

**NEW ISSUE - BOOK ENTRY ONLY**

**RATINGS: S&P: “AA-” (Underlying) (Stable Outlook)**  
**S&P: “AA” (Stable Outlook) (AG Insured)**  
*(See “RATINGS” herein)*

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See “TAX MATTERS” herein.*

*Each of the Bonds will be designated by the School District as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Code.*

**\$5,000,000\***  
**EAST LYCOMING SCHOOL DISTRICT**  
**(Lycoming County, Pennsylvania)**

**General Obligation Bonds, Series of 2025 (Lycoming Career and Technology Center Project)**

**Bonds Dated:** Date of Delivery

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

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

**Interest Payable:** March 15 and September 15

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

**Form:** DTC Book-Entry Only

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

**General:** The General Obligation Bonds, Series of 2025 (Lycoming Career and Technology Center Project) (the “Bonds” or “2025 Bonds”) in the aggregate principal amount of \$5,000,000\* are being issued by the East Lycoming School District (the “School District”), a public school district located in Lycoming County, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by Manufacturers and Traders Trust Company, as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See “**BOOK-ENTRY ONLY SYSTEM**” herein. Interest on the Bonds is payable initially on September 15, 2025, and thereafter, semiannually on March 15 and September 15 of each year.

**Security:** The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on January 28, 2025, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law. (see “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**”, **APPENDIX A - “TAXING POWERS AND LIMITS”** and “**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**” – “**Taxpayer Relief Act (Act 1)**” herein).

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

**Proceeds of the Bonds** will be used to provide funds for a project of the Lycoming Career and Technology Center of which the School District is a member, for purposes of paying the costs of the planning, designing, acquiring, constructing, installing, purchasing, furnishing and equipping of, as applicable, school buildings, facilities and grounds of the Lycoming Career and Technology Center (the “Capital Project”) and paying the costs and expenses associated with the issuance of the Bonds.

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

**ASSURED  
GUARANTY**

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to the approving legal opinion of Eckert, Seamans, Cherin & Mellott, LLC, Harrisburg, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by McCormick Law Firm, Williamsport, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter’s counsel, Stevens & Lee, P.C., Reading, Pennsylvania. FSL Public Finance, LLC, Scranton, 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 the facilities of DTC, on or about May \_\_\_\_, 2025.

**RAYMOND JAMES®**

\*Preliminary, subject to change.

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

**EAST LYCOMING SCHOOL DISTRICT**  
(Lycoming County, Pennsylvania)

**General Obligation Bonds, Series of 2025 (Lycoming Career and Technology Center Project)**

**Bonds Dated:** Date of delivery

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

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

**Interest Payable:** March 15 and September 15

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

**Form:** DTC Book-entry Only

## BOND MATURITY SCHEDULE

[illegible]

(1)The CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of Bondholders and 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.

\*Preliminary, subject to change.

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

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

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

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

Assured Guaranty Inc. (“AG”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and “Appendix G - Specimen Municipal Bond Insurance Policy”.

