

**PRELIMINARY OFFICIAL STATEMENT DATED JULY 9, 2025**

NEW ISSUE—BOOK-ENTRY ONLY

**RATINGS: Moody's: "Aa3" (Underlying)  
(See Ratings herein)**

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including for this purpose the difference between the initial offering price and accrued value) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. The Bonds, and interest income therefrom, are free from taxation for purposes of personal, and corporate net, income taxes within the Commonwealth of Pennsylvania.*

*The School District has **NOT** designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. For a more complete discussion, see "TAX MATTERS" herein.*

**\$18,205,000\***  
**Bellefonte Area School District**  
**Centre County, Pennsylvania**  
**General Obligation Bonds, Series of 2025**

**Dated:** August \_\_, 2025

**Interest Due:** May 15 and November 15

**Principal Due:** May 15, as shown on inside cover

**First Interest Payment:** November 15, 2025

The General Obligation Bonds, Series of 2025 (the "Bonds") in the aggregate principal amount of \$18,205,000 will be issued in registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond or Note, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Bellefonte Area School District, Centre County, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution, hereinafter defined, or from any other of its revenues or funds, the principal of every Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and available taxing power. (See "SECURITY FOR THE BONDS" and "Limitations on Local Taxes" *infra*).

Interest on each of the Bonds is payable initially on November 15, 2025, and thereafter semiannually on May 15 and November 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Computershare (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond or Note to the Paying Agent at its specified corporate trust office located in Philadelphia, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bonds will be payable by check made out and mailed to the person(s) in whose name(s) such Bonds is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*).

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

Proceeds of the 2025 Bonds will be used towards: (i) the design, construction and equipping of the new elementary school, (ii) renovations and improvements to Pleasant Gap Elementary School and (iii) various and sundry other capital improvements to the School District facilities and (vi) paying the costs, fees and expenses incurred in connection with the issuance of the Bonds.

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

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

**MATURITIES, AMOUNTS, RATES AND YIELDS**  
**{As shown on inside cover}**

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Dinsmore & Shohl LLP, of Pittsburgh, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain matters will be passed upon for the School District by Beard Legal Group PC, School District Solicitor, Altoona, Pennsylvania and by McNees Wallace & Nurick LLC, of Harrisburg, Pennsylvania, Limited Scope Underwriter's Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Financial Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC, on or about August \_\_, 2025.

**RAYMOND JAMES®**

Dated: \_\_\_\_\_

\*Estimated, subject to change

**\$18,205,000\***  
**Bellefonte Area School District**  
Centre County, Pennsylvania  
General Obligation Bonds, Series of 2025

**Dated:** August \_\_, 2025  
**Interest Due:** May 15 and November 15

**Principal Due:** May 15, as shown below  
**First Interest Payment:** November 15, 2025

<b>Year of Maturity (May 15)</b>	<b>Principal Maturity Amount</b>	<b>Interest Rate</b>	<b>Initial Offering Yields</b>	<b>CUSIP Numbers <sup>(1)</sup></b>
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				

<sup>(1)</sup>The above 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 Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

\*Estimated, subject to change.

# **Bellefonte Area School District**

**Centre County, Pennsylvania**

## **BOARD OF SCHOOL DIRECTORS**

---

Jon Guizar.....	President
Kimberly Weaver.....	Vice-President
Kenneth G. Bean, Jr.....	Secretary*
Jennifer Barnhat.....	Member
Holly Hopkins.....	Member
Patrick Buck.....	Member
Nate Campbell .....	Member
Timothy Kessling.....	Member
Kristin Lyons .....	Member
Donna Smith .....	Member

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\*Non-Voting Member

**SUPERINTENDENT**  
DR. ROY A. RAKSZAWSKI

**DIRECTOR OF FISCAL AFFAIRS**  
KENNETH G. BEAN, JR., CMA

**SCHOOL DISTRICT SOLICITOR**  
CARL P. BEARD, ESQUIRE  
BEARD LEGAL GROUP PC  
Altoona, Pennsylvania

**BOND COUNSEL**  
DINSMORE & SHOHL LLP  
Pittsburgh, Pennsylvania

**FINANCIAL ADVISOR**  
PFM FINANCIAL ADVISORS LLC  
Harrisburg, Pennsylvania

**UNDERWRITER**  
RAYMOND JAMES & ASSOCIATES, INC.  
Lancaster, Pennsylvania

**LIMITED SCOPE UNDERWRITERS' COUNSEL**  
McNEES WALLACE & NURICK LLC  
Harrisburg, Pennsylvania

**PAYING AGENT**  
COMPUTERSHARE  
Fort Washington, Pennsylvania

**SCHOOL DISTRICT ADDRESS**  
318 North Allegheny Street  
Bellefonte, Pennsylvania 16823-1613

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

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# PRELIMINARY OFFICIAL STATEMENT

**\$18,205,000\***

**Bellefonte Area School District**  
Centre County, Pennsylvania  
General Obligation Bonds, Series of 2025

## INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by Bellefonte Area School District, Centre County, Pennsylvania (the "School District"), in connection with the offering of its \$18,205,000 aggregate principal amount of General Obligation Bonds, Series of 2025, dated as of August \_\_, 2025 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District to be adopted on \_\_\_\_\_, 2025 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. Chs. 80-82 (the "Act").

## PURPOSE OF THE ISSUE

Proceeds of the 2025 Bonds will be used towards: (i) the design, construction and equipping of the new elementary school, (ii) renovations and improvements to Pleasant Gap Elementary School and (iii) various and sundry other capital improvements to the School District facilities and (vi) paying the costs, fees and expenses incurred in connection with the issuance of the Bonds.

## Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

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### Sources of Funds

Proceeds of the Bonds.....

Net Original Issue Premium.....

**Total Sources of Funds** .....

### Uses of Funds

Deposit to Construction Fund .....

Cost of Issuance<sup>(1)</sup> .....

**Total Uses of Funds** .....

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<sup>(1)</sup>Includes legal, financial advisor, printing, rating, bond discount, CUSIP, paying agent, escrow agent and miscellaneous costs.

\*Estimated, subject to change.

## THE BONDS

### Description

The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$18,205,000\*, will be dated as of August \_\_, 2025, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on November 15, 2025, and thereafter, semiannually on May 15 and November 15 of each year until the maturity date of such Bonds or, if such Bonds is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

### Payment of Principal and Interest

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

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

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

Interest on the Bonds will be payable to the registered owner of a Bonds from the interest payment date next preceding the date of registration and authentication of the Bonds, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bonds shall bear interest from said interest payment date, or (b) such Bonds is registered and authenticated after a 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) such Bonds is registered and authenticated on or prior to the Record Date preceding November 15, 2025, in which event such Bonds shall bear interest from August \_\_, 2025, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bonds. Interest on each Bonds will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the last calendar day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bonds subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date.

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

### Transfer, Exchange and Registration of Bonds

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

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

\*Estimated, subject to change.

## REDEMPTION OF BONDS

### Mandatory Redemption

The Bonds stated to mature on May 15, \_\_\_\_, are subject to mandatory redemption prior to maturity, in direct order of maturity and within a maturity by lot, in amounts shown on the Schedules herein, and as required by the Resolution, on May 15 of each applicable year, by application of money in the Sinking Fund established under the Resolution upon payment of the principal amount thereof, plus accrued interest to the date fixed for redemption, on May 15, of the following years in the following principal amounts:

*Bonds stated to mature May 15, \_\_\_\_:*

\_\_\_\_\_  
\*Final Maturity

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

In the case of any prior, optional redemption in part of a Note that is subject to future mandatory redemption pursuant to the operation of the Mandatory Sinking Fund, the School District shall be entitled to designate whether the principal amount of such Note redeemed upon optional redemption shall be credited against the principal amount of such Note to be paid by the School District at the stated maturity of such Notes or credited against the principal amount of such Notes scheduled to be called for mandatory sinking fund redemption on any particular date or dates, in each case in an integral multiple of \$5,000 principal amount.

### Optional Redemption

The Bonds stated to mature on or after \_\_\_\_, 2032, shall be subject to redemption prior to maturity, at the option of the School District, as a whole or in part, on \_\_\_\_, 2031, or on any date thereafter, or from time to time, in part (and if in part, of any order of maturity as selected by the School District and within a maturity by lot), on \_\_\_\_, 2031, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

### Notice of Redemption

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

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

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

## **Manner of Redemption**

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

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

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

## **SECURITY FOR THE BONDS**

### **General Obligation Pledge**

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and available taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable property within the School District within the limits provided by law (See "Taxing Powers of the School District" herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see "Defaults and Remedies" herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see "Commonwealth Enforcement of Debt Service Payments" herein).

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

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the "Public School Code"), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness 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 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 Bonds 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. 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**" hereinafter.

### **Pennsylvania Budget Adoption**

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, 23, 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.

On June 30, 2025 Pennsylvania lawmakers missed the June 30th deadline to pass the state budget for the fourth consecutive year. Governor Josh Shapiro has proposed a \$51.5 billion spending plan for the 2025-2026 fiscal year. No timeline for the adoption of the state budget can be provided. In light of this history, no assurance can be provided that future appropriations by the Commonwealth to the School District or to fund the Commonwealth's school district intercept programs will be made in any particular amount or on any particular timetable, will be consistent with past levels of subsidy, or at levels needed or requested by the School District now or in the future. (See "SECURITY FOR THE BONDS" herein.)

*During a state budget impasse, school districts in Pennsylvania cannot be certain when 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 School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during any future budget impasses. (See "Act 85 of 2016" hereinafter).*

#### **Act 85 of 2016**

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 the Pennsylvania Department of Education ("PDE") to a school district 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" Section 633 of the Public School Code. The School District's general obligation bonds, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts that 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 and paid to the paying agent on the day the scheduled payment for principal and interest is due 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 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 with bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information with respect to the Bonds 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.

## **Sinking Fund**

Sinking funds for the payment of debt service on the Bonds, designated “Sinking Fund, General Obligation Bonds, Series of 2025” (the “Sinking Funds”), have been authorized to be created under the Resolution and shall be held by the Paying Agent as sinking fund depository. The School District shall deposit in the applicable Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the applicable Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Funds shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon shall be a part of the Sinking Funds.

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

## **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 maturity and series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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 Bonds (“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 Bonds documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Paying 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, Bonds certificates will be printed and delivered to DTC.

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

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

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

## **THE SCHOOL DISTRICT**

### **Introduction**

The School District is located in the extreme north-central part of Centre County in the central part of Pennsylvania. The School District covers approximately 114.7 square miles and is coterminous with the political boundaries of the Borough of Bellefonte and the Townships of Marion, Spring, Walker and portions of Benner Township. The School District is located in a growing rural, small town setting with the convenience of Cities such as New York and Philadelphia within easy driving distance. The Borough of Bellefonte is located at the geographic center of Pennsylvania and is the county seat of Centre County. The area represents a wealth of business and industries that manufacture electronic components, extrusion presses, lime, research chemicals, brass and building products. A short distance from the main campus of Pennsylvania State University, the School District offers resident recreation, affordable housing, plus many conveniences.

### **Administration**

The School District is a third class school district (school districts within the Commonwealth are classified as first, second, third and fourth class according to population) and operates under and pursuant to the Code, as amended and supplemented. The School District is governed by a nine member Board of School Directors (the "School Board"), elected for four-year terms. The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Director of Fiscal Affairs is responsible for budget and financial operations. The School Board selects both officials.

## School Facilities

The School District presently operates four elementary schools, a middle school and a senior high school, all as described in the following table.

**TABLE 1  
BELLEFONTE AREA SCHOOL DISTRICT  
SCHOOL FACILITIES**

<b>Building</b>	<b>Original Construction Date</b>	<b>Addition/ Renovation Date(s)</b>	<b>Grades</b>	<b>Rated Pupil Capacity</b>	<b>2024-25 Enrollment</b>
<i><b>Elementary:</b></i>					
Bellefonte Borough .....	1942	1964	K-5	575	313
Benner .....	1962	-	K-5	300	253
Marion-Walker .....	1962	2007	K-5	375	356
Pleasant Gap .....	1950	1974	K-5	350	214
<i><b>Secondary:</b></i>					
Middle School .....	1964	1998	6-8	964	593
High School .....	1956	2008	9-12	1,200	846

Source: School District officials.

## Enrollment Trends

The following table presents recent trends in school enrollment and projections of enrollment for over the next five years, as prepared by School District officials.

**TABLE 2  
BELLEFONTE AREA SCHOOL DISTRICT ENROLLMENT TRENDS**

<b>Actual Enrollments</b>				<b>Projected Enrollments</b>			
<b>School Year</b>	<b>Elementary</b>	<b>Secondary</b>	<b>Total</b>	<b>School Year</b>	<b>Elementary</b>	<b>Secondary</b>	<b>Total</b>
2020-21	1,155	1,498	2,653	2025-26	1,130	1,413	2,543
2021-22	1,156	1,476	2,632	2026-27	1,124	1,414	2,538
2022-23	1,172	1,414	2,586	2027-28	1,121	1,416	2,537
2023-24	1,124	1,467	2,591	2028-29	1,123	1,402	2,525
2024-25	1,136	1,439	2,575	2029-30	1,118	1,419	2,537

Source: School District officials.

## SCHOOL DISTRICT FINANCES

### Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by the Superintendent and Director of Fiscal Affairs and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

### Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, 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 Commonwealth law. As of the date hereof, the firm of Baker Tilly Virchow Krause, LLP, State College, Pennsylvania, currently serves as School District auditor.

## **Budgeting Process in School Districts under the 2006 Taxpayer Relief Act**

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

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

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

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

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

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

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## Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past four years, estimated 2024-25 and the 2025-26 Budget. The Budget for 2025-26, budgets for revenues of \$62,085,000 and expenditures of \$65,175,000 which includes a budgetary reserve of \$125,000.

**TABLE 3**  
**BELLEFONTE AREA SCHOOL DISTRICT**  
**SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET**  
**(Years ending June 30)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$15,627,079	\$16,861,207	\$18,525,042	\$20,082,332
Taxes Receivable .....	934,310	918,069	967,652	970,736
Due from Other Funds/Interfund Receivables .....	427,841	1,302	5,848	3,473
Intergovernmental Receivables .....	1,679,684	2,022,032	1,457,433	2,315,673
Prepaid Expenses/Expenditures.....	0	23,367	26,731	30,184
Other Receivable .....	648,908	680,418	650,067	784,138
<b>TOTAL ASSETS</b> .....	<u>\$19,317,822</u>	<u>\$20,506,395</u>	<u>\$21,632,773</u>	<u>\$24,186,536</u>
<b>LIABILITIES</b>				
Due to Other Funds .....	\$0	\$0	\$0	\$500,000
Accounts Payable .....	1,305,032	1,491,378	1,985,455	1,372,579
Accrued Salaries and Benefits .....	3,206,919	3,309,397	3,384,794	4,205,289
Payroll Deducts and Withholdings .....	2,057,938	2,119,874	1,912,924	1,851,109
Deferred/Unearned Revenues .....	444,955	164,782	26,077	7,407
<b>TOTAL LIABILITIES</b> .....	<u>\$7,014,844</u>	<u>\$7,085,431</u>	<u>\$7,309,250</u>	<u>\$7,936,384</u>
<b>Deferred Inflows of Resources</b> .....	\$0	\$374,761	\$403,955	\$426,815
<b>FUND EQUITIES</b>				
Committed Fund Balance .....	2,475,662	2,850,662	3,475,662	4,450,662
Assigned Fund Balance .....	9,827,316	0	26,731	30,184
Unassigned Fund Balance .....	0	10,195,541	10,417,175	11,341,491
<b>TOTAL FUND EQUITIES</b> .....	<u>\$12,302,978</u>	<u>\$13,046,203</u>	<u>\$13,919,568</u>	<u>\$15,822,337</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS</b> <b>OF RESOURCES AND FUND EQUITIES</b> .....	<u>\$19,317,822</u>	<u>\$20,506,395</u>	<u>\$21,632,773</u>	<u>\$24,185,536</u>

Source: School District Annual Financial Reports.

**TABLE 4**  
**BELLEFONTE AREA SCHOOL DISTRICT GENERAL FUND**  
**SUMMARY OF CHANGES IN FUND BALANCE\***  
**(Years ending June 30)**

	<u>Actual</u>				<u>Estimated</u>	<u>Budgeted</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025<sup>(1)</sup></u>	<u>2026<sup>(2)</sup></u>
<b>Beginning Fund Balance</b>	\$12,227,251	\$12,302,981	\$13,046,208	\$13,919,573	\$15,822,344	\$18,905,038
Revenues over (under) Expenditure	75,729	743,226	873,365	1,902,771	3,082,694	(3,090,000)
Change in Inventory Reserve/Prior Pd. Adj.						
<b>Ending Fund Balance</b>	<u>\$12,302,981</u>	<u>\$13,046,208</u>	<u>\$13,919,573</u>	<u>\$15,822,344</u>	<u>\$18,905,038</u>	<u>\$15,815,038</u>

\*Totals may not add due to rounding.

<sup>(1)</sup> Estimated, subject to change and final audit.

<sup>(2)</sup> Budget, as adopted June 10, 2025.

Source: School District Annual Financial Reports and Budget.

