary net position as a percentage of the total pension liability	54%	50%	52%	54%	56%	54%	64%	61%	62%	65%

WILLIAMS VALLEY SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 1,600,000	\$ 1,893,000	\$ 2,707,000	\$ 2,243,000	\$ 2,195,215	\$ 2,661,276	\$ 2,400,168	\$ 2,272,093	\$ 1,881,491	\$ 1,817,524
Contributions in relation to the contractually required contribution	<u>1,600,000</u>	<u>1,893,000</u>	<u>2,707,000</u>	<u>2,243,000</u>	<u>2,195,215</u>	<u>2,661,276</u>	<u>2,400,168</u>	<u>2,272,093</u>	<u>1,881,491</u>	<u>1,817,524</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,514,994	6,586,849	6,858,849	6,162,481	6,626,852	7,952,034	7,091,680	6,656,597	5,695,996	5,646,339
Contributions as a percentage of covered payroll	24.56%	28.74%	39.47%	36.40%	33.13%	33.47%	33.84%	34.13%	33.03%	32.19%

The covered payroll amount has been revised from prior year presentation to reflect adjustments processed by PSERS.

## **OTHER SUPPLEMENTAL INFORMATION**

WILLIAMS VALLEY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	Federal AL Number	Pass-Through Grantor's Number	Grant Period		Program or Award Amount	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue June 30, 2025	Subrecipient Expenditures
			From	To							
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>											
Passed through Commonwealth of Pennsylvania											
Department of Education:											
Title I Improving Basic Programs	84.010	013-240485	7/1/2023	9/30/2024	\$ 307,427	\$ 122,972	\$ 122,972	\$ -	\$ -	\$ -	\$ -
Title I Improving Basic Programs	84.010	013-250485	7/1/2024	9/30/2025	303,520	260,463	-	303,520	303,520	43,057	-
Total Title I Improving Teacher Quality State Grants						383,435	122,972	303,520	303,520	43,057	-
Title II Improving Teacher Quality	84.367	020-240485	7/1/2023	9/30/2024	36,693	26,895	26,895	-	-	-	-
Title II Improving Teacher Quality	84.367	020-250485	7/1/2024	9/30/2025	38,948	37,922	-	38,948	38,948	1,026	-
Total Title II Improving Teacher Quality State Grants						64,817	26,895	38,948	38,948	1,026	-
Title IV Student Support and Academic Achievement	84.424	144-240485	7/1/2023	9/30/2024	24,266	17,795	17,795	-	-	-	-
Title IV Student Support and Academic Achievement	84.424	144-250485	7/1/2024	9/30/2025	23,152	14,883	-	23,152	23,152	8,269	-
Total Title IV Student Support and Academic Achievement						32,678	17,795	23,152	23,152	8,269	-
American Recovery Plan, Elementary and Secondary School Emergency Relief Fund (ESSER III FUND)	84.425U	223-210485	3/13/2020	9/30/2024	2,209,192	80,334	80,334	-	-	-	-
American Recovery Plan, 7% Set Aside, ARP ESSER After School Set Aside	84.425U	225-210485	3/13/2020	9/30/2024	24,529	17,393	17,393	-	-	-	-
American Recovery Plan, 7% Set Aside, ARP ESSER Summer School Set Aside	84.425U	225-210485	3/13/2020	9/30/2024	24,529	17,393	17,393	-	-	-	-
American Recovery Plan, 7% Set Aside, ARP ESSER Learning Loss Set Aside	84.425U	225-210485	3/13/2020	9/30/2024	122,647	86,968	86,668	300	300	-	-
Passed through Schuylkill Intermediate Unit 29:											
Special Education -Grants to States (IDEA, Part B)	84.027	062-24-0029	7/1/2023	6/30/2024	209,408	209,408	209,408	-	-	-	-
Special Education -Grants to States (IDEA, Part B)	84.027	062-25-0029	7/1/2024	6/30/2025	212,378	-	-	212,378	212,378	212,378	-
Special Education -Grants to States (IDEA -School Age Program)	84.173	N/A	7/1/2023	6/30/2024	2,868	2,868	2,868	-	-	-	-
Special Education -Grants to States (IDEA -School Age Program)	84.173	N/A	7/1/2024	6/30/2025	4,912	-	-	4,912	4,912	4,912	-
Total Schuylkill Intermediate Unit 29						212,276	212,276	217,290	217,290	217,290	-
Passed through Lancaster Lebanon Intermediate Unit 13:											