TABLE OF CONTENTS

SUMMARY PAGE.....1

BOARD OF SCHOOL DIRECTORS .....2

INTRODUCTION.....3

PURPOSE OF THE ISSUE.....3

SOURCES AND USES OF FUNDS .....3

AGREEMENT OF BOND REPAYMENT .....4

DESCRIPTION OF THE BONDS .....4

Payment of Principal and Interest.....4

Transfer, Exchange and Registration of Certificated Bonds .....4

REDEMPTION OF BONDS.....5

Mandatory Sinking Fund Redemptions .....5

Optional Redemption .....5

Notice of Redemption .....5

Manner of Redemption.....6

BOOK-ENTRY ONLY SYSTEM .....6

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.....7

General Obligation Pledge .....7

Actions in the Event of Default on the Bonds .....8

Sinking Fund .....8

Commonwealth Enforcement of Debt Service Payments .....8

Pennsylvania Budget Adoption Impasses .....8

Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse).....9

BOND INSURANCE.....10

BONDHOLDER CONSIDERATIONS .....11

Bond Insurance Risk Factors.....11

Cybersecurity .....12

Climate Change.....12

Risk of Audit by Internal Revenue Service .....12

CONTINUING DISCLOSURE UNDERTAKING .....12

NO LITIGATION .....13

TAX MATTERS .....13

LEGAL OPINIONS.....14

RELATED PARTIES .....14

FINANCIAL ADVISOR.....14

RATINGS.....14

UNDERWRITING .....15

PAYING AGENT.....15

CERTAIN OTHER MATTERS.....15

## APPENDIX A - SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

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

## APPENDIX B – LOCAL DEMOGRAPHIC, STATISTICAL AND ECONOMIC INFORMATION

## APPENDIX C – FORM OF OPINION OF BOND COUNSEL

## APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE

## APPENDIX E – AUDITED FINANCIAL STATEMENTS

## APPENDIX F – BOND AMORTIZATION SCHEDULE

## APPENDIX G – SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

## SUMMARY PAGE

This Summary Statement is subject in all respects to more complete information in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement. A full review of the entire Official Statement should be made by potential Bond purchasers.

<b>Issuer</b> .....	East Lycoming School District, Lycoming County, Pennsylvania (the "School District").
<b>Bonds</b> .....	<p>The General Obligation Bonds, Series of 2025 (Lycoming Career and Technology Center Project) in the principal amount of \$5,000,000* (the "Bonds"), dated as of the date of delivery, maturing on September 15, ____ through September 15, ____.</p> <p>Interest on the Bonds shall be payable semiannually on March 15 and September 15. See <b>"DESCRIPTION OF THE BONDS"</b> herein.</p>
<b>Optional Redemption</b> .....	The Bonds stated to mature on or after September 15, 20__, are subject to redemption prior to maturity at the option of the School District in whole or, from time to time, in part, in any order of maturities as the School District shall select, on any date or dates on or after ____, 20__, at a price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption.
<b>Form</b> .....	Book-Entry Only.
<b>Application of Proceeds</b> .....	Proceeds of the Bonds will be used to provide funds for a project of the Lycoming Career and Technology Center of which the School District is a member, for purposes of paying the costs of the planning, designing, acquiring, constructing, installing, purchasing, furnishing and equipping of, as applicable, school buildings, facilities and grounds of the Lycoming Career and Technology Center (the "Capital Project") and paying the costs and expenses associated with the issuance of the Bonds.
<b>Security</b> .....	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
<b>Ratings</b> .....	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal bond insured rating of AA (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal Bond insurance policy insuring the payment when due of the principal of and interest on the Bonds will be issued by AG. Currently, AG's financial strength is rated "AA" (stable outlook) by S&P. S&P has assigned the School District an underlying rating of "AA-" (stable outlook). (See <b>"RATINGS"</b> herein.)
<b>Continuing Disclosure Undertaking</b> .....	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See <b>"CONTINUING DISCLOSURE UNDERTAKING"</b> and <b>"APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE</b> – for the filing deadline see <b>"SECTION 3. Provision of Annual Reports"</b> herein.)

[Remainder of this Page Intentionally Blank]

---

\*Preliminary, subject to change.

**EAST LYCOMING SCHOOL DISTRICT**  
**(Lycoming County, Pennsylvania)**  
349 Cemetery St.  
Hughesville, Pennsylvania 17737

**BOARD OF SCHOOL DIRECTORS**

Michael Mamrak.....	President
Tara Buebendorf.....	Vice- President
Rikki Riegner.....	Treasurer
Craig Dudek.....	Member
Lisa McClintock .....	Member
Shannon McConnell-Barlett .....	Member
Scott Ritter .....	Member
Floyd Swales.....	Member
Rebecca Yerg.....	Member

**SCHOOL ADMINISTRATION**

Mark Stamm .....	Superintendent of Schools
Heather Burke.....	Business Manager

**BOND COUNSEL**

Eckert, Seamans, Cherin & Mellott, LLC  
Harrisburg, Pennsylvania

**SOLICITOR**

McCormick Law Firm  
Williamsport, Pennsylvania

**UNDERWRITER**

Raymond James & Associates, Inc.  
Lancaster, Pennsylvania

**LIMITED SCOPE UNDERWRITER'S COUNSEL**

Stevens & Lee, P.C.  
Reading, Pennsylvania

**FINANCIAL ADVISOR**

FSL Public Finance, LLC  
Scranton, Pennsylvania

**PAYING AGENT**

Manufacturers and Traders Trust Company  
Harrisburg, Pennsylvania

## OFFICIAL STATEMENT

**\$5,000,000\***

### EAST LYCOMING SCHOOL DISTRICT

(Lycoming County, Pennsylvania)