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## Revenue

The School District received an estimated \$74,334,668 in revenue in 2024-25 and has budgeted revenue of \$62,085,000 in 2025-26. Local sources contributed a decreasing share of the total revenue in the past five years, from 64.15% in 2020-21 to an estimated 55.25% in 2024-25. Revenue from Commonwealth sources contributed a decreasing share of the total revenue from 33.71% to an estimated 28.78% over this period. Federal and other sources increased as a share of the total revenue from 2.14% to an estimated 15.97% during this period.

**TABLE 5**  
**BELLEFONTE AREA SCHOOL DISTRICT**  
**SUMMARY OF SCHOOL DISTRICT GENERAL FUND**  
**REVENUES AND EXPENDITURES\***  
**(For years ending June 30)**

REVENUE:	Actual				Estimated	Budget
	2021	2022	2023	2024	2025 <sup>(1)</sup>	2026 <sup>(2)</sup>
Total Local Sources .....	\$33,928,306	\$35,047,181	\$36,934,049	\$39,358,443	\$41,071,401	\$40,155,243
Total State Sources .....	17,831,330	18,189,390	19,338,395	20,674,885	21,391,248	21,324,757
Total Federal Sources .....	1,133,028	2,049,786	2,168,200	2,573,841	1,365,902	605,000
Total Other Sources .....	0	5,927,957	0	0	10,506,117	0
<b>TOTAL REVENUE .....</b>	<b>\$52,892,665</b>	<b>\$61,214,314</b>	<b>\$58,440,644</b>	<b>\$62,607,169</b>	<b>\$74,334,668</b>	<b>\$62,085,000</b>
<b>EXPENDITURES:</b>						
Instruction .....	\$32,659,834	\$33,432,693	\$33,992,617	\$34,510,070	\$35,595,695	\$38,201,062
Pupil Personnel .....	1,538,274	1,582,115	1,722,145	1,755,240	1,805,509	1,862,148
Instructional Staff.....	1,043,960	1,066,168	1,260,453	1,298,821	1,340,534	2,102,593
Administration .....	3,292,684	3,539,327	3,490,383	3,828,076	3,655,887	3,643,349
Pupil Health .....	376,155	393,479	489,907	437,179	475,186	478,894
Business .....	652,174	663,265	534,410	567,011	483,421	637,325
Operation and Maintenance of Plant Services.....	4,874,545	5,262,360	6,377,017	6,003,285	6,322,153	6,752,230
Student Transportation Services .....	2,277,940	2,402,317	2,467,519	2,598,689	2,642,323	2,604,087
Central.....	1,284,734	1,365,601	1,700,617	1,798,767	1,633,577	2,054,625
Other Support Services .....	0	0	0	0	0	0
Operation of Noninstructional Services.....	886,138	950,535	1,129,517	1,212,315	256,432	245,447
Fac. Acq. Constr. & Imprv. Svs.....	0	0	0	0	0	0
Debt Service.....	3,830,498	9,613,230	3,952,695	4,269,946	14,365,595	4,468,240
Refund of Prior Year Receipts.....	0	0	0	0	0	0
Fund Transfers .....	100,000	200,000	450,000	2,425,000	2,675,662	2,000,000
Budgetary Reserve .....	0	0	0	0	0	125,000
<b>TOTAL EXPENDITURES.....</b>	<b>\$52,816,937</b>	<b>\$60,471,089</b>	<b>\$57,567,279</b>	<b>\$60,704,398</b>	<b>\$71,251,974</b>	<b>\$65,175,000</b>
<b>SURPLUS (DEFICIT) OF</b>						
<b>REVENUES OVER EXPENDITURES .....</b>	<b>\$75,728</b>	<b>\$743,225</b>	<b>\$873,365</b>	<b>\$1,902,771</b>	<b>\$3,082,694</b>	<b>(\$3,090,000)</b>

\*Totals may not add due to rounding.

<sup>(1)</sup> Estimated, subject to change and final audit.

<sup>(2)</sup> Budget, as adopted June 10, 2025.

Source: School District Annual Financial Reports and Budget.



## TAXING POWERS OF THE SCHOOL DISTRICT

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

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
  - a. for minimum salaries and increments of the teaching and supervisory staff;
  - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c. *to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and*
  - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not less than \$1.00 and not more than \$10.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

### Limitations on Local Taxes

Under the Taxpayer Tax Relief Act a school district may not levy any new tax for the support of the public schools or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (PDE):

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

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

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index applicable to the School District in the current and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Index</u>
2020-21	3.3%
2022-23	4.3%
2023-24	5.1%
2024-25	6.6%
2025-26	4.9%

A board of school directors may submit, but is not required to submit, a referendum question to the voters at the municipal election seeking approval to levy or increase the rate of an EIT or impose PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

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

#### **Act 24 of 2001**

Act 24 of 2001 of the Commonwealth, which became law on June 22, 2001, authorizes a Board of School Directors to schedule a public hearing and conduct a ballot referendum on replacing the school district's occupation tax with an increase in the local earned income tax. Currently, school districts in Pennsylvania share a 1.0% (each receive 0.5%) tax on the annual amount of residents' wages and other earned income (which excludes unearned or investment income), with the resident municipality. Under Act 24, this tax could be increased by the percentage necessary to generate revenue equal to what was collected during the preceding year on the occupation tax. The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation and professional titles, regardless of income. The restructured tax is designed to be revenue neutral to the school district.

Beginning with the 2002-03 school year the occupation tax was eliminated and the earned income tax levy was increased, the School District's share of this increase is 1.05 percent.

#### **Act 48 of 2003**

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned 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 Unassigned Fund Balance as a Percentage of Total Budgeted Expenditures</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%

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

## Tax Levy Trends

Table 6 shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, Centre County and the municipalities within the School District.

**TABLE 6**  
**BELLEFONTE AREA SCHOOL DISTRICT TAX RATES**

	<b>Real Estate</b>	<b>Real Estate</b>	<b>Wage and</b>	<b>Local</b>
	<b>(mills)</b>	<b>Transfer</b>	<b>Income</b>	<b>Services Tax</b>
		<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
2021-22	50.452	0.50	1.05	5.00
2022-23	51.460	0.50	1.05	5.00
2023-24	52.510	0.50	1.05	5.00
2024-25	54.350	0.50	1.05	5.00
2025-26	55.708	0.50	1.05	5.00

Source: Department of Community and Economic Development – Municipal Statistics.

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

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<i>School District</i> .....	50.542	51.460	52.510	54.350	55.708
Bellefonte Borough .....	17.765	18.265	18.265	18.865	19.335
Benner Township .....	1.890	1.890	1.890	1.890	1.890
Marion Township .....	2.000	2.000	3.000	3.000	3.000
Spring Township .....	4.500	4.500	4.500	4.500	4.500
Walker Township .....	1.340	1.340	1.340	1.340	1.340
Centre County .....	7.840	7.840	7.840	7.840	7.840

Source: Local Government Officials.

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## Real Property Tax

The real property tax (excluding delinquent collections) produced \$29,045,173 in 2023-24, approximately 46.4% of total revenue. The School District fiscal year is from July 1 through June 30 and tax bills are issued on August 1 of each year. Taxpayers who remit within 60 days receive a 2 percent discount, and those who remit subsequent to 120 days after August 1 are assessed a 10 percent penalty.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide reassessment in Centre County was completed in 1995.

**TABLE 8  
BELLEFONTE AREA SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA**

<b>Year</b>	<b>Market Value</b>	<b>Assessed Value</b>	<b>Ratio</b>
2020-21	1,650,275,674	539,125,600	32.67%
2021-22	1,682,521,180	549,164,645	32.64%
2022-23	1,817,816,938	555,190,560	30.54%
2023-24	1,872,732,727	569,342,055	30.40%
2024-25	2,110,651,287	581,095,350	27.53%
Compound Average Annual Percentage Change.....	2.56%	1.10%	

Source: Pennsylvania State Tax Equalization Board.

**TABLE 9  
BELLEFONTE AREA SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	<b>2023 Market Value</b>	<b>2023 Assessed Value</b>	<b>2024 Market Value</b>	<b>2024 Assessed Value</b>
<i>School District</i> .....	\$1,872,732,727	\$569,342,055	\$2,110,651,287	\$581,095,350
Bellefonte Borough .....	345,133,265	102,302,990	383,009,989	101,821,465
Benner Township (P).....	445,653,520	134,537,915	510,347,204	140,478,710
Marion Township .....	90,526,292	27,451,130	100,958,237	27,618,895
Spring Township .....	624,408,922	194,325,740	704,108,234	198,629,590
Walker Township .....	367,010,728	110,724,280	412,227,623	112,546,690
Centre County .....	12,826,925,823	3,754,211,768	13,759,141,837	3,645,823,555

(P) Portion located within School District

Source: Pennsylvania State Tax Equalization Board.

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**TABLE 10  
BELLEFONTE AREA SCHOOL DISTRICT  
ASSESSMENT BY LAND USE**

	2020	2021	2022	2023	2024
Residential .....	\$388,417,300	\$395,009,840	\$400,403,350	\$410,692,370	\$419,807,365
Trailers .....	3,926,220	3,915,425	3,884,085	3,895,280	3,865,840
Seasonal.....	963,005	963,005	953,410	922,410	938,930
Lot .....	5,213,800	4,802,010	4,787,870	5,060,495	4,753,905
Industrial .....	17,628,775	18,373,975	18,373,975	18,292,735	18,292,735
Commercial .....	81,584,715	83,726,305	84,262,980	87,206,305	89,679,730
Agriculture .....	35,613,770	36,351,915	36,620,830	37,304,480	37,787,460
Oil/Gas/Mineral.....	3,129,900	3,309,400	2,928,100	3,112,350	3,112,850
Land .....	2,648,115	2,712,770	2,975,960	2,855,630	2,856,535
<b>Total.....</b>	<b>\$539,125,600</b>	<b>\$549,164,645</b>	<b>\$555,190,560</b>	<b>\$569,342,055</b>	<b>\$581,095,350</b>

Source: Pennsylvania State Tax Equalization Board.

**TABLE 11  
BELLEFONTE AREA SCHOOL DISTRICT  
REAL PROPERTY TAX COLLECTION DATA**

				Current	Current	Total	Total
				Year	Collections	Collections	Collections
<u>Year</u>	<u>Assessed</u>	<u>Gross Adjusted</u>	<u>Current</u>	<u>as a</u>	<u>Total</u>	<u>as</u>	<u>Total</u>
	<u>Valuation</u>	<u>Mills</u>	<u>Levy</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount<sup>(1)</sup></u>	<u>Percent</u>
2020-21	538,716,825	50.2131	25,875,450	24,964,032	96.48%	25,545,657	98.73%
2021-22	550,298,575	50.4518	26,590,480	25,772,192	96.92%	26,362,067	99.14%
2022-23	558,892,730	51.4603	27,281,841	26,443,239	96.93%	26,893,447	98.58%
2023-24	574,471,065	52.5103	28,682,597	27,760,066	96.78%	28,193,131	98.29%
2024-25	588,384,105	54.3495	30,211,003	29,045,173	96.14%	29,445,173	97.47%

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

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The ten largest real property taxpayers, together with 2023-24 assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 4% of total assessed value.

**TABLE 12  
BELLEFONTE AREA SCHOOL DISTRICT  
TEN LARGEST REAL PROPERTY TAXPAYERS**

<b>Owner</b>	<b>2024-25 Assessed Values</b>
Restek Corporation	\$3,261,420
Graystone Court Bellefonte LLC	2,709,700
Weis Markets, Inc.	2,650,780
Healtsouth PA Real Estate LLC	2,580,945
Allegheny Luthern Social	2,316,660
Bellefonte Lime Company Inc.	2,183,995
Exchangeright Net-Leased	2,125,220
SAC Corporation	1,981,330
Geisinger Clinic	1,787,925
Silcotek Corporation	1,648,895
	\$23,246,870

Source: County officials.

### Other Taxes

Under Act 511, the School District collected an estimated \$ 9,346,430 in other taxes in 2024-25. Its limit under Act 511, equal to 12 mills on the market value of real property, was \$22,472,793. Among the Act 511 taxes collected are:

*Real Estate Transfer.* A tax of 0.5 % of the value of real estate transfers and is anticipated to yield an estimated \$1,112,656 in 2024-25 of School District revenues.

*Earned Income Tax.* A tax of 1.05% is levied on the earned income of residents. The School District is anticipating this tax to yield an estimated \$8,162,002 in 2024-25 of School District revenues.

*Local Services Tax (previously levied as Emergency and Municipal Services Tax).* The School District levies a tax \$5.00. The School District is anticipating this tax to yield an estimated \$71,771 in 2024-25 of School District revenues.

### COMMONWEALTH AID TO SCHOOL DISTRICTS

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

The largest subsidy, the basic instructional subsidy, is allocated to all school districts based on (1) the per pupil market value of assessable real property in the school district; (2) the per pupil earned income in the school district; and (3) the school district's tax effort, as compared with the tax effort of other school districts in the Commonwealth. School districts also receive subsidies for special education, pupil transportation; vocational education, health service and debt service are also received by the school district.

### Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (54.13%) or the wealth based Market Value Aid Ratio ("MVAR") currently (47.31%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

*The School District estimates the Bonds will not be subject to reimbursement by the Commonwealth.*

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 most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, including 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, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenues 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 have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current 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 adopted by the State legislature 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 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.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date hereof, and except as described above, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

## DEBT AND DEBT LIMITS

### Debt Statement

Table 13 shows the debt of the School District as of June 2, 2025 including the issuance of the estimated Bonds.

**TABLE 13**  
**BELLEFONTE AREA SCHOOL DISTRICT**  
**DEBT STATEMENT**  
**(As of June 2, 2025)\***

	<b>Gross Outstanding</b>
<b>NONELECTORAL DEBT</b>	
General Obligation Bonds, Series of 2025 .....	\$18,205,000
General Obligation Notes, Series A of 2024 .....	29,815,000
General Obligation Notes, Series B of 2024 .....	985,000
General Obligation Bonds, Series C of 2024 .....	2,205,000
General Obligation Bonds, Series of 2023 .....	14,070,000
General Obligation Bonds, Series of 2017 <sup>(1)</sup> .....	825,000
General Obligation Note, Series AA of 2014** .....	491,709
General Obligation Bonds, Series of 2011 .....	1,009,187
<b>TOTAL NONELECTORAL DEBT</b> .....	<b>\$67,605,896</b>
<b>LEASE RENTAL DEBT</b>	
<b>TOTAL LEASE RENTAL DEBT</b> .....	<b>\$0</b>
<b>TOTAL PRINCIPAL OF DIRECT DEBT</b> .....	<b>\$67,605,896</b>

<sup>(1)</sup>Remaining portion

\*Includes the estimated Bonds offered through this Preliminary Official Statement.

\*\*School District's 45.40% share of School Building Revenue Bonds (Central Pennsylvania Institute of Science and Technology Project) Series AA of 2014.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the estimated Bonds, principal of direct debt of the School District will total \$67,605,896. After adjustment for available funds and estimated Commonwealth aid, the local effort of direct debt will total \$66,944,996.

**TABLE 14**  
**BELLEFONTE AREA SCHOOL DISTRICT**  
**BONDED INDEBTEDNESS AND DEBT RATIOS**  
**(As of June 2, 2025)\***

	<b>Gross Outstanding</b>	<b>Local Effort or Net of Available Funds and Estimated Commonwealth aid<sup>(1)</sup></b>
<b><u>DIRECT DEBT</u></b>		
Nonelectoral Debt.....	\$67,605,896	\$66,944,996
Lease Rental Debt .....	0	0
<b><i>TOTAL DIRECT DEBT</i></b> .....	<u>\$67,605,896</u>	<u>\$66,944,996</u>
<b><u>OVERLAPPING DEBT</u></b>		
Centre County .....	\$5,284,474	\$5,284,474
Municipal Debt.....	7,152,025	7,152,025
<b><i>TOTAL OVERLAPPING DEBT</i></b> .....	<u>\$12,436,500</u>	<u>\$12,436,500</u>
<b><i>TOTAL DIRECT AND OVERLAPPING DEBT</i></b> .....	<u><u>\$80,042,396</u></u>	<u><u>\$79,381,496</u></u>
<b><u>DEBT RATIOS</u></b>		
Per Capita .....	\$2,689.14	\$2,666.94
Percent 2023-24 Assessed Value.....	13.82%	13.71%
Percent 2023-24 Market Value.....	3.80%	3.77%

\*Includes the estimated Bonds offered through this Preliminary Official Statement.

<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."

<sup>(2)</sup>Pro rata 14.6 percent share of \$36,655,000 principal amount outstanding.

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## Debt Limit and Remaining Borrowing Capacity

Electoral debt, i.e., debt approved by the voters at a general or special election, may be incurred without limit. Nonelectoral debt and lease rental debt area subject to a statutory borrowing limit.

The statutory borrowing limit of the School District under the Act is computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total "Revenues" (as defined by the Act), for the three full fiscal years ended next preceding the date of incurring debt represented by the Bonds. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2022-23.....	\$ 56,219,135
Total Revenues for 2023-24.....	\$ 59,735,579
Total Revenues for 2024-25 (estimated).....	<u>\$ 73,967,913</u>
Total Revenues, Past Three Years.....	<u>\$168,775,572</u>
Annual Arithmetic Average (Borrowing Base) .....	\$ 63,307,542

Under the Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following product:

	<b><u>Legal Limit</u></b>	<b><u>Net Debt Outstanding*</u></b>	<b><u>Remaining Borrowing Capacity</u></b>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$142,441,970	\$67,605,896	\$74,836,074

\*Includes the estimated Bonds offered through this Preliminary Official Statement.