Special Education -Grants to States (IDEA, Part B)	84.027	062-24-0033	7/1/2023	9/30/2024	50,000	50,000	50,000	-	-	-	-
Total Lancaster Lebanon Intermediate Unit 13						50,000	50,000	-	-	-	-
Total Special Education Cluster (IDEA)						262,276	262,276	217,290	217,290	217,290	-
Passed through Schuylkill Intermediate Unit 29:											
Twenty-First Century Community Learning Centers	84.287	N/A	10/1/2023	9/30/2024	69,758	8,896	8,896	-	-	-	-
Twenty-First Century Community Learning Centers	84.287	N/A	10/1/2024	9/30/2025	41,330	10,017	-	21,763	21,763	11,746	-
Total Schuylkill Intermediate Unit 29						18,913	8,896	21,763	21,763	11,746	-
<b>TOTAL UNITED STATES DEPARTMENT OF EDUCATION</b>					<b>3,705,557</b>	<b>964,207</b>	<b>640,622</b>	<b>604,973</b>	<b>604,973</b>	<b>281,388</b>	<b>-</b>
<b>UNITED STATES DEPARTMENT OF COMMERCE</b>											
Passed through National Oceanic and Atmospheric Association:											
Chesapeake Bay Studies	11.457	NA23NMF4570161-T1-01	7/1/2023	6/30/2026	198,455	45,181	15,962	49,543	49,543	20,324	-
<b>TOTAL UNITED STATES DEPARTMENT OF COMMERCE</b>					<b>198,455</b>	<b>45,181</b>	<b>15,962</b>	<b>49,543</b>	<b>49,543</b>	<b>20,324</b>	<b>-</b>
<b>UNITED STATES DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>											
Passed through Pennsylvania Department of Human Services											
Medical Assistance Cluster - Access	93.778	N/A	7/1/2024	6/30/2025	3,126	1,274	-	3,126	3,126	1,852	-
<b>TOTAL UNITED STATES DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>					<b>3,126</b>	<b>1,274</b>	<b>-</b>	<b>3,126</b>	<b>3,126</b>	<b>1,852</b>	<b>-</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>											
Passed through Pennsylvania Department of Education											
School Breakfast Program -Regular /Needy	10.553	N/A	7/1/2024	6/30/2025	154,572	135,039	-	154,572	154,572	19,533	-
National School Lunch Program	10.555	N/A	7/1/2024	6/30/2025	450,548	406,552	-	450,548	450,548	43,996	-
Pass-through Pennsylvania Department of Agriculture,											
National School Lunch Program (Food Commodities)	10.555	N/A	7/1/2023	6/30/2024	44,807	44,807	-	44,807	44,807	-	-
Total Child Nutrition Cluster						586,398	-	649,927	649,927	63,529	-
<b>TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE</b>					<b>649,927</b>	<b>586,398</b>	<b>-</b>	<b>649,927</b>	<b>649,927</b>	<b>63,529</b>	<b>-</b>
<b>UNITED STATES DEPARTMENT OF TREASURY</b>											
Passed through Pennsylvania Commission on Crime and Delinquency											
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	43246	1/1/2024	12/31/2025	113,115	-	-	26,350	26,350	26,350	-
<b>TOTAL UNITED STATES DEPARTMENT OF TREASURY</b>					<b>113,115</b>	<b>-</b>	<b>-</b>	<b>26,350</b>	<b>26,350</b>	<b>26,350</b>	<b>-</b>
<b>Total Expenditure of Federal Awards</b>					<b>\$ 4,065,060</b>	<b>\$ 1,597,060</b>	<b>\$ 656,584</b>	<b>\$ 1,333,919</b>	<b>\$ 1,333,919</b>	<b>\$ 393,443</b>	<b>\$ -</b>

WILLIAMS VALLEY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1: REPORTING ENTITY

Williams Valley School District (the “District”) is the reporting entity for financial reporting purposes is defined in Note 1B to the District’s basic financial statements. For purposes of preparing the schedule of expenditures of federal awards, the District’s reporting entity is the same that was used for financial reporting.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the grant activity of the District and is presented using the modified accrual basis of accounting, which is described in Note 1D to the District’s basic financial statements. The District did not use the 10% de minimis indirect cost rate.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2025 threshold for determining Type A and Type B programs is \$750,000.