### General Obligation Bonds, Series of 2025 (Lycoming Career and Technology Center Project)

#### INTRODUCTION

This Official Statement is furnished by the East Lycoming School District (the "School District"), a public school district located in Lycoming County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2025 (Lycoming Career and Technology Center Project) (the "Bonds") in the aggregate principal amount of \$5,000,000\*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on January 28, 2025 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of \$5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on March 15 and September 15 of each year, commencing September 15, 2025. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to Manufacturers and Traders Trust Company (the "Paying Agent"), serving as paying agent and sinking fund depository, for transfer to DTC. When issued, the Bonds will be registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any Bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See "**BOOK-ENTRY ONLY SYSTEM**" herein.

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

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

#### PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to provide funds for a project of the Lycoming Career and Technology Center of which the School District is a member, for purposes of paying the costs of the planning, designing, acquiring, constructing, installing, purchasing, furnishing and equipping of, as applicable, school buildings, facilities and grounds of the Lycoming Career and Technology Center (the "Capital Project") and paying the costs and expenses associated with the issuance of the Bonds.

#### SOURCES AND USES OF FUNDS

<b><u>Sources of Funds</u></b>	<b><u>Total</u></b>
Proceeds of the Bonds.....	
Net Original Issue Premium [Discount].....	
<b>Total Sources of Funds</b> .....	
<b><u>Uses of Funds</u></b>	
Construction Fund Deposit.....	
Costs of Issuance <sup>(1)</sup> .....	
<b>Total Uses of Funds</b> .....	

<sup>(1)</sup> Includes legal fees, underwriter's discount, paying agent fees, rating fee, CUSIP, printing and miscellaneous fees.

\*Preliminary, subject to change.

## AGREEMENT OF BOND REPAYMENT

The School District owns real property known as the Lycoming Career and Technology Center (the “Center”), which is rented by the School District to the Center to operate a vocational and technical school. Pursuant to a certain Bond Repayment Agreement (the “Agreement”), between the School District and the Center, the Board of School Directors of the School District agreed to issue the Bonds to provide funds to the Center, of which the School District is a participating district, for the purpose of paying the costs of the Capital Project.

Under the Agreement, the Center agrees to make payments to the School District from contributions from the participating districts, which currently include the School District, Benton Area School District, Loyalsock Area School District, Montoursville Area School District, Muncy School District and Warrior Run School District. Such contributions will be collected by the Center in proportionate shares from the participating districts in accordance with the Second Amended Articles of Agreement for Operation of the Center. Pursuant to the Agreement, the Center agrees to make such payments to the School District in amounts sufficient to cover debt service on the Bonds when due and payable.

## DESCRIPTION OF THE BONDS

The Bonds will be issued in book-entry form, in denominations of \$5,000 principal amount and integral multiples thereof. The Bonds will bear interest from the Delivery Date at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on September 15, 2025, and thereafter, semiannually on March 15 and September 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

### 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 and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal and interest so paid. If the use of the book-entry only system for the Bonds is discontinued for any reason, Bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal and interest on the Bonds shall be made as described in the following paragraphs.*

The principal of any certificated Bonds, when due upon maturity or any earlier mandatory or optional redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to the Paying Agent at its designated corporate trust office (or to any successor paying agent at its designated office(s)).

Interest on any certificated Bonds will be payable to the registered owner of such a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding, September 15, 2025, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15<sup>th</sup>) 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 such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names such certificated Bonds are registered at the close of business on the fifth (5<sup>th</sup>) day preceding the date of mailing.