## Debt Service Requirements

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

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

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

TABLE 15

**BELLEFONTE AREA SCHOOL DISTRICT  
DEBT SERVICE REQUIREMENTS\***

<b>Year</b>	<b>Other General Obligation</b>	<b>Series 2025</b>			<b>Total</b>
	<b>Debt</b>	<b>Principal</b>	<b>Interest</b>	<b>Subtotal</b>	<b>Requirements</b>
2025-26	3,991,554				
2026-27	3,849,995				
2027-28	3,787,145				
2028-29	3,683,781				
2029-30	3,685,131				
2030-31	3,688,231				
2031-32	3,695,696				
2032-33	3,695,700				
2033-34	3,692,800				
2034-35	3,665,750				
2035-36	3,605,250				
2036-37	3,603,000				
2037-38	3,606,000				
2038-39	3,603,750				
2039-40	3,606,250				
2040-41	3,603,000				
2041-42	3,604,000				
2042-43	3,603,750				
2043-44	3,602,000				
2044-45	3,603,500				
2045-46	3,602,750				
2046-47	3,604,500				
2047-48	2,378,250				
2048-49	4,092,437				
2049-50	3,991,554				
2050-51	3,849,995				
2051-52	3,787,145				
2052-53	3,683,781				
Total	<u>\$87,154,222</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

\*Totals may not add due to rounding.

TABLE 16

**BELLEFONTE AREA SCHOOL DISTRICT  
COVERAGE OF DEBT SERVICE AND LEASE RENTAL  
REQUIREMENTS BY COMMONWEALTH AID\***

2023-24 (estimated) Commonwealth Aid Received .....	\$20,674,885
2023-24 (estimated) Debt Service Requirements .....	\$4,269,946
Maximum Future Debt Service Requirements after Issuance of Bonds .....	
Coverage of 2023-24 (estimated) Debt Service Requirements .....	4.84 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds .....	

\*Assumes current Commonwealth Aid Ratio. See "Commonwealth Aid to School Districts."

## Future Financing

The School District expects to issue no additional debt for the next two years.

## LABOR RELATIONS

### School District Employees

There are presently 407 employees of the School District, including 235 teachers, 23 administrators/supervisors and 149 custodial, maintenance and support personnel.

The School District's professional employees, other than administrators, are represented by the Bellefonte Area Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract, which will expire on June 30, 2026.

The support personnel are represented by the Bellefonte Area Educational Support Personnel Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract, which will expire on June 30, 2027.

### Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administered 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 of Trustees certified an annual employer contribution rate of 34.0% for the fiscal year 2025-26..

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 will transition 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.

Annual School District contributions have been as follows:

2020-21	\$7,207,000
2021-22	\$7,232,694
2022-23	\$7,576,164
2023-24	\$7,549,664
2024-25 (estimated)	\$7,681,512
2025-26 (budgeted)	\$8,500,858

At June 30, 2024, the District reported a liability of \$62,103,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The District's proportion of the PSERS 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, 2024, the District's proportion was .1396%, which was a decrease of .0008% from its proportion measured as of June 30, 2023.

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 Administrative Officials and PSERS.

## **Other Post-Employment Benefits**

The District administers a single employer defined benefit health care plan (the "Plan"). The Plan provides healthcare insurance (medical, prescription, dental and vision) for eligible retirees through the District's group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the District and the Union representing District employees and are renegotiated periodically. The retiree health plan does not issue a publicly available financial report. These benefits are accounted for in accordance with GASB Standard No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45") using the alternative measurement method permitted for single employers with fewer than one hundred total plan members. Contribution requirements are also negotiated between the District and the Union representatives. The District contributed 36.6 percent of the cost of current year premiums for eligible retired plan members. For fiscal year 2016, the District contributed \$165,603 to the Plan. Plan members receiving benefits contributed between 20-40 percent of their premium costs. In fiscal year 2024, total member contributions were \$ 154,037.

For a full description of the District's post-employment benefit plan, please refer to Appendix C – Audited Financial Statements – Note 11.

## **LITIGATION**

At the time of settlement, the President or Vice-President and Solicitor of the School District, will deliver a certificate dated as of the date of delivery of and payment for the Bonds, certifying that there is no litigation pending which challenges the validity or enforceability of the Bonds; or in the event that such litigation is pending, a description of the nature of such litigation, together with an opinion of legal counsel approved by the School District to the effect that such litigation is without legal merit.

## **DEFAULTS AND REMEDIES**

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

## **TAX MATTERS**

### **State Tax Matters**

In the opinion of Bond Counsel, the Bonds, and the interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.

The residence of a holder of a Bond or Note in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such other state or its political subdivisions based on the interest or other income from the Bonds.

### **Federal Income Tax Matters**

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

#### *Original Issue Discount*

The Bonds that mature on \_\_\_\_\_ through and including \_\_\_\_\_ (collectively, the "Tax-Exempt Discount and Notes") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond or note at maturity (par) over the price to the public at which a substantial amount of Bonds of the same maturity are sold pursuant to the initial offering. Under the Code, OID on each Tax-Exempt Discount Bond or Note will accrue over its term and the amount of accretion will be based on the yield to maturity, compounded semi-annually. The amount of OID that accrues during each semi-annual period will do so ratably within that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond or Note at its initial offering price, the portion of OID that accrues during the period that such purchaser owns such Bonds is added to the purchaser's tax

basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond or Note and thus, in practical effect, is treated as interest, which is excludable from gross income for federal income tax purposes.

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

#### *Original Issue Premium*

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

#### *Interest Expense Deductions for Financial Institutions*

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

The School District has **not** designated the Bonds as “qualified tax-exempt obligations” for the purposes and effect contemplated by Section 265 of the Code.

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

#### *Continuing Compliance*

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

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

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

#### *Collateral Tax Liabilities*

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

Tax consequences for certain taxpayers include, without limitation, resulting in corporate alternative minimum tax under Section 55 of the Code on adjusted financial statement income of applicable corporations, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits under Section 86 of the Code, limiting the use of the Earned Income Credit under Section 32 of the Code, limiting the use of the refundable credit for coverage under a qualified health

plan under Section 36B of the Code, and denying an interest expense deduction to certain financial institutions under Section 265 of the Code (unless, and in the circumstance when, the Bonds have been designated by the issuer as “qualified tax-exempt obligations”).

#### *Change in Law; Adverse Determinations*

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

The Internal Revenue Service (the “Service”) regularly audits tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No prediction can be made whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service may treat the School District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until such time as the audit is concluded, regardless of the ultimate outcome.

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

**THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL, STATE AND LOCAL TAX LAWS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE EFFECT ON THEIR FEDERAL, STATE OR LOCAL TAX LIABILITY AND GENERAL FINANCIAL AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON.**

#### **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 Underwriter 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.*

#### **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 and the s, 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 15c2-12 (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 Certificate substantially in the form attached hereto as Appendix C.

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 Certificate (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 Certificate.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate 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 Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.



Fiscal Year	Filing	Financial Statements		Budget		Operating Data	
Ending	Deadline <sup>[1]</sup>	Filing Date	EMMA ID <sup>[2]</sup>	Filing Date	EMMA ID <sup>[2]</sup>	Filing Date	EMMA ID <sup>[2]</sup>
6/30/2020	12/27/2020	12/22/2020 <sup>(3)</sup>	P11107418	12/20/2020	P11107418	12/20/2020	P11107418
6/30/2021	03/27/2022	12/20/2021 <sup>(4)</sup>	P21161618	03/30/2022	P11204188	12/20/2021 <sup>(6)</sup>	P21161618
6/30/2022	03/27/2023	12/20/2022 <sup>(5)</sup>	P11246274	12/20/2022	P11246274	12/20/2022 <sup>(6)</sup>	P11246274
6/30/2023	03/26/2024	12/19/2023	P11300101	12/19/2023	P11300101	12/19/2023	P11300101
6/30/2024	03/27/2025	12/19/2024	P21415367	12/19/2024	P21415367	12/19/2024	P21415367

#### Notes

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

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

<sup>[3]</sup> Timely filing of the District's audit on 12/22/2020 (not signed) and again on 1/14/2021 (signed).

<sup>[4]</sup> Timely filing of the District's audit on 12/20/2021 (not signed) and again on 9/19/2024 (signed).

<sup>[5]</sup> Interim filing date, the School District subsequently filed the audit, when it became available on 10/31/2023, along with a Failure to Timely File Notice to EMMA.

<sup>[6]</sup> Voluntary filings

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

#### Failure to Provide Annual Financial Information

As outlined in the table above, the School District failed to provide certain annual financial information in a timely manner during the past (5) five years. The School District filed a "Failure to Provide Annual Financial Information" notice to EMMA on October 31, 2023.

#### RATING

Moody's Investor Service has assigned an underlying municipal bond rating of "Aa3" to this issue of Bonds and Notes. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses; Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

The above ratings are not recommendations to buy, sell, or hold the Bonds and Notes, and such ratings 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 priced of the Bonds. See "BOND AND NOTE 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/less] an original issue [premium/discount] 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.

#### LEGAL OPINIONS

The Bonds are offered with the approving legal opinion of Dinsmore & Shohl LLP, of Pittsburgh, Pennsylvania, Bond Counsel to the School District. Certain legal matters will be passed upon for the School District by Beard Legal Group PC, Altoona, Pennsylvania, School District Solicitor and by McNees Wallace & Nurick LLC, of Harrisburg, Pennsylvania, Limited Scope Underwriter's Counsel..

## **FINANCIAL ADVISOR**

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania as financial advisor (the “Financial Advisor”) in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

## **MISCELLANEOUS**

This Preliminary Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this Preliminary Official Statement had been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Financial Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

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

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

BELLEFONTE AREA SCHOOL DISTRICT,  
CENTRE COUNTY, PENNSYLVANIA

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

**APPENDIX A**  
**Demographic and Economic**  
**Information Relating to the Bellefonte Area School District**

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## Population

The population of the School District has grown at a fast rate, mainly due to the explosive growth of The Pennsylvania State University.

Table A-1 shows population trends for the School District, Centre County and the Commonwealth. Table A-2 shows 2020 age composition and average number of persons per household in Centre County and for the Commonwealth.

**TABLE A-1  
POPULATION TRENDS**

<b><u>Area</u></b>	<b><u>2010</u></b>	<b><u>2020</u></b>	<b>Compound Average Annual Percentage Change <u>2010-2020</u></b>
School District .....	25,328	29,765	1.63%
Centre County .....	153,990	162,264	0.52%
Pennsylvania.....	12,702,379	12,794,885	0.07%

Source: U.S. Bureau of the Census, and the Pennsylvania State Data Center-2010 & 2020 General Housing Characteristics: Pennsylvania.

**TABLE A-2  
AGE COMPOSITION**

	<b><u>0-17 Years</u></b>	<b><u>18-64 Years</u></b>	<b><u>65+ Years</u></b>
Centre County .....	22.7%	59.9%	19.9%
Pennsylvania.....	20.6%	59.4%	18.7%

Source: U.S. Bureau of the Census, 2020 Census Summary File 1.

## Employment

With the presence of Pennsylvania State University, the main industry in the School District is education, with most of the non-student residents of the School District employed in white collar, professional positions. The median and main income for the State College MSA has consistently been much higher than that of the Commonwealth as a whole.

Most of the manufacturing and industrial activity exists within three industrial groups: Stone, Clay, Glass & Construction; Electrical Machinery, Equipment & Supplies; and Instruments & Related Products. Members of the University faculty have founded several companies engaged in research and development work.

The larger employers located within Centre County include:

The Pennsylvania State University  
Mount Nittany Medical Center  
State Government  
State College Area School District  
Wal-Mart Associates Inc  
Centre County  
Glenn O Hawbaker Inc.  
Mount Nittany Medical Center Health Services  
Federal Government  
Geisinger Clinic

Source: Center for Workforce Information, Quarterly Census of Employment and Wages – 4<sup>th</sup> Quarter of 2024.

Table A-3 shows the NonFarm Jobs for the State College Metropolitan Statistical Area (MSA).

**TABLE A-3**  
**STATE COLLEGE METROPOLITAN STATISTICAL AREA**  
**(Centre County)**  
**NONFARM JOBS**

<i>ESTABLISHMENT DATA</i>	<u>Industry Employment</u>				<u>Net Change From:</u>	
	Apr 2025	Mar 2025	Feb 2025	Apr 2024	Mar 2025	Apr 2024
<b>TOTAL NONFARM</b>	81,400	80,800	80,400	81,000	600	400
<b>TOTAL PRIVATE</b>	48,200	47,800	47,800	47,600	400	600
<b>Goods Producing</b>	7,800	7,700	7,700	7,500	100	300
Manufacturing	4,400	4,300	4,300	4,300	100	100
<b>SERVICE-PROVIDING</b>	73,600	73,100	72,700	73,500	500	100
<b>PRIVATE SERVICE-PROVIDING</b>	40,400	40,100	40,100	40,100	300	300
<b>Trade, Transportation, and Utilities</b>	9,300	9,300	9,400	9,400	0	-100
Retail trade	7,200	7,100	7,300	7,300	100	-100
<b>Professional and Business Services</b>	6,300	6,300	6,200	6,300	0	0
<b>Education and Health Services</b>	10,200	10,200	10,200	10,100	0	100
<b>Leisure and Hospitality</b>	7,900	7,600	7,600	7,900	300	0
<b>Government</b>	33,200	33,000	32,600	33,400	200	-200
Federal Government	500	500	500	500	0	0
State Government	28,100	27,700	27,300	28,200	400	-100
Local Government	4,600	4,800	4,800	4,700	-200	-100
Data benchmarked to March 2023 ***Data changes of 100 may be due to rounding***						

Source: Pennsylvania State Employment Service.

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

**TABLE A-4**  
**RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**(Centre County)**  
**NOT SEASONALLY ADJUSTED**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025(1)</u>	Compound Average Annual % Rate
<b><i>Centre County</i></b>						
Civilian Labor Force (000)	76.5	78.3	79.9	76.5	77.2	0.18%
Employment (000)	73.2	75.7	77.7	74.3	75.3	0.57%
Unemployment (000)	3.3	2.6	2.2	2.2	1.9	-10.45%
Unemployment Rate	4.3%	3.3%	2.7%	2.9%	2.5%	
<b><i>Pennsylvania</i></b>						
Civilian Labor Force (000)	6,432.0	6,465.0	6,518.0	6,577.0	6,536.0	0.32%
Employment (000)	6,054.0	6,202.0	6,296.0	6,337.0	6,306.0	0.82%
Unemployment (000)	378.0	263.0	223.0	239.0	230.0	-9.46%
Unemployment Rate	5.90%	4.10%	3.40%	3.60%	3.50%	

(1)As of April 2025.

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

## Income

The data in Table A-5 shows trends in per capita income for the School District, Centre County and Pennsylvania over the 2010-2020 period. Per capita income in the School District and in the Commonwealth is somewhat lower than per capita income in the County.

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

	<u>2010</u>	<u>2020</u>	<u>Percentage Change</u> <u>2010-2020</u>
School District .....	24,739	31,361	2.40%
Centre County .....	23,744	32,238	3.11%
Pennsylvania .....	27,049	35,518	2.76%

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

Source: Pennsylvania State Data Center and U.S. Census Bureau, 2010-20 American Community Survey.

## Commercial Activity

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

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
MSA .....	2,556,282	2,451,939	2,638,803	2,850,744	2,846,844
Pennsylvania .....	251,185,116	274,685,600	297,770,326	310,912,244	317,239,286

Source: Sales and Marketing Management Magazine.

## Education

The overwhelming influence on the character and structure of the School District and of central Pennsylvania is the existence of Pennsylvania State University. It enrolls more than 80,000 students at 24 campus locations statewide, and offers instruction in more than 160 baccalaureate and 150 graduate programs. The University Park campus, with an enrollment of some 40,000 students, is an administrative and research hub. The campus is located in central Pennsylvania, adjacent to the community of State College Borough.

## Transportation

The State College Regional Airport is located four miles north of State College. Today, three airlines (Northwest, United, and US Airways) offer regularly scheduled flights to and from three major hub cities (Detroit, Philadelphia and Washington/Dulles). AMTRAK provides passenger rail service through arrivals and departures at Altoona and Lewistown to the south, and freight service is provided by Conrail. Major highways include Interstate 80 and 99, U.S. Routes 22, 220 and 322, and State Routes 26, 45 and 64. Access to Harrisburg and the Pennsylvania Turnpike is provided by the U.S. Route 322. Intercity bus service is provided by greyhound, and regional bus service is provided by Centre Line and Town & Campus through the Centre Area Transportation Authority. Fullington Trailways and Fullington Limousine also serve the region, and local taxi service is provided by Handy Delivery Cab Company.

## **Recreation**

Numerous recreational opportunities are found in the area. Some twenty-six intercollegiate varsity sports are played on the campus of The Pennsylvania State University. The Central Pennsylvania Festival of The Arts is held each year in July, which includes sidewalk sales and events. Two bowling alleys serve the area with one located in Bellefonte and one in State College, and fishing is available in more than 37 streams and lakes throughout Centre County. Two state fish hatcheries, at Benner Spring and Pleasant Gap, are open to the public daily. Three public golf courses, including the PSU White Course, the PSU Blue Course and Toftrees Golf Club, are found in the State College area. Excellent opportunities for hunting, ice skating, tennis, swimming and skiing are also available. The Centre Region Parks and Recreation Department maintains and operates some 27 park facilities and two outdoor swimming pools. The Department sponsors a wide variety of programs for all ages throughout the year in sports, fitness and the arts. The Centre Region Senior Citizens center offers a variety of programs and activities for those 55 and over.