The following Type B program was audited as major:

<u>Federal AL Number</u>	<u>Program</u>
10.553/10.555	Child Nutrition Cluster

The amount expended under the program audited as major for the year ended June 30, 2025, totaled \$649,927 or 48.7% of total federal awards expended.



# Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Williams Valley School District  
Tower City, Pennsylvania  
Page 75

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Williams Valley School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 17, 2026.

## Report on Internal Control Over Financial Reporting

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

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



# *Zelenkofske Axlerod LLC*

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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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as findings 2025-001 and 2025-002 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

## **The District's Responses to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Zelenkofske Axlerod LLC*

Zelenkofske Axlerod LLC

Harrisburg, Pennsylvania  
March 17, 2026



# *Zelenkofske Axelrod LLC*

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## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Williams Valley School District  
Tower City, Pennsylvania  
Page 77

#### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited the Williams Valley School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2025. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2025.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on



# *Zelenkofske Axelrod LLC*

CERTIFIED PUBLIC ACCOUNTANTS

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compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.



# *Zelenkofske Axlerod LLC*

CERTIFIED PUBLIC ACCOUNTANTS

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Zelenkofske Axlerod LLC*

Zelenkofske Axlerod LLC

Harrisburg, Pennsylvania  
March 17, 2026

WILLIAMS VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2025

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? X yes    \_\_\_ no
  
- Significant deficiency(s) identified that are 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(s) identified that are not considered to be material weaknesses?  
   \_\_\_ yes    X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?    \_\_\_ yes    X no

Identification of major program:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?    \_\_\_ yes    X no

WILLIAMS VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2025-001      Accounting Records

Criteria:                      The District should ensure accounts are reconciled at year-end to ensure transactions are being presented in the period of benefit and year-end closing should be performed in a timely manner.

Condition:                    During the audit, it was noted that information in the general ledger did not agree to supporting documents for several balance sheet accounts which required material audit adjustments to present transactions in the period of benefit. The lack of adequate closing procedures creates a condition that may adversely affect the District’s ability to initiate, record, and process financial data reliably and could result in a misstatement in the financial statements that will not be prevented or detected.

Cause:                         The District experienced a significant delay in the completion of the prior year audit, which resulted in an alteration of the normal year-end closing process.

Effect:                        The financial records did not reflect the correct financial activity of the period resulting in material misstatements to the financial statements that required adjustments.

Questioned Costs:        No known questioned costs.

Recommendation:        The District should review procedures in place with responsible employees and revise procedures, as necessary, to ensure accounts are reconciled, and financial statements are prepared accurately and timely.

Management’s  
Response:                    Management concurs with the finding as has taken action to prevent similar issues in the future.

WILLIAMS VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS (CONTINUED)

Finding 2025-002      Cash Disbursements

Criteria:                      The District is responsible for establishing and maintaining effective internal control over cash disbursements that provides reasonable assurance that the District is managing cash disbursements in accordance with statutes, regulations, and the terms and conditions.

Condition:                    During testing, it was noted that 2 of the 60 transactions selected for cash disbursement testing did not have sufficient audit evidence to demonstrate they were approved prior to payment. There were no instances of noncompliance for the transactions selected.

Cause:                         Controls over expenditures were not functioning as designed since purchase orders and/or invoices had no evidence of being approved due to oversight.

Effect:                         Internal controls over this requirement were not operating effectively.

Questioned Costs:         None noted.

Recommendation:         The District should follow its established internal control procedures over cash disbursements.

Management's  
Response:                      Management concurs with the finding as has taken action to prevent similar issues in the future.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

WILLIAMS VALLEY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025

<u>Program</u>	<u>Prior Year Finding</u>	<u>Description</u>	<u>Current Year Status</u>
Financial	2024-01	General Ledger Maintenance and Financial Reporting	Unresolved, see 2025-001
ESSER	2024-02	Reporting	Resolved

**APPENDIX F**  
**BOND AMORTIZATION SCHEDULE**

**APPENDIX G**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**



# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

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

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

ASSURED GUARANTY INC.

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

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)