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

### Transfer, Exchange and Registration of Certificated Bonds

*Subject to the provisions herein under “BOOK-ENTRY ONLY SYSTEM”, any certificated Bonds are transferable or exchangeable by the registered owners thereof upon surrender of such 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 Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of such Bonds in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered and certificated Bond or Bonds of authorized denominations of the same, maturity and interest rate for the aggregate principal amount that the registered owner is entitled to receive. The School District and the Paying Agent*



may deem and treat the registered owner of any certificated Bond as the absolute owner thereof (whether such Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

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

## REDEMPTION OF BONDS

### Mandatory Sinking Fund Redemptions

In the manner and upon the terms and conditions provided in the Resolution, the following Bond maturities are subject to mandatory redemption in direct order of maturity, pursuant to operation of the Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest, on September 15<sup>th</sup> of the following years and in the following principal amounts:

<u>Year</u>	<u>Amount</u>
-------------	---------------

In lieu of such mandatory redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, or the School District may tender to the Paying Agent, all or part of the Bonds subject to mandatory redemption in any such year.

If any maturity of the Bonds that is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of such maturity required to be called for mandatory sinking fund redemption or in such order of maturity as shall be directed in writing by the School District, in each case in multiples of \$5,000 principal amount.

### Optional Redemption

The Bonds maturing on and after September 15, \_\_\_\_\_, are subject to redemption prior to maturity at the option of the School District, in whole or in part, in any order of maturities as the School District shall select, on any date on or after September 15, \_\_\_\_\_, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity shall be drawn by lot by the Paying Agent.

### Notice of Redemption

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

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 prior to the date fixed for redemption, addressed to each of the registered owners of any certificated Bonds to be redeemed, at the addresses shown on the registration books kept by the Paying Agent as of the date such Bonds are selected for redemption; 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 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 thereto, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed 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 or other escrow agent on the redemption date in sufficient time to effectuate the redemption of Bonds. If, after issuing a notice of redemption, the School District is unable or otherwise fails to deposit with the Paying Agent (or other bank or depository acting as refunding escrow agent) money sufficient to redeem the Bonds called for redemption, such notice may be withdrawn or be of no effect until such money is so deposited.

## Manner of Redemption

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

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

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

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

## BOOK-ENTRY ONLY SYSTEM

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

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

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

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

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

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

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

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

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

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

### **General Obligation Pledge**

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

place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power.

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

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

### **Sinking Fund**

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

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

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

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

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

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

### **Pennsylvania Budget Adoption Impasses**

The Commonwealth’s fiscal year begins on July 1. The budgets for the 2018-19 and the 2019-20 fiscal years were adopted timely. Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the Governor approved a five-month stopgap budget for fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. The legislation was sent to the Governor’s desk for approval and on November 23, 2020, the Governor approved the 2020-21 Supplemental Budget, which included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor signed the state’s 2021-2022 fiscal year budget on June 30, 2021. The 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 districts in both urban and rural areas of the Commonwealth. 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 record high of \$13.55 billion in the 2021-22 budget.

After a week’s delay and intense negotiations, the \$45.2 billion budget for Pennsylvania’s 2022-23 fiscal year was signed by Governor Tom Wolf on July 8, 2022. The 2022-23 enacted budget included \$7,625,124,000 for the basic education funding appropriation and \$225,000,000 to supplement those school districts with a higher at risk student population. The total amount allocated for education included a \$767,820,000 (10.83%) increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$45.5 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$8.4 billion for the basic education funding appropriation. The total amount included a \$796.6 million (10.45%) 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 \$1.3 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.

After a two week delay, a \$47.6 billion budget for the state's 2024-25 fiscal year was signed by Governor Josh Shapiro on July 11, 2024, which included an increase of \$1.11 billion for K-12 education funding. The total basic education funding appropriation is \$8,157,444,000 which is a 3.62% increase over the 2023-24 enacted fiscal year appropriation. Also, the budget provides for \$100 million increase in additional aid to school districts for special education services.

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

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

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

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

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

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

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

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

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

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

## BOND INSURANCE

### Bond Insurance Policy

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

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

### Assured Guaranty Inc.

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

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### *Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.*

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

### *Current Financial Strength Ratings*

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

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

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

### *Capitalization of AG*

At December 31, 2024:

- The policyholders’ surplus of AG was approximately \$3,524 million.
- The contingency reserve of AG was approximately \$1,392 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,424 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

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

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

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the Securities and Exchange Commission (the "SEC") on February 28, 2025 that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

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

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

#### *Miscellaneous Matters*

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

### **BONDHOLDER CONSIDERATIONS**

*The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the School District and the 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.*

#### **Bond Insurance Risk Factors**

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

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance

is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description under “**RATINGS**” herein.