## **Utilities**

Telephone services for the area are covered by the School District are provided by Verizon. Electricity service is provided by Allegheny Power and Pennsylvania Electric Company. The Bellefonte Water Authority, Spring Township Authority and Walker Township Water Association provide water for the School District. Sewage is processed by Bellefonte Sewage Authority and Spring, Benner & Walker Joint Authority.

## **Higher Education**

The main campus of The Pennsylvania State University is located in the County and was chartered in 1855 and designated a land grant institution in 1863. Penn State is the only institution of higher education located in Centre County which offers bachelors degrees and higher. Penn State ranks among the top ten research institutions throughout the United States.

Lock Haven University is located approximately twenty-five miles northeast of the School District, and the Central Pennsylvania Institute of Science & Technology located within commuting distance offers a wide variety of programs to both secondary and post-secondary students. South Hills School of Business & Technology is also located in the State College area.

## **Police and Fire Protection and Ambulance Service**

There are two main police stations in the Bellefonte area. The Borough of Bellefonte Police Station which employs eight full time police officers and the Spring Township Police Station which employs three full-time police officers. There is also the State Police Barracks located in Milesburg which is only a distance of five miles from the Bellefonte area that provides police protection and assistance when required.



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

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## FORM OF OPINION OF BOND COUNSEL

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

We have served as Bond Counsel to Bellefonte Area School District (Centre County, Pennsylvania) (the “Local Government Unit”) and do hereby undertake to advise you in connection with the issuance, sale and delivery of its \$\_\_\_\_\_, aggregate principal amount, General Obligation Bonds, Series of 2025 (the “Bonds”), issued in fully registered form, dated and bearing interest from August \_\_\_\_, 2025, maturing on various annual dates ending \_\_\_\_\_, \_\_\_\_ and subject to redemption at the option of the Local Government Unit prior to maturity beginning \_\_\_\_\_, \_\_\_\_.

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

Both principal of and interest on the Bonds are payable at the designated corporate trust office of Computershare Trust Company, N.A., St. Paul, Minnesota, as Paying Agent for the Local Government Unit; Computershare Trust Company, N.A., has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

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

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

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

1. The Bonds are valid and binding general obligations of the Local Government Unit.

- (a) The Bonds are issued for a valid purpose under the School Code.
- (b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.
- (c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.
- (d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.

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

3. Presently included among the general revenues of the Local Government Unit available for the payment of the Bonds are ad valorem real estate taxes, whose levy upon all taxable real property situate within the corporate limits of the Local Government Unit is subject to the limitations of 53 Pa. C.S. §§6926.101 et seq., as amended.

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

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

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

7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds (including for this purpose, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and accrued value) is excludable from gross income for Federal income tax purposes, pursuant to the Tax Code. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax for individuals. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.

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

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

**APPENDIX C**  
**Continuing Disclosure Undertaking**

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FORM OF  
CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Undertaking") is executed and delivered by Bellefonte Area School District (Centre County, Pennsylvania) (the "Issuer"), in connection with the issuance of its \$ \_\_\_\_\_, aggregate principal amount, General Obligation Bonds, Series of 2025 (the "Obligations"). The Obligations are being issued pursuant to a resolution adopted by the Board of School Directors of the Issuer (the "Governing Body") on July 15, 2025 (the "Resolution"). The Issuer covenants and agrees as follows:

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

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

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

"*Disclosure Representative*" means the Director of Fiscal Affairs of the Issuer or his or her designee, or such other officer or employee of the Issuer as the Governing Body may designate from time to time.

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

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

"*Financial Obligation*" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Official Statement*" means the Preliminary Official Statement relating to the Obligations, and the Official Statement relating to the Obligations, dated \_\_\_\_\_ 2025.

"*Operating Data*" updates to certain tabular information contained in the Official Statement including: (a) Bellefonte Area School District Tax Rates; (b) Bellefonte Area School District Real Property Assessment Data; (c) Bellefonte Area School District Real Property Tax Collection Data; and (d) Bellefonte Area School District Ten Largest Real Property Taxpayers.

"*Purchaser*" means Raymond James & Associates, Inc., in its role as original purchaser and underwriter of the Obligations.

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

Section 3. ***Provision of Annual Reports.*** The Issuer shall provide the Annual Report not later than March 31 following the end of each fiscal year (the "Report Date"), beginning with the Report Date after the fiscal year ending June 30, 2025 to EMMA, which is consistent with the requirements of Section 4 of this Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking, provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The Annual Report must be submitted in the manner prescribed by the Municipal Securities Rulemaking Board, currently by uploading a machine word-searchable .pdf file to the EMMA Dataport web site. If the Issuer is unable to provide the Annual Report to the MSRB by the Report Date, the Issuer shall file with the MSRB no later than the Report Date notice of such failure to file.

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

- (a) financial statements for the Issuer for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units<sup>1</sup>;
- (b) a summary of the budget for the current fiscal year (the fiscal year following the fiscal year of the financial statements being provided); and
- (c) the Operating Data.

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

Section 5. ***Reporting of Significant Events.*** (a) Pursuant to the provisions of this Section 5, the Issuer shall file, in a timely manner not in excess of ten (10) business days after the occurrence of such event, with the MSRB, notice of the occurrence of any of the following events with respect to the Obligations:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

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<sup>1</sup> If not submitted as part of the annual financial information, then when and if available, audited financial statements for the Issuer.



- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB) or other similar events affecting the tax-exempt status of the security;
- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition of the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) the incurrence of a Financial Obligation of the Issuer, if material, or the agreement, in connection with a Financial Obligation, to new, or additional, covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer shall file in a timely manner with the MSRB and accompanied by such identifying information as prescribed by the MSRB, notice of a failure to provide the required annual financial information specified above, on or before the date specified above. Notwithstanding the foregoing: notice of Listed Events described in subsection (a)(viii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

(c) For the purposes of the Listed Event identified in clause (a)(xii) of this Section, the event is considered to occur when any of the following occur: appointment of a receiver, fiscal agent or similar officer for the Issuer 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court

or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

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

Section 7. ***Dissemination Agent.*** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the holders of the Obligations or any other party. If no replacement Dissemination Agent is appointed, the Issuer shall undertake all obligations thereof hereunder.

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

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

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

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

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

Section 13. *Notices.*

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

Bellefonte Area School District  
318 North Allegheny Street  
Bellefonte, PA 16823  
Attention: Director of Fiscal Affairs

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Continuing Disclosure Undertaking as of this \_\_\_\_ day of August, 2025.

BELLEFONTE AREA SCHOOL DISTRICT

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

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**APPENDIX D**  
**Audit Report – Fiscal Year Ended June 30, 2024**

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# **Bellefonte Area School District**

Financial Statements and  
Supplementary Information

June 30, 2024

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# **Bellefonte Area School District**

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# **Bellefonte Area School District**

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June 30, 2024

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## **Independent Auditors' Report**

To the Board of Directors of  
Bellefonte Area School District

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

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Bellefonte Area School District (the District), as of and for the year ended June 30, 2024, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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.

#### **Emphasis of Matter**

As discussed in Note 1, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 100, *Accounting Changes and Error Corrections*, effective July 1, 2023. Our opinions were not modified with respect to this matter.

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

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 date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' 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 auditors' report that includes our opinions. 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 and *Government Auditing Standards* 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 *Government Auditing Standards*, 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.

## **Required Supplementary Information**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenditures and change in fund balance - General Fund on pages 58 and 59, the nonmajor governmental funds combining statements on pages 60 and 61, and the schedule of expenditures of federal awards, as required by Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* on page 62 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 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 the District's 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.



State College, Pennsylvania  
December 18, 2024

# **Bellefonte Area School District**

## **Management's Discussion and Analysis (Unaudited)**

June 30, 2024

This Management's Discussion and Analysis (MD&A) is intended to provide a narrative overview and analysis of the financial activities of Bellefonte Area School District (the District) for the year ended June 30, 2024.

The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the District's financial performance.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

The statement of net deficit presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position (deficit). Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activity). The governmental activities include all of the District's instructional programs and support services except for its food service operation, which is considered a business-type activity.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. Governmental fund financial statements are prepared using the modified accrual basis of accounting (governmental funds) or the accrual basis of accounting (proprietary funds). The District uses several different types of funds, but the two most significant types are the governmental and proprietary fund types.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

## Bellefonte Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2024

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures and change in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds, its General Fund, Capital Projects Fund and Student Activities Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and change in fund balance for the District's major funds, the General Fund and Capital Projects Fund.

### Proprietary Fund

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as the business-type activity in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

### Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Government-Wide Financial Analysis

Condensed Statements of Net Deficit June 30:						
	Governmental Activities		Business-Type Activity		Total	
	2024	2023	2024	2023	2024	2023
Assets and deferred outflow of resources:						
Current assets	\$ 24,537,024	\$ 22,121,604	\$ 520,467	\$ 549,458	\$ 25,057,491	\$ 22,671,062
Capital and noncurrent assets	69,547,368	52,723,635	5,701	11,667	69,553,069	52,735,302
Deferred outflows of resources	10,719,542	9,889,806	266,488	257,483	10,986,030	10,147,289
Total	<u>\$ 104,803,934</u>	<u>\$ 84,735,045</u>	<u>\$ 792,656</u>	<u>\$ 818,608</u>	<u>\$ 105,596,590</u>	<u>\$ 85,553,653</u>
Liabilities, deferred inflows of resources and net position (deficit):						
Current liabilities	\$ 8,202,543	\$ 7,481,337	\$ 3,563	\$ 4,969	\$ 8,206,106	\$ 7,486,306
Long-term liabilities:						
Due within one year	3,483,599	3,454,412	-	-	3,483,599	3,454,412
Due after one year	91,392,820	80,669,271	1,589,024	1,686,941	92,981,844	82,356,212
Total liabilities	<u>103,078,962</u>	<u>91,605,020</u>	<u>1,592,587</u>	<u>1,691,910</u>	<u>104,671,549</u>	<u>93,296,930</u>
Deferred inflows of resources	<u>3,511,310</u>	<u>4,092,091</u>	<u>116,495</u>	<u>150,017</u>	<u>3,627,805</u>	<u>4,242,108</u>
Net position (deficit):						
Net investment in capital assets	40,705,623	35,300,382	5,701	11,667	40,711,324	35,312,049
Restricted	15,483,647	341,495	-	-	15,483,647	341,495
Unrestricted (deficit)	<u>(57,975,608)</u>	<u>(46,603,943)</u>	<u>(922,127)</u>	<u>(1,034,986)</u>	<u>(58,897,735)</u>	<u>(47,638,929)</u>
Total net position (deficit)	<u>(1,786,338)</u>	<u>(10,962,066)</u>	<u>(916,426)</u>	<u>(1,023,319)</u>	<u>(2,702,764)</u>	<u>(11,985,385)</u>
Total	<u>\$ 104,803,934</u>	<u>\$ 84,735,045</u>	<u>\$ 792,656</u>	<u>\$ 818,608</u>	<u>\$ 105,596,590</u>	<u>\$ 85,553,653</u>

# Bellefonte Area School District

## Management's Discussion and Analysis (Unaudited)

June 30, 2024

### Government-Wide Financial Analysis

Condensed Statements of Activities June 30:						
	Governmental Activities		Business-Type Activity		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 55,393	\$ 56,233	\$ 633,471	\$ 592,535	\$ 688,864	\$ 648,768
Operating grants and contributions	14,018,661	13,076,883	1,090,360	1,172,211	15,109,021	14,249,094
General revenues:						
Taxes levied for general purposes, net	37,491,954	35,554,373	-	-	37,491,954	35,554,373
Grants, subsidies and contributions not restricted	10,254,308	9,347,231	-	-	10,254,308	9,347,231
Other	1,120,317	585,359	23,723	211,504	1,144,040	796,863
Total revenues	62,940,633	58,620,079	1,747,554	1,976,250	64,688,187	60,596,329
Program expenses:						
Instruction	34,578,386	33,422,048	-	-	34,578,386	33,422,048
Instruction student support	3,431,875	3,307,701	-	-	3,431,875	3,307,701
Administration and financial support services	6,006,277	5,045,978	-	-	6,006,277	5,045,978
Operation and maintenance of plant services	4,951,278	5,039,022	-	-	4,951,278	5,039,022
Pupil transportation	2,538,128	2,464,290	-	-	2,538,128	2,464,290
Student activities	1,567,111	1,463,476	-	-	1,567,111	1,463,476
Community services	2,885	1,838	-	-	2,885	1,838
Interest on long-term debt	688,965	500,216	-	-	688,965	500,216
Food service	-	-	1,640,661	1,651,923	1,640,661	1,651,923
Total program expenses	53,764,905	51,244,569	1,640,661	1,651,923	55,405,566	52,896,492
Change in net position	9,175,728	7,375,510	106,893	324,327	9,282,621	7,699,837
Net deficit, beginning	(10,962,066)	(18,337,576)	(1,023,319)	(1,347,646)	(11,985,385)	(19,685,222)
Net deficit, ending	\$ (1,786,338)	\$ (10,962,066)	\$ (916,426)	\$ (1,023,319)	\$ (2,702,764)	\$ (11,985,385)

Total net position of the District increased \$9,282,621 in 2024. Net position of governmental activities increased by \$9,175,728, and net position of the business-type activity increased \$106,893.

The District had \$53,764,905 in expenses related to governmental activities in 2024; only \$14,074,054 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state subsidies) of \$48,866,579 also provided for these programs. The \$9,175,728 increase in governmental activity net position represents the excess of revenues over expenses.

In the District's business-type activity, net position increased by \$106,893 as a result of the net income of the food service operation.



## Bellefonte Area School District

### Management's Discussion and Analysis (Unaudited)

June 30, 2024

## Financial Analysis of the Governmental Funds

### General Fund

#### Revenues

Revenues for the 2023-2024 fiscal year were \$62,607,169 compared to \$58,440,644 for the previous fiscal year. The revenues are derived from three main sources as follows:

	<b>2024 Amount</b>	<b>2023 Amount</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Local sources	\$ 39,358,443	\$ 36,934,049	\$ 2,424,394	6.56 %
State sources	20,674,885	19,338,395	1,336,490	6.94
Federal sources	2,573,841	2,168,200	405,641	18.71
Total	<u>\$ 62,607,169</u>	<u>\$ 58,440,644</u>	<u>\$ 4,166,525</u>	32.21 %

Local revenues are derived mostly from levying taxes such as the real estate tax, earned income tax and real estate transfer tax. Local revenues increased \$2,424,394 primarily due to an increase in the real estate taxes collections, earned income tax collections and interest income earned.

State revenues are derived mostly from state subsidies for basic education, special education and transportation. State revenues also include a 50% reimbursement from the state for social security and retirement costs. State revenues in the above mentioned areas increased \$1,336,490. This was due to the increase in basic education and special education subsidy, State Health and Safety grant and increase in the state reimbursement for bond payments.

Federal revenues increased \$405,641 due to an increase in the use of COVID-19 ESSER funds.

#### Expenditures and Other Financing Uses

Expenditures and other financing use for the 2023-2024 fiscal year were \$60,704,399 compared to 2022-2023 fiscal year were \$57,567,280 or a 5.4% increase. The following table shows the expenditures by object area:

	<b>2024 Amount</b>	<b>2023 Amount</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Salaries	\$ 22,506,297	\$ 21,731,547	\$ 774,750	3.57 %
Fringe benefits	15,084,325	14,471,070	613,255	4.24
Purchased professional services	2,350,386	2,588,145	(237,759)	(9.19)
Purchased property services	1,863,578	2,702,912	(839,334)	(31.05)
Other purchased services	8,525,739	8,766,337	(240,598)	(2.74)
Supplies	2,697,207	1,785,180	912,027	51.09
Equipment	489,202	596,764	(107,562)	(18.02)
Other objects	1,310,352	1,039,645	270,707	26.04
Other financing uses and debt	5,877,313	3,885,680	1,991,633	51.26
Total	<u>\$ 60,704,399</u>	<u>\$ 57,567,280</u>	<u>\$ 3,137,119</u>	5.45 %

Salaries increased due to normal contractual obligations for employees. Benefits increased due to the salary increases and the resulting increased social security and retirement benefits as well as an increase in medical insurance costs.

## Bellefonte Area School District

### Management's Discussion and Analysis (Unaudited)

June 30, 2024

Professional services decreased due to the district reducing its dependence on the Intermediate Unit services.

Purchased property services decreased due to the purchase of new HVAC units for the high school in the previous year and the reclassification of electrical costs to supplies.

Other purchased services decreased due to a decrease in charter school tuition and vocational education tuition.

Supplies increased due to an increase in normal school supplies costs and the reclassification of electrical costs from purchased property services.

Equipment costs decreased due to a lesser number of laptops and chrome books purchased compared to the previous year.

Other uses of funds increased due to a larger amount of funds transferred to the future capital projects account than the previous year.

### General Fund Budgetary Highlights

The District prepares a budget each year for its General Fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the Board of Directors.

The General Fund's final approved budget for 2024 included \$58,677,229 of revenues and \$59,602,229 of expenditures, as well as \$2,825,000 of transfers out.

The actual revenues for 2024 were \$3,929,940 greater than the final budget. This was due to additional earned income taxes collected as well as an increase in real estate tax revenue. Interest income increased as well due to higher than anticipated interest rates. Real estate tax collection rate increased over the projected rates.

The final actual expenditures and net other financing uses were \$1,722,830 less than the budget due to no unforeseen expenditures being needed and proper controls being in place.

### Capital Assets

The District's investment in capital assets for its governmental and business-type activity as of June 30, 2024 is summarized below.

	<b>Governmental Activities</b>	<b>Business-Type Activity</b>	<b>Totals</b>
Land, buildings and improvements	\$ 82,322,075	\$ -	\$ 82,322,075
Construction in progress	2,270,453	-	2,270,453
Equipment and other capital assets	7,176,339	341,024	7,517,363
<b>Total</b>	<b>91,768,867</b>	<b>341,024</b>	<b>92,109,891</b>
Accumulated depreciation	(37,523,250)	(335,323)	(37,858,573)
<b>Net</b>	<b>\$ 54,245,617</b>	<b>\$ 5,701</b>	<b>\$ 54,251,318</b>

## Bellefonte Area School District

Management's Discussion and Analysis (Unaudited)  
June 30, 2024

### Long-Term Debt

At June 30, 2024, the District's long-term debt outstanding was \$28,841,745 and \$3,483,599 of this debt is scheduled for payment in 2025.

### Factors Expected to Have an Effect on Future Operations

#### Health Insurance

The District is self-insured through the Central Pennsylvania School Employee Benefit Trust utilizing a Preferred Provider Plan (PPO). The District employees are the only members of this trust for claim purposes.

The PPO plan offers two levels of deductible (\$500/\$1,500 or \$1,000/\$3,000) as compared to the traditional plan deductibles of \$100/\$300. Savings are anticipated as realized in the current year but levels will vary due to the amount and type of claims paid. The Trust will continue to monitor the plan on an on-going basis.

#### Tax Revenues in the School District

The largest real estate taxpayers in the School District and the 2023-24 assessed valuation of their real estate are as follows:

Assessed Value	
Rank	Total
1. Restek Corporation	\$ 3,261,420
2. Graystone Court Bellefonte, LLC	2,709,700
3. Weis Markets, Inc.	2,650,780
4. Healthsouth PA Real Estate LLC	2,580,945
5. Land of Paradise LLC	2,349,220
6. Allegheny Lutheran Social	2,229,660
7. Bellefonte Lime Company	2,183,995
8. SAC Corporation	1,981,330
9. Silotek Corporation	1,648,895
10. Penn State Federal Credit Union	1,334,060
	<u>\$ 22,930,005</u>

#### School Facilities and Financial Summary

The school plant presently operated by the School District consists of one Senior High School (grades 9-12), one Junior High School (grades 6-8) and four Elementary Schools (grades K-5).

## **Bellefonte Area School District**

Management's Discussion and Analysis (Unaudited)  
June 30, 2024

### **Bellefonte Area School District Enrollment Trends**

<b>Projected Enrollments</b>			
<b>School Year</b>	<b>Elementary</b>	<b>Secondary</b>	<b>Total</b>
2025-26	1,130	1,413	2,543
2026-27	1,124	1,414	2,538
2027-28	1,121	1,416	2,537
2028-29	1,112	1,402	2,514
2029-30	1,118	1,419	2,537

<b>Actual Enrollments</b>			
<b>School Year</b>	<b>Elementary</b>	<b>Secondary</b>	<b>Total</b>
2015-16	1,202	1,476	2,678
2016-17	1,151	1,489	2,640
2017-18	1,190	1,485	2,675
2018-19	1,129	1,507	2,636
2019-20	1,167	1,509	2,676
2020-21	1,155	1,498	2,653
2021-22	1,156	1,476	2,632
2022-23	1,172	1,414	2,586
2023-24	1,124	1,467	2,591
2024-25	1,138	1,445	2,583

### **Request for Information**

Questions concerning any of the information in this report or requests for additional information should be addressed to the Director of Fiscal Affairs at the administrative offices at 318 North Allegheny Street, Bellefonte, PA 16823.

**Bellefonte Area School District**Statement of Net Deficit  
June 30, 2024

	Governmental Activities	Business-Type Activity	Total
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 20,432,815	\$ 492,728	\$ 20,925,543
Taxes receivable, net	970,736	-	970,736
Internal balances	3,473	(3,473)	-
Due from other governments	2,315,673	-	2,315,673
Other receivables	784,143	-	784,143
Prepaid expense	30,184	6,113	36,297
Inventories	-	25,099	25,099
Total current assets	24,537,024	520,467	25,057,491
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents	15,301,751	-	15,301,751
Land, buildings and improvements	82,322,075	-	82,322,075
Equipment and other capital assets	7,176,339	341,024	7,517,363
Construction in progress	2,270,453	-	2,270,453
Accumulated depreciation	(37,523,250)	(335,323)	(37,858,573)
Total noncurrent assets	69,547,368	5,701	69,553,069
Total assets	94,084,392	526,168	94,610,560
<b>Deferred Outflows of Resources</b>			
Other postemployment benefits	848,411	32,065	880,476
Pension	9,871,131	234,423	10,105,554
Total deferred outflows of resources	10,719,542	266,488	10,986,030
Total assets and deferred outflows of resources	\$ 104,803,934	\$ 792,656	\$ 105,596,590
<b>Liabilities, Deferred Inflows of Resources and Net Deficit</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 1,542,171	\$ -	\$ 1,542,171
Due to fiduciary fund	500,000	-	500,000
Current portion of bonds and notes payable	3,483,599	-	3,483,599
Accrued salaries and benefits	4,205,289	-	4,205,289
Payroll deductions and withholdings	1,851,109	-	1,851,109
Unearned revenue	7,407	3,563	10,970
Accrued interest	96,567	-	96,567
Total current liabilities	11,686,142	3,563	11,689,705
<b>Noncurrent Liabilities</b>			
General obligation bonds and notes payable	25,358,146	-	25,358,146
Net other postemployment benefits liability	4,302,368	148,391	4,450,759
Compensated absences	1,069,939	-	1,069,939
Net pension liability	60,662,367	1,440,633	62,103,000
Total noncurrent liabilities	91,392,820	1,589,024	92,981,844
Total liabilities	103,078,962	1,592,587	104,671,549
<b>Deferred Inflows of Resources</b>			
Other postemployment benefits	1,869,305	77,500	1,946,805
Pension	1,642,005	38,995	1,681,000
Total deferred inflows of resources	3,511,310	116,495	3,627,805
<b>Net Position (Deficit)</b>			
Net investment in capital assets	40,705,623	5,701	40,711,324
Restricted	15,483,647	-	15,483,647
Unrestricted deficit	(57,975,608)	(922,127)	(58,897,735)
Total net deficit	(1,786,338)	(916,426)	(2,702,764)
Total liabilities, deferred inflows of resources and net deficit	\$ 104,803,934	\$ 792,656	\$ 105,596,590

See notes to financial statements

# Bellefonte Area School District

## Statement of Activities

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Deficit		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activity	
<b>Governmental Activities</b>						
Instruction	\$ (34,578,386)	\$ -	\$ 10,978,197	\$ (23,600,189)		\$ (23,600,189)
Instructional student support	(3,431,875)	-	52,299	(3,379,576)		(3,379,576)
Administration and financial support services	(6,006,277)	-	20,448	(5,985,829)		(5,985,829)
Operation and maintenance of plant services	(4,951,278)	-	906,132	(4,045,146)		(4,045,146)
Pupil transportation	(2,538,128)	-	693,975	(1,844,153)		(1,844,153)
Student activities	(1,567,111)	55,393	378,215	(1,133,503)		(1,133,503)
Community services	(2,885)	-	-	(2,885)		(2,885)
Interest on long-term debt	(688,965)	-	989,395	300,430		300,430
Total governmental activities	(53,764,905)	55,393	14,018,661	(39,690,851)		(39,690,851)
<b>Business-Type Activity</b>						
Food service	(1,640,661)	633,471	1,090,360		\$ 83,170	83,170
Total	<u>\$ (55,405,566)</u>	<u>\$ 688,864</u>	<u>\$ 15,109,021</u>			<u>(39,607,681)</u>
<b>General Revenues</b>						
Property taxes, levied for general purposes, net				29,472,045	-	29,472,045
Other taxes levied				8,019,909	-	8,019,909
Grants, subsidies and contributions not restricted				10,254,308	-	10,254,308
Investment earnings				1,582,564	23,723	1,606,287
Transfer to fiduciary fund				(500,000)	-	(500,000)
Miscellaneous income				37,753	-	37,753
Total general revenues				48,866,579	23,723	48,890,302
Change in net position				9,175,728	106,893	9,282,621
<b>Net Deficit, Beginning</b>				(10,962,066)	(1,023,319)	(11,985,385)
<b>Net Deficit, Ending</b>				<u>\$ (1,786,338)</u>	<u>\$ (916,426)</u>	<u>\$ (2,702,764)</u>

See notes to financial statements

**Bellefonte Area School District**

Balance Sheet - Governmental Funds  
June 30, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Fund - Student Activities</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 20,082,332	\$ -	\$ 350,483	\$ 20,432,815
Restricted cash and cash equivalents	-	15,301,751	-	15,301,751
Taxes receivable, net	970,736	-	-	970,736
Due from other funds	3,473	-	-	3,473
Due from other governments	2,315,673	-	-	2,315,673
Other receivables	783,138	-	1,005	784,143
Prepaid expense	30,184	-	-	30,184
Total assets	<u>\$ 24,185,536</u>	<u>\$ 15,301,751</u>	<u>\$ 351,488</u>	<u>\$ 39,838,775</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,372,579	\$ 161,575	\$ 8,017	\$ 1,542,171
Due to fiduciary fund	500,000	-	-	500,000
Accrued salaries and benefits	4,205,289	-	-	4,205,289
Payroll deductions and withholdings	1,851,109	-	-	1,851,109
Unearned revenue	7,407	-	-	7,407
Total liabilities	<u>7,936,384</u>	<u>161,575</u>	<u>8,017</u>	<u>8,105,976</u>
<b>Deferred Inflows of Resources</b>				
Unearned revenues, taxes	<u>426,815</u>	<u>-</u>	<u>-</u>	<u>426,815</u>
<b>Fund Balance</b>				
Nonspendable	30,184	-	-	30,184
Restricted	-	15,140,176	343,471	15,483,647
Committed	4,450,662	-	-	4,450,662
Unassigned	<u>11,341,491</u>	<u>-</u>	<u>-</u>	<u>11,341,491</u>
Total fund balance	<u>15,822,337</u>	<u>15,140,176</u>	<u>343,471</u>	<u>31,305,984</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 24,185,536</u>	<u>\$ 15,301,751</u>	<u>\$ 351,488</u>	<u>\$ 39,838,775</u>

See notes to financial statements

## Bellefonte Area School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Deficit  
June 30, 2024

<b>Total Fund Balance, Governmental Funds</b>		<b>\$ 31,305,984</b>
Amounts reported for governmental activities in the statement of net deficit are different because:		
Capital assets used in governmental activities are long-term financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$91,768,867 and the accumulated depreciation is \$37,523,250.		
		54,245,617
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		
		426,815
Deferred outflows related to net pension liability are not reported in the governmental funds; however, are reported in the statement of net deficit.		
		9,871,131
Deferred inflows related to net pension liability are not reported in the governmental funds; however, are reported in the statement of net deficit.		
		(1,642,005)
Deferred outflows related to net OPEB liability are not reported in the governmental funds; however, are reported in the statement of net deficit.		
		848,411
Deferred inflows related to net OPEB liability are not reported in the governmental funds; however, are reported in the statement of net deficit.		
		(1,869,305)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds and notes payable, net	(28,841,745)	
Accrued interest on long-term debt	(96,567)	
Net OPEB liability	(4,302,369)	
Net pension liability	(60,662,367)	
Compensated absences	(1,069,938)	
		<u>(94,972,986)</u>
<b>Total Net Deficit, Governmental Activities</b>		<b><u>\$ (1,786,338)</u></b>

See notes to financial statements



**Bellefonte Area School District**

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds  
Year Ended June 30, 2024

	<b>General</b>	<b>Capital Projects</b>	<b>Nonmajor Fund - Student Activities</b>	<b>Total</b>
<b>Revenues</b>				
Local sources	\$ 39,358,443	\$ 432,390	\$ 378,215	\$ 40,169,048
State sources	20,674,885	-	-	20,674,885
Federal sources	2,573,841	-	-	2,573,841
<b>Total revenues</b>	<b>62,607,169</b>	<b>432,390</b>	<b>378,215</b>	<b>63,417,774</b>
<b>Expenditures</b>				
Instruction	34,510,071	-	-	34,510,071
Support services	18,287,068	-	-	18,287,068
Noninstructional services	1,212,314	-	351,147	1,563,461
Facilities acquisition, construction and improvement services	-	2,045,054	-	2,045,054
Debt service	4,269,946	196,725	-	4,466,671
<b>Total expenditures</b>	<b>58,279,399</b>	<b>2,241,779</b>	<b>351,147</b>	<b>60,872,325</b>
<b>Excess of revenues over (under) expenditures before other financing uses</b>	<b>4,327,770</b>	<b>(1,809,389)</b>	<b>27,068</b>	<b>2,545,449</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(2,425,000)	-	-	(2,425,000)
Bond premium	-	919,473	-	919,473
Transfers in	-	1,925,000	-	1,925,000
Issuance of bonds	-	14,080,000	-	14,080,000
<b>Total other financing uses</b>	<b>(2,425,000)</b>	<b>16,924,473</b>	<b>-</b>	<b>14,499,473</b>
<b>Changes in fund balances</b>	<b>1,902,770</b>	<b>15,115,084</b>	<b>27,068</b>	<b>17,044,922</b>
<b>Fund Balance, Beginning, as previously reported</b>	<b>13,919,567</b>	<b>-</b>	<b>341,495</b>	<b>14,261,062</b>
<b>Accounting changes (see note 1)</b>	<b>-</b>	<b>25,092</b>	<b>(25,092)</b>	<b>-</b>
<b>Fund Balances, Beginning, as adjusted</b>	<b>13,919,567</b>	<b>25,092</b>	<b>316,403</b>	<b>14,261,062</b>
<b>Fund Balance, Ending</b>	<b>\$ 15,822,337</b>	<b>\$ 15,140,176</b>	<b>\$ 343,471</b>	<b>\$ 31,305,984</b>

See notes to financial statements

**Bellefonte Area School District**

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and  
Changes in Fund Balance to the Statement of Activities  
Year Ended June 30, 2024

**Total Change in Fund Balance, Governmental Funds** \$ 17,044,922

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

Capital outlays are reported in governmental funds 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 depreciation exceeds capital outlays in the period.

Depreciation expense	(1,945,183)	
Capital outlays	<u>3,467,165</u>	1,521,982

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

22,860

The issuance of long term debt provides current financial  
resources to government funds, while the repayment of the  
principal of long-term debt consumes the current financial  
resources of government funds. This transaction; however,  
does not have an effect on net position. Also, governmental  
funds report the effect of premiums, discounts and other  
similar items when debt is issued, whereas these amounts  
are deferred and amortized in the statement of activities.  
Reconciling items related to long-term debt activity for the year  
ended June 30, 2024 are as follows:

Proceeds from issuance of long-term debt	(14,080,000)	
Scheduled principal payments	3,452,313	
Bond Premium, Series 2023A	(919,473)	
Amortization of bond premium	<u>128,668</u>	(11,418,492)

Interest on long-term debt in the statement of activities differs from the  
amount reported in the governmental funds because interest is  
recognized as an expenditure in the funds when it is due, and thus  
requires the use of current financial resources. In the statement of  
activities, interest expense is recognized as the interest accrues,  
regardless of when it is due. This would include amortization of bond  
premiums, and deferred interest from advanced refunding bonds.  
The net additional interest accrued in the statement of activities over  
the amount due is shown here.

(71,819)

Net OPEB liability is considered long-term in nature, and is not reported as a liability  
within the funds. Such liability is, however, reported within the statement of net  
deficit, and changes in the liability is reflected within the statement of  
net deficit. This represents the change in OPEB liability and the  
deferred outflows and inflows related to the OPEB.

(52,974)

Net pension liability is considered long-term in nature, and is not reported as a liability  
within the funds. Such liability is, however, reported within the statement of net  
deficit, and changes in the liability is reflected within the statement of  
net deficit. This represents the change in pension liability and the  
deferred outflows and inflows related to the pension.

1,833,695

In the statement of activities, certain operating expenses,  
compensated absences (vacations and sick days) are measured by  
the amounts earned during the year. In the governmental funds, however,  
expenditures for these items are measured by the amount of financial  
resources used. This amount represents the difference between the  
amount earned versus the amount used.