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

Neither the School District or Underwriter has made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

### **Cybersecurity**

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

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

### **Climate Change**

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

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

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

## **CONTINUING DISCLOSURE UNDERTAKING**

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

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

The School District is required to give notice of certain events as set forth in the Continuing Disclosure 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.

<b>Fiscal Year Ending</b>	<b>Filing Due Date</b>	<b>Filing Date:</b>		
		<b>Audit</b>	<b>Operating Data</b>	<b>Budget</b>
6/30/2024	4/1/2025	3/27/2025	3/31/2025	3/31/2025
6/30/2023	4/1/2024	3/27/2024	3/27/2024 <sup>(2)</sup>	4/08/2024
6/30/2022	4/1/2023	3/31/2023	3/31/2023 <sup>(2)</sup>	4/08/2024 <sup>(2)</sup>
6/30/2021	4/1/2022	3/31/2022 <sup>(1)</sup>	3/31/2022	3/31/2022
6/30/2020	4/1/2021	6/24/2022	4/01/2021 <sup>(3)</sup>	4/01/2021

<sup>(1)</sup>The School District filed an interim filing of its unaudited financial statement, along with a "Failure to Timely File Notice" and filed the audit, when it became available to EMMA on 6/24/2022.

<sup>(2)</sup>The School District failed to file in a timely manner certain portions of its operating data. The missing information was titled "Trends in Assessed Valuation" and "Ten Largest Taxpayers in School District", as well as its budget and they were all subsequently filed separately, along with a "Failure to Timely File Notice", to EMMA on 4/8/2024.

<sup>(3)</sup>The School District failed to file in a timely manner certain portions of its operating data. The missing information was titled "Total Number of Employees" and was subsequently filed separately, along with a "Failure to Timely File Notice" to EMMA on 8/2/2021.

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

## NO LITIGATION

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

## TAX MATTERS

### Federal

#### *Exclusion of Interest from Gross Income*

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with its covenants contained in the Resolution and its representations in the Tax Compliance Certificate executed by the School District on the date of issuance of the Bonds relating to actions to be taken by the School District after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, inter alia, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

#### *Other Federal Tax Matters*

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. In addition, ownership or disposition of the Bonds may result in

other federal tax consequences to “applicable corporations” (within the meaning of Section 59(k) of the Code enacted as part of the Inflation Reduction Act of 2022) for tax years beginning after December 31, 2022, in that interest on the Bonds may be included in the calculation of the alternative minimum tax imposed on applicable corporations under Section 55(b) of the Code.

**Bond Counsel is not rendering any opinion regarding any federal tax matters other than as described under the caption “Exclusion of Interest From Gross Income” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX C. Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.**

#### **Pennsylvania**

In the opinion of Bond Counsel, under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

**Bond Counsel is not rendering any opinion as to any Commonwealth of Pennsylvania tax matters other than those described under the caption “Pennsylvania” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX C hereto.**

**Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all Commonwealth of Pennsylvania tax matters.**

#### **Other**

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

**Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.**

### **QUALIFIED TAX-EXEMPT OBLIGATIONS**

Each of the Bonds will be designated by the School District as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Code.

### **LEGAL OPINIONS**

The issuance of the Bonds is subject to the approving legal opinion of Eckert, Seamans, Cherin & Mellott, LLC, in Harrisburg, Pennsylvania, as Bond Counsel to the School District, substantially in the form of Appendix C. Certain legal matters will be passed upon by McCormick Law Firm, Williamsport, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter’s counsel, Stevens & Lee, P.C., Reading, Pennsylvania. FSL Public Finance, LLC, Scranton, Pennsylvania, serves as Financial Advisor to the School District in connection with the issuance of the Bonds.

### **RELATED PARTIES**

FSL Public Finance, LLC, an affiliated business of Stevens & Lee, P.C., limited scope underwriter’s counsel to the School District, is serving as financial advisor to the School District in connection with the issuance of the Bonds.

### **FINANCIAL ADVISOR**

The School District has retained FSL Public Finance, LLC, Scranton, Pennsylvania, as Financial Advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. The Financial Advisor is not obligated to any holder of the Bonds to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Financial Advisor is an independent, registered advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### **RATINGS**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) is expected to assign its municipal bond insured rating of AA (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the payment when due of the principal of and interest on the Bonds will be issued by AG. Currently, AG’s financial strength is rated “AA” (stable outlook) by S&P. S&P has assigned the School District an underlying rating of “AA-” (stable outlook).