295,554

**Change in Net Position (Deficit) of Governmental Activities**

\$ 9,175,728

*See notes to financial statements*

**Bellefonte Area School District**

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund  
Year Ended June 30, 2024

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
<b>Revenues</b>				
Local sources	\$ 36,211,200	\$ 36,346,776	\$ 39,358,443	\$ 3,011,667
State sources	19,134,535	20,275,147	20,674,885	399,738
Federal sources	1,724,265	2,055,306	2,573,841	518,535
Total revenues	57,070,000	58,677,229	62,607,169	3,929,940
<b>Expenditures</b>				
Instruction:				
Regular programs	22,311,208	22,061,485	21,971,658	89,827
Special programs	9,645,635	9,500,701	9,101,731	398,970
Vocational education programs	3,306,903	3,236,603	3,220,378	16,225
Other instructional programs	167,782	190,497	183,578	6,919
Nonpublic school programs	1,457	33,414	32,726	688
Total instruction	35,432,985	35,022,700	34,510,071	512,629
Support services:				
Pupil personnel	1,672,905	1,774,171	1,755,240	18,931
Instructional staff	1,349,339	1,420,008	1,298,821	121,187
Administration	3,576,449	3,847,820	3,828,076	19,744
Pupil health	437,236	458,236	437,179	21,057
Business	555,956	593,456	567,011	26,445
Operation and maintenance of plant services	6,865,957	6,233,734	6,003,285	230,449
Student transportation services	2,492,034	2,699,172	2,598,689	100,483
Central	1,883,157	1,951,158	1,798,767	152,391
Total support services	18,833,033	18,977,755	18,287,068	690,687
Noninstructional services:				
Student activities	1,281,765	1,316,233	1,209,429	106,804
Community services	8,824	8,824	2,885	5,939
Total noninstructional services	1,290,589	1,325,057	1,212,314	112,743
Debt service	4,144,717	4,276,717	4,269,946	6,771
Total expenditures	59,701,324	59,602,229	58,279,399	1,322,830
<b>(Deficiency) Excess of Revenues Over Expenditures Before Other Financing Uses</b>	(2,631,324)	(925,000)	4,327,770	5,252,770
<b>Other Financing Sources (Uses)</b>				
Transfers	(1,000,000)	(2,825,000)	(2,425,000)	400,000
Changes in fund balance	\$ (3,631,324)	\$ (3,750,000)	1,902,770	\$ 5,652,770
<b>Fund Balance, Beginning</b>			13,919,567	
<b>Fund Balance, Ending</b>			<u>\$ 15,822,337</u>	

See notes to financial statements

**Bellefonte Area School District**

## Statement of Net Deficit - Proprietary Fund - Food Service

June 30, 2024

**Assets and Deferred Outflows of Resources****Current Assets**

Cash and cash equivalents	\$ 492,728
Other receivables	6,113
Inventories	25,099
Total current assets	523,940

**Noncurrent Assets**

Machinery and equipment	341,024
Accumulated depreciation	(335,323)
Total noncurrent assets	5,701
Total assets	529,641

**Deferred Outflows of Resources**

Other postemployment benefits	32,065
Pension	234,423
Total deferred outflows of resources	266,488
Total assets and deferred outflows of resources	\$ 796,129

**Liabilities, Deferred Inflows of Resources and Net Deficit****Current Liabilities**

Due to other funds	\$ 3,473
Unearned revenue	3,563
Total current liabilities	7,036

**Noncurrent Liabilities**

Net OPEB liability	148,391
Net pension liability	1,440,633
Total noncurrent liabilities	1,589,024
Total liabilities	1,596,060

**Deferred Inflows of Resources**

Other postemployment benefits	77,500
Pension	38,995
Total deferred inflows of resources	116,495

**Net Deficit**

Net investment in capital assets	5,701
Unrestricted deficit	(922,127)
Total net deficit	(916,426)
Total liabilities, deferred inflows of resources and net deficit	\$ 796,129

See notes to financial statements

**Bellefonte Area School District**

Statement of Revenues, Expenses and Change in Net Deficit - Proprietary Fund - Food Service  
Year Ended June 30, 2024

**Operating Revenues**

Food service revenue	\$ 633,471
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**Operating Expenses**

Food, milk and supplies	828,622
Salaries and employee benefits	796,975
Other purchased services	9,098
Depreciation	5,966

Total operating expenses	1,640,661
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Operating loss	(1,007,190)
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**Nonoperating Revenues**

Federal sources	811,146
State sources	279,214
Earnings on investments	23,723

Total nonoperating revenues	1,114,083
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Change in net deficit	106,893
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<b>Net Deficit, Beginning</b>	<b>(1,023,319)</b>
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<b>Net Deficit, Ending</b>	<b>\$ (916,426)</b>
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**Bellefonte Area School District**

Statement of Cash Flows - Proprietary Fund - Food Service  
Year Ended June 30, 2024

**Cash Flows From Operating Activities**

Cash received from customers	\$ 629,167
Cash paid to employees and vendors	<u>(1,661,533)</u>
Net cash used in operating activities	<u>(1,032,366)</u>

**Cash Flows From Noncapital Financing Activities**

State sources	279,214
Federal sources	<u>689,073</u>
Net cash provided by noncapital financing activities	<u>968,287</u>

**Cash Flows Provided by Investing Activities**

Earnings on investments	<u>23,723</u>
Decrease in cash and cash equivalents	(40,356)

**Cash and Cash Equivalents, Beginning**533,084**Cash and Cash Equivalents, Ending**\$ 492,728**Supplemental Disclosure of Noncash Transactions**

USDA donated commodities	<u><u>\$ 120,678</u></u>
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**Reconciliation of Operating Loss to Net Cash Used in Operating Activities**

Operating loss	\$ (1,007,190)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	5,966
Pension changes	(77,843)
OPEB changes	(62,601)
USDA donated commodities used	120,678
Changes in assets and liabilities resulting in the provision (use) of cash:	
Due from (to) other funds	(2,375)
Inventories	(4,697)
Accounts receivable	<u>(4,304)</u>
Net cash used in operating activities	<u><u>\$ (1,032,366)</u></u>

See notes to financial statements

**Bellefonte Area School District**

Statement of Fiduciary Net Position - Other Employee Benefit Trust Fund  
June 30, 2024

	<b>Other Employee Benefit Trust</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 5,747,457
Due from other funds	<u>500,000</u>
Total assets	<u><u>\$ 6,247,457</u></u>
<b>Liabilities</b>	
Incurred but not reported claims	\$ 422,085
<b>Net Position</b>	
Restricted	<u>5,825,372</u>
Total liabilities and net position	<u><u>\$ 6,247,457</u></u>

See notes to financial statements

**Bellefonte Area School District****Statement of Changes in Fiduciary Net Position - Other Employee Benefit Trust Fund**  
**Year Ended June 30, 2024**

	<b>Other Employee Benefit Trust</b>
<b>Additions</b>	
Contributions/premiums	\$ 6,299,085
Contributions/premiums, Flex Plan	114,689
Stop-loss reimbursements	1,427,222
Rebates/other	510,013
Transfer in from General Fund	500,000
Interest	283,882
	<hr/>
Total additions	9,134,891
	<hr/>
<b>Deductions</b>	
Benefits paid:	
Medical claims	7,070,948
Dental claims	311,693
Vision claims	56,764
Prescription claims	2,361,512
Flex Plan payments	113,276
Administrative expenses	134,573
Miscellaneous expenses	11,923
	<hr/>
Total deductions	10,060,689
	<hr/>
Change in net position	(925,798)
	<hr/>
<b>Net Position, Beginning</b>	6,751,170
	<hr/>
<b>Net Position, Ending</b>	<u><u>\$ 5,825,372</u></u>

*See notes to financial statements*



# **Bellefonte Area School District**

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Notes to Financial Statements  
June 30, 2024

## **1. Nature of Operations and Summary of Significant Accounting Policies**

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

### **Nature of Operations**

The District is comprised of the Townships of Benner, Marion, Spring and Walker and the Borough of Bellefonte, Pennsylvania. The District provides basic elementary and secondary educational services.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

### **Reporting Entity**

This report includes all funds of the District. The reporting entity for the District consists of the primary government and its fiduciary component unit. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if: (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

As required by GAAP and based on the criteria stated in the above paragraph, the financial statements of the reporting entity include those of the District as primary government, and its fiduciary component unit.

### **Fiduciary Component Unit**

The Central Pennsylvania School Employee Benefit Trust (the Trust) is included in the accompanying financial statements as a fiduciary component unit. The Trust was organized as a not-for-profit organization under Section 501(c)(9) of the Internal Revenue Code, for purposes of providing hospitalization, medical, dental, vision and prescription drug benefits to employees of participating member school districts. The Trustees, comprised of representatives of the member school districts, manage a schedule of benefits as determined by the personnel contracts between the members and the associations representing their professional and service personnel.

The District holds the assets of the Trust and is currently the sole participating member in the Trust. The Trust's governing body is comprised of 5 District officials and 5 bargaining unit representatives.

As defined above, there are no other related organizations which should be included in the District's financial statements.

## **Bellefonte Area School District**

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Notes to Financial Statements  
June 30, 2024

### **Basic Financial Statements, Government-Wide Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major and nonmajor funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's General Fund, Capital Projects Fund and School Sponsored Activity Fund are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

In the government-wide Statement of Net Deficit, both the governmental and business-type activity columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets, receivables and deferred outflows of resources as well as long-term debt and obligations and deferred inflows of resources. The District's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net deficit. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and its business-type activity. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

### **Basic Financial Statements, Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

#### **Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds:

##### **General Fund (Major Fund)**

The General Fund is used to account for all financial transactions not accounted for in another fund. Revenues are primarily derived from local property, and earned income taxes, and state and federal appropriations. Many of the more significant activities of the District, including instruction, administration of the District and certain noninstructional services are accounted for in this fund.

## **Bellefonte Area School District**

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Notes to Financial Statements  
June 30, 2024

### **Capital Projects Fund (Major Fund)**

The District utilizes a Capital Projects Fund, for purposes of accounting for capital activity, including the pending construction of a new elementary school building.

### **School Sponsored Activity Fund (Nonmajor Fund)**

The School Sponsored Activity Fund accounts for the monies authorized by Section 511, of the Public School Code of 1949, for school publications and organizations.

### **Proprietary Fund**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The applicable GAAP is similar to businesses in the private sector.

### **Food Service Fund**

The Food Service Fund accounts for all revenues and expenditures pertaining to cafeteria operations since such operations are financed and operated in a manner similar to private business enterprises. It is the intent of the government body that the cost of providing such goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

### **Fiduciary Fund Type**

Fiduciary funds account for assets held as a trustee or custodian for individuals, private organizations and/or other governmental units. Such funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The District's fund included in this category is:

### **Other Employee Benefit Trust Fund**

The Trust provides coverage for medical claims equal to an amount in excess of \$40,000 for each participant, up to a maximum of \$1,000,000 per participant. The Trust has stop loss insurance for major medical claims which becomes effective when total claims exceed \$100,000. Contributions are predicated on the number of participants reported by the members and are calculated based on participant contribution rates. The Trust is also a member of the Pennsylvania Trust, a coalition of employee benefit trusts which provides catastrophic stop-loss insurance.

### **Measurement Focus**

#### **Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net deficit. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's net position.

**Fund Financial Statements**

Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds are also accounted for using the economic resources measurement focus.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual**

Both the governmental and the business-type activities in the government-wide financial statements and the proprietary fund and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or, for real estate taxes, within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on long-term debt, pensions, OPEB, compensated absences, claims and judgments if any, are recognized when due.

The District reports unearned revenue on its fund financial statements. Unearned revenue arises when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues may also arise when the District receives resources 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 and revenue is recognized.

**Budgets and Budgetary Accounting**

The District adopts an annual budget for the General Fund in accordance with law.

The budget is maintained on a modified accrual basis by fund, function and object, with expenditures controlled by line item. Appropriations lapse at the end of each year and must be reappropriated.

The Board of Directors approves budget transfers between departments within District funds. Budgeted amounts are reported as most recently adopted by the Board of Directors.

Capital budgets are implemented for capital improvements and capital projects in the Capital Projects Fund. All transactions of the Capital Projects Fund are approved by the Board prior to commitment thereby constructively achieving budgetary control.

## Bellefonte Area School District

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Notes to Financial Statements  
June 30, 2024

### Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	15-50 years
Equipment and other capital assets	5-20 years

Assets under financed purchases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. Amortization of assets under financed purchases are included in depreciation.

### Compensated Absences

The District accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee.

### Deferred Outflows/Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

### Pension

The District provides eligible employees with retirement benefits through the Public School Employer's Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343.

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

**Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of PSERS Health Insurance Premium Assistance Program and the Bellefonte Area School District Postemployment Benefits Plan (the Bellefonte OPEB Plan) and additions to/deductions from PSERS and the Bellefonte OPEB plans' fiduciary net position have been determined on the same basis as they are reported by PSERS and the Bellefonte OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Governmental Fund Balances**

The District classifies its governmental fund balances as follows:

- *Nonspendable* - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At June 30, 2024 the District's General Fund nonspendable fund balance is \$30,184 comprised of prepaid expenses.
- *Restricted* - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the Board of Directors which do not lapse at year-end
  - The Board of Directors of the District is its highest level of decision-making authority, and
  - The Board of Directors commits funds through a formal board motion.
- *Assigned* - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District, but not through a formal action of the Board of Directors
  - The Board of Directors of the District authorized the District Business Manager to assign funds to specific purposes.
  - The Board of Directors passed a board motion authorizing assignments for activities as contemplated by the board.
- *Unassigned* - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

## Bellefonte Area School District

Notes to Financial Statements  
June 30, 2024

### Committed Fund Balance

The District presents its governmental fund balances by level of constraint in the aggregate on its balance sheet - governmental funds. The individual purpose for each constraint is presented below:

	<u>General Fund</u>
Committed for:	
Capital projects - future elementary school building	\$ 2,175,662
Capital projects - other improvements	1,775,000
Curriculum and instruction	300,000
Variable interest rate	<u>200,000</u>
Total	<u>\$ 4,450,662</u>

### Restricted Net Position/Fund Balances

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward the restricted fund balance and then to other, less-restrictive classifications - committed, assigned and the unassigned fund balance. The School Sponsored Activity Fund and Capital Projects Fund residual at year-end of \$15,483,647 is reported as restricted net position/fund balance.

### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Eliminations and Internal Balances

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and the business-type activity are labeled "internal balances" on the statement of net deficit.

### New Accounting Pronouncements

The District adopted GASB Statement No. 99, *Omnibus 2022* for the year ended June 30, 2024. GASB Statement No. 99 aims to improve the consistency and comparability of accounting and financial reporting. The adoption of this Statement had no effect on the financial statements as of June 30, 2024.

The District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections* for the year ended June 30, 2024. GASB Statement No. 100 establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). The adoption of this Statement had the following impacts on the 2024 financial statements.

### Changes to or Within the Financial Reporting Entity (See Adjustments Below)

The Capital Projects Fund, previously reported as a nonmajor fund, is reported as a major fund for 2024.

## Bellefonte Area School District

### Notes to Financial Statements

June 30, 2024

#### Adjustments to Beginning Balances

During fiscal year 2024, changes to or within the financial reporting entity resulted in adjustments to beginning fund balance as follows:

	June 30, 2023, as Previously Reported	Change to or Within the Financial Reporting Entity	June 30, 2023, as Adjusted
Governmental funds:			
Major Funds:			
General	\$ 13,919,567	-	\$ 13,919,567
Capital Projects	-	25,092	25,092
Nonmajor	341,495	(25,092)	316,403
Total	<u>\$ 14,261,062</u>	<u>\$ -</u>	<u>\$ 14,261,062</u>

## 2. Cash and Cash Equivalents

The District's cash and cash equivalents and restricted cash include deposits with local institutions, the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF).

Pennsylvania statutes provide for the investment of governmental funds in certain authorized investment types, including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for cash management and investment purposes. Act 72 requires all governmental (public funds) deposits not insured by the Federal Depository Insurance Corporation (FDIC) to be collateralized by the financial institution.

The following is a description of the District's deposit and investment risks.

#### Deposits With Local Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a formal policy for custodial credit risk. At June 30, 2024, \$39,668,988 of the District's bank deposits were exposed to custodial credit risk, as these deposits were not covered by depository insurance, but rather were collateralized with securities held by the pledging financial institution, but not in the District's name.

#### Pennsylvania Local Government Investment Trust (PLGIT)

PLGIT contains assets invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each participant owns shares of PLGIT, which invests the pooled assets. Such assets are not considered deposits, and as such are not subject to custodial credit risk. At June 30, 2024, the carrying amount and bank balances of the District's investment in PLGIT were \$4,490,509. Due to the short-term nature and liquidity of the investments held within the pool, the fair value of the underlying investments approximates amortized cost.



## Bellefonte Area School District

Notes to Financial Statements  
June 30, 2024

### Pennsylvania School District Liquid Asset Fund (PSDLAF)

The PSDLAF contains assets invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each participant owns shares of PSDLAF, which invests the pooled assets. Such assets are not considered deposits, and as such are not subject to custodial credit risk. At June 30, 2024, the carrying amount and bank balances of the District's investment in PSDLAF were \$132,203. Due to the short-term nature and liquidity of the investments held within the pool, the fair value of the underlying investments approximates amortized cost.

### 3. Property Taxes

Property taxes are levied on August 1. Taxes are collected at a 2% discount until September 30, at their face amount from October 1 until November 30 and include a 10% penalty thereafter. The taxes are billed by Centre County, Pennsylvania and are collected by elected tax collectors. Centre County also collects delinquent real estate taxes for the District.

### 4. Interfund Accounts

The Food Service Fund owed the General Fund \$3,473 for payroll and benefit expenses. The General Fund owed the Fiduciary Fund \$500,000 for future health insurance expenses.

### 5. Due From Other Governments

The amount reported in the governmental funds at June 30, 2024 as due from other governments is summarized below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	<u>\$ 775,551</u>	<u>\$ 1,540,122</u>	<u>\$ 2,315,673</u>

Amounts due from the federal and state government are primarily federal grants and state subsidies receivable from the Commonwealth of Pennsylvania, Department of Education.

### 6. Taxes Receivable, Net

A summary of the taxes receivable and related accounts at June 30, 2024 follows:

Real estate taxes receivable	\$ 523,602
Earned income taxes receivable	366,939
Real estate transfer tax receivable	<u>91,027</u>
Total	981,568
Estimated uncollectible taxes	<u>(10,832)</u>
Total	<u>\$ 970,736</u>

## Bellefonte Area School District

Notes to Financial Statements

June 30, 2024

### 7. Capital Assets

Capital asset activity for the year ended June 30, 2024 is as follows:

	<b>Balance July 1, 2023</b>	<b>Increases</b>	<b>Transfers/ Decreases</b>	<b>Balance June 30, 2024</b>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,348,400	\$ -	\$ -	\$ 5,348,400
Construction in progress	225,399	2,045,054	-	2,270,453
Total capital assets, not being depreciated	5,573,799	2,045,054	-	7,618,853
Capital assets, being depreciated:				
Buildings and improvements	76,294,005	679,670	-	76,973,675
Financed purchases	661,720	-	-	661,720
Equipment and other capital assets	5,772,178	742,441	-	6,514,619
Total capital assets, being depreciated	82,727,903	1,422,111	-	84,150,014
Accumulated depreciation for:				
Buildings and improvements	(31,356,145)	(1,456,701)	-	(32,812,846)
Financed purchases	(552,885)	(67,488)	-	(620,373)
Equipment and other capital assets	(3,669,037)	(420,994)	-	(4,090,031)
Total accumulated depreciation	(35,578,067)	(1,945,183)	-	(37,523,250)
Total capital assets, being depreciated, net	47,149,836	(523,072)	-	46,626,764
Governmental activities capital assets, net	<u>\$ 52,723,635</u>	<u>\$ 1,521,982</u>	<u>\$ -</u>	<u>\$ 54,245,617</u>
Business-type activity:				
Capital assets being depreciated:				
Equipment and other capital assets	\$ 341,024	\$ -	\$ -	\$ 341,024
Accumulated depreciation:				
Equipment and other capital assets	(329,357)	(5,966)	-	(335,323)
Business-type activity capital assets, net	<u>\$ 11,667</u>	<u>\$ (5,966)</u>	<u>\$ -</u>	<u>\$ 5,701</u>

## Bellefonte Area School District

### Notes to Financial Statements

June 30, 2024

Depreciation is charged to the following activities:

Governmental activities:	
Instructional	\$ 1,945,183
Business-type activity:	
Food service	<u>5,966</u>
	<u>\$ 1,951,149</u>

#### 8. Accrued Salaries and Benefits

Accrued salaries and benefits in the General Fund totaling \$4,205,289 represent salaries of \$2,980,772, the District's share of Social Security taxes of \$177,946 for teachers' services during the 2023-2024 school term, which are paid during July and August 2024, retirement plan expense of \$974,089 applicable to the accrued salaries at June 30, 2024 and workers' compensation of \$72,482.

#### 9. Long-Term Debt

The changes in long-term debt for the year ended June 30, 2024 are as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Amounts Due Within One Year
Note from direct borrowings,					
Land mortgage note payable	\$ 1,060,663	\$ -	\$ (113,313)	\$ 947,350	\$ 117,599
General Obligation Bond Series 2007	7,075,000	-	(145,000)	6,930,000	430,000
General Obligation Bond Series A of 2008	300,000	-	(300,000)	-	-
General Obligation Bond Series A of 2017	5,110,000	-	(1,670,000)	3,440,000	1,705,000
General Obligation Bond Series A of 2022	3,636,958	-	(1,219,000)	2,417,958	1,226,000
General Obligation Bond Series A of 2023	-	14,080,000	(5,000)	14,075,000	5,000
Total	17,182,621	14,080,000	(3,452,313)	27,810,308	<u>\$ 3,483,599</u>
Bond premium	<u>240,632</u>	<u>919,473</u>	<u>(128,668)</u>	<u>1,031,437</u>	
Total	<u>\$ 17,423,253</u>	<u>\$ 14,999,473</u>	<u>\$ (3,580,981)</u>	<u>\$ 28,841,745</u>	

## Bellefonte Area School District

### Notes to Financial Statements

June 30, 2024

Long-term debt at June 30, 2024 consists of the following:

\$1,771,538 note from direct borrowing, payable in varying monthly installments through August 2031, interest rate of 6.75%	\$ 947,350
\$8,014,458 General Obligation Bonds, Series of 2007 due in varying annual installments through January 2028, interest rate of 4.5%	6,930,000
\$8,790,000 General Obligation Bonds, Series A of 2017 due in varying installments through May 2026, interest rates ranging from 1.05% to 4.0%	3,440,000
\$5,979,000 General Obligation Bonds, Series A of 2022 due in varying installments through May 2026, interest rate of 2.0%	2,417,958
\$14,080,000 General Obligation Bonds, Series A of 2023 due in varying installments through May 2039, interest rate of 3.9%	14,075,000
Unamortized bond premium	<u>1,031,437</u>
Total	28,841,745
Less current portion	<u>3,483,599</u>
Long-term debt	<u>\$ 25,358,146</u>

The District's outstanding note from direct borrowing of \$947,350 is secured by the associated financed land. The outstanding note from direct borrowings contain provisions that if the District is unable to make payment, outstanding amounts are due immediately.

Debt service requirements at June 30, 2024 are as follows:

	General Obligation Bonds		Direct Borrowing		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Years ending June 30:						
2025	\$ 3,366,000	\$ 1,100,359	\$ 117,599	\$ 24,334	\$ 3,483,599	\$ 1,124,693
2026	3,376,598	1,035,343	120,873	21,059	3,497,471	1,056,402
2027	2,990,000	921,650	124,239	17,693	3,114,239	939,343
2028	3,120,000	784,519	127,699	14,232	3,247,699	798,751
2029	910,000	700,500	131,255	10,676	1,041,255	711,176
2030-2034	5,800,000	2,751,500	325,685	10,501	6,125,685	2,762,001
2035-2039	<u>7,300,360</u>	<u>1,069,750</u>	<u>-</u>	<u>-</u>	<u>7,300,360</u>	<u>1,069,750</u>
Total	<u>\$ 26,862,958</u>	<u>\$ 8,363,621</u>	<u>\$ 947,350</u>	<u>\$ 98,495</u>	<u>\$ 27,810,308</u>	<u>\$ 8,462,116</u>

**10. Retirement Plan****Plan Description**

The Public School Employees' Retirement System (PSERS) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**Benefits Provided**

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 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) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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 contribution 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 that is equal to or greater 97 with a minimum of 35 years of credited service.

Benefits are generally equal to 1% to 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied times 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 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.

## Bellefonte Area School District

Notes to Financial Statements  
June 30, 2024

### Member Contributions

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25 %	N/A	5.25 - 6.25 %
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% base rate with shared risk provision	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% base rate with shared risk provision	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% base rate with shared risk provision	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% base rate with shared risk provision	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

## Bellefonte Area School District

Notes to Financial Statements  
June 30, 2024

### Shared Risk Program Summary

Membership Class	Defined Benefit (DB) 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 District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.36%\* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the District were \$7,407,554 for the year ended June 30, 2024.

\*This includes the defined contribution rate of 0.27% which is an estimated rate.

### Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the District reported a liability of \$62,103,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The District's proportion of the PSERS 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, 2024, the District's proportion was .1396%, which was a decrease of .0008% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$5,409,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,757,000	\$ 850,000
Changes in assumptions	927,000	-
Net difference between projected and actual earnings on pension plan investments	14,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	831,000
District contributions subsequent to the measurement date	7,407,554	-
Total	<u>\$ 10,105,554</u>	<u>\$ 1,681,000</u>

\$7,407,554 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

## Bellefonte Area School District

Notes to Financial Statements  
June 30, 2024

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

Years ending June 30:	
2025	\$ 240,000
2026	(1,586,000)
2027	1,777,000
2028	586,000
	<hr/>
Total	\$ 1,017,000

### Changes in Actuarial Assumptions

The total pension liability as of June 30, 2023 (the 2023 measurement date) was determined by rolling forward the District's total pension liability as of the June 30, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay;
- Investment return – 7.00%, includes inflation at 2.50%;
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases;
- 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, 2022 and 2023.

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2023 actuarial valuation:

- Salary growth rate - decreased from 5.00% to 4.50%.
- Real wage growth and merit or seniority increase (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, 2023 valuation were based on the results of an actuarial 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.



## Bellefonte Area School District

### Notes to Financial Statements

June 30, 2024

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0 %	5.2 %
Private equity	12.0	7.9
Fixed income	33.0	3.2
Commodities	7.5	2.7
Infrastructure/MLPs	10.0	5.4
Real estate	11.0	5.7
Absolute return	4.0	4.1
Cash	3.0	1.2
Leverage	(10.5)	1.2
	<u>100.0 %</u>	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

#### 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.

#### Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes 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 1-percentage-point lower (6.00%) or 1-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	\$ 80,503,000	\$ 62,103,000	\$ 46,579,000

#### Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on PSERS' website at [www.psers.pa.gov](http://www.psers.pa.gov).

## Bellefonte Area School District

Notes to Financial Statements  
June 30, 2024

### 11. Other Postemployment Benefits (OPEB)

#### Bellefonte Area School District Postemployment Benefits Plan

##### General Information about the OPEB Plan

###### Plan Description

The District's defined benefit OPEB plan, the Bellefonte Area School District Postemployment Benefits Plan (the Bellefonte OPEB Plan), provides postemployment benefits for all eligible employees of the District who elect to participate. The minimum requirements of the Bellefonte OPEB Plan are established by Pennsylvania Act 110 of 1988 and Act 43 of 1989. The School Board could choose to improve upon the minimum requirements in the future. The Bellefonte OPEB Plan is unfunded and no financial report is prepared. The Bellefonte OPEB Plan is a single employer defined benefit OPEB plan administered by the District.

###### Benefits Provided

The Bellefonte OPEB Plan provides the opportunity to purchase postemployment health insurance benefits to employees upon retirement with 30 years of PSERS service or through COBRA. Retired employees are allowed to continue coverage for themselves and their eligible dependents in the group health care plan until the retired employee reaches Medicare age, generally 65, as per their contracts.

###### Employees Covered by Benefit Terms

At July 1, 2023, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	19
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>389</u>
Total	<u><u>408</u></u>

###### Total OPEB Liability

The District's total OPEB liability of \$1,928,759 was measured as of July 1, 2023 and rolled forward to June 30, 2024, determined by an actuarial valuation as of July 1, 2023.

## Bellefonte Area School District

### Notes to Financial Statements

June 30, 2024

#### Actuarial Assumptions

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.13%
Salary increases	2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%
Healthcare cost trend rates	7.0% in 2023. Rates gradually decrease from 5.5% in 2026 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
Retirees' share of benefit-related costs	Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate. However, the first year trend assumption was adjusted to account for short-term rate caps

The discount rate was based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.

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.

#### Changes in the Total OPEB Liability

Balance at July 1, 2023	<u>\$ 2,017,879</u>
Changes for the year:	
Service cost	121,759
Interest	85,060
Difference between expected and actual experience	183,252
Change of benefit terms	30,039
Changes in assumptions and in benefit terms	(426,962)
Benefit payments	<u>(82,268)</u>
Net changes	<u>(89,120)</u>
Balance at June 30, 2024	<u>\$ 1,928,759</u>

Assumption changes or inputs are recognized over the average remaining service life for all active and inactive members.

## Bellefonte Area School District

Notes to Financial Statements  
June 30, 2024

### 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 (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	<b>1% Decrease (3.13%)</b>	<b>Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
Total OPEB Liability	\$ 2,084,572	\$ 1,928,759	\$ 1,784,976

### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 1,746,608	\$ 1,928,759	\$ 2,140,909

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$154,037. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Benefit payments subsequent to the measurement date	\$ 85,703	\$ -
Differences between expected and actual experience	170,163	327,906
Changes of assumptions or other inputs	241,499	1,053,899
Total	<u>\$ 497,365</u>	<u>\$ 1,381,805</u>

\$85,703 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, 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:

2025	\$ (82,821)
2026	(82,821)
2027	(82,821)
2028	(82,821)
2029	(82,821)
Thereafter	<u>(556,038)</u>
Total	<u>\$ (970,143)</u>

**PSERS Health Insurance Premium Assistance Program****General Information About the PSERS Health Insurance Premium Assistance Program**

PSERS provides premium assistance program which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. 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. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser 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 (HOP). As of June 30, 2023 there were no assumed future benefit increases to participating eligible retirees.

**Premium Assistance Eligibility Criteria**

Retirees of PSERS 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 service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

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

**Employer Contributions**

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was .64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$159,000 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$2,522,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. 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. At June 30, 2024, the District's proportion was .1394%, which was a decrease of .0008% from its proportion measured as of June 30, 2023.

## Bellefonte Area School District

Notes to Financial Statements  
June 30, 2024

For the year ended June 30, 2024, the District recognized OPEB expense of \$63,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expect and actual experience	\$ 17,000	\$ -
Changes in assumptions	218,000	477,000
Net differences between projected and actual investment earnings	6,000	25,000
Changes in proportion	-	63,000
Contributions subsequent to the measurement date	142,111	-
	<u>\$ 383,111</u>	<u>\$ 565,000</u>

\$142,111 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2025	\$ (69,000)
2026	(72,000)
2027	(83,000)
2028	(93,000)
2029	(7,000)
Thereafter	-
Total	<u>\$ (324,000)</u>

### Actuarial Assumptions

The Total OPEB Liability as of June 30, 2023 (the measurement date), was determined by rolling forward PSERS's Total OPEB Liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay;
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate;
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases;
- Premium Assistance reimbursement is 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%.

## Bellefonte Area School District

Notes to Financial Statements  
June 30, 2024

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five year period ended June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023;
- 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: 63% of eligible retirees are assumed to elect premium assistance;
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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 PSERS 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.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100 %	1.2 %

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

### Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.13%. 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 4.13% which represents the S&P 20 year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

## Bellefonte Area School District

### Notes to Financial Statements

June 30, 2024

#### Sensitivity of PSERS Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, 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. 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 PSERS net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what PSERS net OPEB liability would be if its health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Trends Cost</u>	<u>1% Increase</u>
PSERS Net OPEB Liability	\$ 2,522,000	\$ 2,522,000	\$ 2,522,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	<u>1% Decrease 3.13%</u>	<u>Discount Rate 4.13%</u>	<u>1% Increase 5.13%</u>
District's proportionate share of the net OPEB liability	\$ 2,851,000	\$ 2,522,000	\$ 2,246,000

#### OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on PSERS' website at [www.psers.pa.gov](http://www.psers.pa.gov).

## 12. Nonmonetary Transactions

The District receives United States Department of Agriculture donated commodities in the Food Service Fund. These donated commodities are valued at an estimated market value and recognized as federal revenue with unused commodities recorded as inventory. The total food commodities donated by the federal government recognized by the District in fiscal year 2024 totaled \$122,084.



## **Bellefonte Area School District**

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Notes to Financial Statements  
June 30, 2024

### **13. Other Related Local Educational Units**

The District, along with two other school districts in the region, participates in the Central Pennsylvania Institute of Science and Technology (the Institute). The Institute was created for the purpose of offering vocational and technical training programs for the benefit of secondary school pupils and post-secondary adults in the County of Centre, Pennsylvania attendance area. The Institute is a joint venture of its three member school districts. The Institute is governed by a joint operating committee consisting of members from each participating district. Each participating school district must approve the Institute's annual operating budget.

The participating districts provide funds for the Institute's operations pursuant to a predetermined formula. The District made payments of approximately \$2,087,000 to the Institute during the year ended June 30, 2024.

Complete financial statements for the Institute can be obtained from the Institute's administrative office.

### **14. Contingencies**

#### **Litigation**

The District is involved in various litigation matters arising in the normal course of business which are still pending. The ultimate outcome of these cases or the District's exposure to liability, if any, cannot be determined at this time. Consequently, no provision has been made in these financial statements for this uncertainty. It is the opinion of management that the amount of potential claims not covered by insurance resulting from claims against the District would materially affect the financial position of the District at June 30, 2024.

### **15. Transactions With Other LEAs**

The District is a member of Central Intermediate Unit 10. Through the membership, the District is able to secure various special services, including special education.

### **16. Pending Changes in Accounting Principles**

The Governmental Accounting Standards Board (GASB) has approved the following:

Statement No. 101, *Compensated Absences*

Statement No. 102, *Certain Risk Disclosures*

Statement No. 103, *Financial Reporting Model Improvement*

Statement No. 104, *Disclosure of Certain Capital Assets*

District management is in the process of evaluating these standards. When they become effective, application of these standards may restate portions of these financial statements.

**Report on Internal Control  
Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

**Independent Auditors' Report**

To the Board of Directors of  
Bellefonte Area School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Bellefonte Area School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2024.

**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 opinion 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.

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

## **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*.

## **Purpose of This Report**

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

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

State College, Pennsylvania  
December 18, 2024

**Report on Compliance  
for the Major Federal Program and  
Report on Internal Control Over Compliance  
Required by the Uniform Guidance**

**Independent Auditors' Report**

To the Board of Directors of  
Bellefonte Area School District

**Report on Compliance for the Major Federal Program**

***Opinion on the Major Federal Program***

We have audited Bellefonte Area 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 program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditors' 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 its major federal program for the year ended June 30, 2024.

***Basis for Opinion on the 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 Auditors' 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 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.

### ***Auditors' 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.

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 Auditors' 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.

*Baker Tilly US, LLP*

State College, Pennsylvania  
December 18, 2024

**Bellefonte Area School District**

Schedule of the District's Proportionate Share of the PSERS Net Pension Liability (Unaudited)

Years Ended June 30

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's proportion of the net pension liability	0.1396%	0.1404%	0.1428%	0.1429%	0.1431%	0.1431%	0.1458%	0.1425%	0.1420%	0.1421%
District's proportionate share of the net pension liability	\$ 62,103,000	\$ 62,420,000	\$ 58,629,000	\$ 70,363,000	\$ 66,946,000	\$ 68,695,000	\$ 72,008,000	\$ 70,618,000	\$ 61,508,000	\$ 56,244,000
District's covered-employee payroll	\$ 21,361,882	\$ 20,604,433	\$ 20,076,443	\$ 19,312,265	\$ 19,729,703	\$ 19,275,821	\$ 19,412,932	\$ 19,360,188	\$ 18,469,334	\$ 18,264,678
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	290.72%	302.94%	292.03%	364.34%	339.32%	356.38%	370.93%	364.76%	333.03%	310.97%
PSERS Plan fiduciary net position as a percentage of the total pension liability	0.6185	0.6134	0.6367	0.5432	0.5566	0.54	0.5184	0.5014	0.5436	0.5724

**Bellefonte Area School District**

Schedule of the District's PSERS Pension Contributions (Unaudited)

Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 7,407,554	\$ 7,415,016	\$ 7,067,089	\$ 6,836,685	\$ 6,715,991	\$ 6,429,351	\$ 6,146,009	\$ 5,473,943	\$ 4,661,233	\$ 3,782,013
Contributions in relation to the contractually required contribution	(7,407,554)	(7,415,016)	(7,067,089)	(6,836,685)	(6,715,991)	(6,429,351)	(6,146,009)	(5,473,943)	(4,661,233)	(3,782,013)
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-employee payroll	\$ 21,361,882	\$ 20,650,496	\$ 20,604,433	\$ 20,076,443	\$ 19,312,265	\$ 19,544,942	\$ 19,275,821	\$ 19,412,932	\$ 19,360,188	\$ 18,469,334
Contributions as a percentage of covered-employee payroll	34.68%	35.91%	34.30%	34.05%	34.78%	32.90%	31.88%	28.20%	24.08%	20.48%



**Bellefonte Area School District**

Schedule of the District's Proportionate Share of the PSERS Net OPEB Liability (Unaudited)  
Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.1394%	0.1404%	0.1428%	0.1429%	0.1431%	0.1431%	0.1458%	0.1425%
District's proportionate share of the net OPEB liability	\$ 2,522,000	\$ 2,584,000	\$ 3,386,000	\$ 3,090,000	\$ 3,044,000	\$ 2,984,000	\$ 2,971,000	\$ 3,069,000
District's covered-employee payroll	21,361,882	20,604,433	20,076,443	19,312,265	19,729,703	19,275,821	19,412,932	19,360,188
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	11.81%	12.54%	16.87%	16.00%	15.43%	15.48%	15.30%	15.85%
PSERS Plan fiduciary net position as a percentage of the total OPEB liability	5.00%	5.00%	5.00%	6.00%	6.00%	6.00%	6.00%	5.00%

Note: Data is not available for years prior to June 30, 2017

Note: Covered-employee payroll above represents the amount for the year coinciding with the measurement date

**Bellefonte Area School District**

Schedule of the District's PSERS OPEB Contributions (Unaudited)

Years Ended June 30

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 142,111	\$ 161,149	\$ 165,603	\$ 166,402	\$ 168,653	\$ 163,695	\$ 160,718	\$ 169,297	\$ 144,162	\$ 157,584
Contributions in relation to the required contribution	<u>(142,111)</u>	<u>(161,149)</u>	<u>(165,603)</u>	<u>(166,402)</u>	<u>(168,653)</u>	<u>(163,695)</u>	<u>(160,718)</u>	<u>(169,297)</u>	<u>(144,162)</u>	<u>(157,584)</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-employee payroll	\$ 21,361,882	\$ 20,650,496	\$ 20,604,433	\$ 20,076,443	\$ 19,312,265	\$ 19,544,942	\$ 19,275,821	\$ 19,412,932	\$ 19,360,188	\$ 18,469,334
Contributions as a percentage of covered-employee payroll	0.67%	0.78%	0.80%	0.83%	0.87%	0.84%	0.83%	0.87%	0.74%	0.85%

**Bellefonte Area School District**

Schedule of Changes in Total OPEB Liability and Related Ratios - District Plan (Unaudited)  
Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>							
Service cost	\$ 121,759	\$ 185,117	\$ 211,929	\$ 153,893	\$ 178,460	\$ 167,875	\$ 166,674
Interest cost	85,060	60,546	55,402	85,946	87,746	94,606	77,686
Changes of assumptions	(396,923)	(638,143)	(212,882)	320,444	(71,001)	9,979	27,912
Difference between expected and actual experience	183,252	-	(199,079)	-	(278,667)	-	-
Benefit payments, including refunds of member contributions	(82,268)	(130,956)	(176,030)	(223,320)	(343,821)	(381,509)	(358,195)
Net change in total OPEB liability	(89,120)	(523,436)	(320,660)	336,963	(427,283)	(109,049)	(85,923)
<b>Total OPEB Liability, Beginning</b>	<u>2,017,879</u>	<u>2,541,315</u>	<u>2,861,975</u>	<u>2,525,012</u>	<u>2,952,295</u>	<u>3,061,344</u>	<u>3,147,267</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 1,928,759</u>	<u>\$ 2,017,879</u>	<u>\$ 2,541,315</u>	<u>\$ 2,861,975</u>	<u>\$ 2,525,012</u>	<u>\$ 2,952,295</u>	<u>\$ 3,061,344</u>
<b>Covered-Employee Payroll</b>	\$ 20,940,546	\$ 19,692,859	\$ 19,692,859	\$ 17,988,471	\$ 17,988,471	\$ 18,080,085	\$ 18,080,085
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	9.21%	10.25%	12.90%	15.91%	14.04%	16.33%	16.93%

The District implemented GASB Statement No. 75 during its year ended June 30, 2018. Information prior to 2018 year is not available. The Plan is unfunded so total and net OPEB liability are the same.

**Bellefonte Area School District**

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**Schedule of Revenues, Expenditures and Change in Fund Balance - General Fund**  
**Year Ended June 30, 2024****Revenues**

## Local sources:

## Taxation:

## Current taxation:

Real estate	\$ 28,115,246
Earned income tax	7,851,205
Real estate transfers	900,874
Payments in lieu of taxes	138,191
Public utility realty tax	30,513

Total current taxation 37,036,029

Delinquent taxation 433,065

Total from taxation 37,469,094

Earnings from temporary investments and deposits 1,150,175

IDEA subsidy 585,576

Miscellaneous revenue 153,598

Total local sources 39,358,443

## State sources:

Basic instructional subsidy	10,254,308
Drivers Education	2,975
Mental health and safety and security	187,825
Vocation education	24,707
Special education	2,153,894
Tuition for children in private homes	3,565
Transportation	693,975
Rental and sinking fund payments	989,395
Medical and dental services	52,299
Supplemental reimbursement	1,483,005
Social Security subsidy	762,728
Retirement subsidy	3,657,248
Other state grants	408,961

Total state sources 20,674,885

## Federal sources:

Title I Grants to Local Educational Agencies	570,963
ESSER III	1,775,972
ARP ESSER Afterschool Programs	29,285
ARP ESSER Homeless Children and Youth	10,775
ARP ESSER Summer Programs	17,620
ARP ESSER Learning Loss	48,542
Title II	83,435
Title IV	37,249

Total federal sources 2,573,841

Total revenues 62,607,169

**Bellefonte Area School District****Schedule of Revenues, Expenditures and Change in Fund Balance - General Fund**  
**Year Ended June 30, 2024****Expenditures**

## Instruction:

Regular programs	\$ 21,971,658
Special programs	9,101,731
Nonpublic school programs	32,726
Vocational education programs	3,220,378
Other instructional programs	183,578

Total instruction 34,510,071

## Support services:

Pupil personnel	1,755,240
Instructional staff	1,298,821
Administration	3,828,076
Pupil health	437,179
Business	567,011
Operation and maintenance of plant services	6,003,285
Student transportation	2,598,689
Central	1,798,767

Total support services 18,287,068

## Noninstructional services:

Student activities	1,209,429
Community services	2,885

Total noninstructional services 1,212,314

## Debt service

4,269,946

Total expenditures 58,279,399

Excess of revenues over expenditures before other  
financing sources (uses) 4,327,770

**Other Financing Sources (Uses)**

Transfer out (2,425,000)

Change in fund balance 1,902,770

**Fund Balance, Beginning** 13,919,567

**Fund Balance, Ending** \$ 15,822,337

**Bellefonte Area School District**

Balance Sheet - Nonmajor Governmental Fund

June 30, 2024

	<b>Student Activity</b>
<b>Assets</b>	
<b>Assets</b>	
Cash and cash equivalents	\$ 350,483
Accounts receivable	<u>1,005</u>
Total	<u><u>\$ 351,488</u></u>
<b>Liabilities and Fund Balances</b>	
<b>Liabilities</b>	
Accounts payable	\$ 8,017
<b>Fund Balances</b>	
Restricted	<u>343,471</u>
Total	<u><u>\$ 351,488</u></u>

**Bellefonte Area School District**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2024

	<u>Capital Projects</u>	<u>Student Activity</u>	<u>Total</u>
<b>Revenues</b>			
Local sources	\$ -	\$ 378,215	\$ 378,215
<b>Expenditures</b>			
Noninstructional services	-	351,147	351,147
Excess of revenues over expenditures before other financing sources	-	27,068	27,068
<b>Fund Balances, Beginning</b>	25,092	316,403	341,495
<b>Accounting changes (see note 1)</b>	(25,092)	-	(25,092)
<b>Fund Balances, Beginning, as adjusted</b>	-	316,403	316,403
<b>Fund Balances, Ending</b>	<u>\$ -</u>	<u>\$ 343,471</u>	<u>\$ 343,471</u>

**Bellefonte Area School District**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

Grantor/Pass-Through Grantor/Program or Cluster Title	Source Code	Assistance Listing Number	Passed Through Grantor's Number	Grant Period Code	Program or Award Amount	Total Received for the Year	Accrued (Unearned) Revenue at July 1, 2023	Revenue Recognized	Total Federal Expenditures	Accrued (Unearned) Revenue at June 30, 2024	Expenditures to Subrecipients
<b>U.S. Department of Education</b>											
<b>Passed Through the PA Department of Education</b>											
Title I, Part A											
Title I Grants to Local Educational Agencies	I	84.010	013-240025	C	\$ 528,770	\$ 380,272	\$ -	\$ 528,770	\$ 528,770	\$ 148,498	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-230025	B	475,808	78,500	78,500	-	-	-	-
Title I Grants to Local Educational Agencies	I	84.010	107-240025	C	42,192	15,068	-	42,192	42,192	27,124	-
Title I Grants to Local Educational Agencies	I	84.010	107-230025	B	42,953	30,681	30,681	-	-	-	-
Total Title I, Part A						504,521	109,181	570,962	570,962	175,622	-
Supporting Effective Instruction State Grants:											
Supporting Effective Instruction State Grants	I	84.367	020-230025	B	84,582	42,642	42,642	-	-	-	-
Supporting Effective Instruction State Grants	I	84.367	020-240025	C	83,435	53,537	-	83,435	83,435	29,898	-
Total Supporting Effective Instruction State Grants						96,179	42,642	83,435	83,435	29,898	-
Education Stabilization Fund											
COVID-19 - CARES/Elementary And Secondary School Emergency Relief Fund	I	84.425D	200-210025	A	1,555,352	73,092	73,092	-	-	-	-
COVID-19 - CARES/Elementary And Secondary School Emergency Relief - Homeless Children and Youth	I	84.425W	181-212027	A	14,591	10,102	448	10,775	10,775	1,121	-
COVID-19 - ARP - Elementary And Secondary School Emergency Relief Fund	I	84.425U	223-210025	A	3,178,681	1,271,472	15,645	1,775,972	1,775,972	520,145	-
COVID-19 - ARP - Elementary And Secondary School Emergency Relief Fund	I	84.425U	225-210025	A	176,467	44,919	32,214	48,542	48,542	35,837	-
COVID-19 - ARP - Elementary And Secondary School Emergency Relief Fund	I	84.425U	225-210025	A	35,294	8,984	(16,043)	17,620	17,620	(7,407)	-
COVID-19 - ARP - Elementary And Secondary School Emergency Relief Fund	I	84.425U	225-210025	A	35,294	8,984	(10,034)	29,285	29,285	10,267	-
Total Education Stabilization Fund						1,417,553	95,322	1,882,194	1,882,194	559,963	-
Student Support and Academic Enrichment Program:											
Student Support and Academic Enrichment Program	I	84.424	144-240025	C	37,249	34,588	-	37,249	37,249	2,661	-
Student Support and Academic Enrichment Program	I	84.424	144-230025	B	33,044	8,311	8,311	-	-	-	-
Total Student Support and Academic Enrichment Program:						42,899	8,311	37,249	37,249	2,661	-
Total PA Department of Education						2,061,152	255,456	2,573,840	2,573,840	768,144	-
Special Education Cluster (IDEA):											
Passed through Central Intermediate Unit No. 10											
Special Education, Grants to States	I	84.027	062-24-0010	C	585,576	-	-	585,576	585,576	585,576	-
Special Education, Grants to States	I	84.027	062-23-0010	B	549,459	549,459	549,459	-	-	-	-
Total Special Education Cluster (IDEA)						549,459	549,459	585,576	585,576	585,576	-
Total U.S. Department of Education						2,610,611	804,915	3,159,416	3,159,416	1,353,720	-
<b>U.S. Department of Agriculture</b>											
<b>Passed Through the PA Department of Education</b>											
COVID-19 - Pandemic EBT Administrative Costs	I	10.649	358-000	C	653	653	-	653	653	-	-
<b>Child Nutrition Cluster</b>											
COVID-19 - National School Lunch Program	I	10.555	362-0000	C	NOTE 4	483,390	-	483,390	483,390	-	-
COVID-19 - National School Lunch Program	I	10.553	365-0000	C	NOTE 4	140,745	-	140,745	140,745	-	-
COVID-19 - Supply Chain Assistance Program	I	10.555	356-0000	C	NOTE 5	64,275	-	64,275	64,275	-	-
<b>Passed Through the PA Department of Agriculture</b>											
COVID-19 - National School Lunch Program	I	10.555	N/A	C	N/A	120,678	(4,969)	122,084	122,084	(3,563)	-
Total Child Nutrition Cluster						809,088	(4,969)	810,494	810,494	(3,563)	-
Total U.S. Department of Agriculture						809,741	(4,969)	811,147	811,147	(3,563)	-
Total						\$ 3,420,352	\$ 799,946	\$ 3,970,563	\$ 3,970,563	\$ 1,350,157	\$ -

See notes to schedule of expenditures of federal awards



# **Bellefonte Area School District**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2024

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## **1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the federal award activity of Bellefonte Area School District (the District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

## **2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting for the Child Nutrition Cluster and the modified accrual basis of accounting for all remaining programs. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

## **3. Relationship to Federal Financial Reports**

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports.

## **4. National School Lunch Program**

The program amount for the National School Lunch Program is based on a set per meal reimbursement rate.

## **5. Source Code and Grant Period Code**

Source codes used in the Schedule of expenditures of federal awards are as follows:

I = Indirect funding

Grant period code used in the Schedule of expenditures of federal awards is as follows:

A = 07/01/20 - 06/30/21

C = 07/01/23 - 06/30/24

B = 07/01/22 - 06/30/23

## **6. Indirect Cost Rate**

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

## **7. Grant Reconciliation**

The District excluded expenses for one grant from the PCCD on the Schedule for the year ended June 30, 2021. Excluded amount for grant 35120, assistance listing number 84.425D, is \$79,883.

## Bellefonte Area School District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

### Section I - Summary of Auditors' Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes        X   no

Significant deficiency(ies) identified?

\_\_\_\_\_ yes        X   none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?

\_\_\_\_\_ yes        X   no

Auditee qualified as low-risk auditee?

  X   yes      \_\_\_\_\_ no

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Identification of major federal program:

**Assistance Listing Number(s)**

**Name of Federal Program or Cluster**

10.553, 10.555

Child Nutrition Cluster

## **Bellefonte Area School District**

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Schedule of Findings and Questioned Costs  
Year Ended June 30, 2024

### **Section II - Financial Statement Finding**

None.

### **Section III - Federal Award Findings and Questioned Costs**

None.

### **Section IV - Summary of Prior Year Audit Findings**

None.

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