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

## **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, Financial Advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the School District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

## **PAYING AGENT**

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

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

## **CERTAIN OTHER MATTERS**

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

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

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

**EAST LYCOMING SCHOOL DISTRICT**  
**Lycoming County, Pennsylvania**

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **APPENDIX A**

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

## DESCRIPTION OF THE SCHOOL DISTRICT

### Introduction

The East Lycoming School District is located in Lycoming County, Pennsylvania (the “School District”) in north central Pennsylvania. The School District was established in 1957, serving students grades K to 12. The School District is comprised of the townships of Franklin, Joran, Mill Creek, Moreland, Penn, Shrewsbury and Wolf, and the boroughs of Hughesville and Picture Rocks. The School District covers approximately 147.6 square miles, consisting of principally of developed suburb and rural farmland. The communities are rural and feature scenic mountain farms and a variety of outdoor recreational opportunities.

The School District is a school district of the Third Class, organized and existing under the laws of the Commonwealth of Pennsylvania.

The present East Lycoming School District became effective July 1, 1964 and merely changed in the jointure type organization to a single operative unit governed by a board of nine School Directors who are citizens of the School District and who are elected to serve four-year terms on a staggered basis. The daily operations and management of the School District are performed by a central administrative staff which is led by the Superintendent and the Business Manager who are appointed by the Board of School Directors.

### School Facilities

<u>School</u>	<u>Grades</u>	<u>Rated Pupil Capacity</u>	<u>2024-25 Enrollment</u>
<b><u>Elementary</u></b>			
Ashkar .....	Pre-K-6	516	552
Renn .....	Pre-K-6	270	182
Ferrell .....	K-6	210	139
<b><u>Secondary</u></b>			
Hughesville Jr/Sr High .....	7-12	950	<u>732</u>
<b>Total School District .....</b>			<u><b>1,605</b></u>

Source: School District Officials.

### Pupil Enrollment

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

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2020-21 .....	846	758	1,604
2021-22 .....	840	748	1,588
2022-23 .....	826	755	1,581
2023-24 .....	859	737	1,596
2024-25 (Current) .....	833	732	1,565
2025-26 (Projected) .....	865	729	1,594

Source: School District Officials.

## SCHOOL DISTRICT FINANCES

### Financial Reporting

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

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

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

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

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

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

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

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

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



## Summary and Discussion of Financial Results

The below table presents a summary of the School District's General Fund Financial Condition for Fiscal Years ending June 30, 2020 through June 30, 2024 and budgeted 2025. For more complete information, the financial statements of the School District may be reviewed at the School District's Business Office.

### EAST LYCOMING SCHOOL DISTRICT General Fund Revenues, Expenditures and Fund Balances (Fiscal Years Ending June 30)

	ACTUAL					Budgeted
	2020	2021	2022	2023	2024	2025
<b>Revenues</b>						
Local Sources.....	\$11,225,023	\$11,676,031	\$12,192,334	\$13,065,340	\$13,885,820	\$12,867,448
State Sources.....	14,733,502	14,599,878	15,103,020	15,779,144	16,370,961	16,304,193
Federal Sources.....	571,809	932,369	563,985	1,617,729	1,213,003	455,796
Other Financing Sources.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Revenues</b> .....	\$26,530,334	\$27,208,278	\$27,859,339	\$30,462,213	\$31,469,784	\$29,627,437
<b>Expenditures</b>						
Instruction .....	\$14,850,250	\$15,578,447	\$15,987,949	\$16,438,681	\$17,205,256	\$17,510,082
Support Services .....	7,597,420	8,274,044	8,085,316	8,657,239	9,162,251	9,123,639
Operation of Non-Instructional Services...	0	596,450	691,326	759,610	810,740	918,716
Capital Outlay .....	653,076	5,000	1,667	1,323,922	1,007,791	275,000
Debt Service.....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Expenditures</b> .....	\$23,100,746	\$24,453,941	\$24,766,258	\$27,179,452	\$28,186,038	\$27,827,437
<b>Excess Expenditures Over (Under) Revenues</b> .....	\$3,429,588	\$2,754,337	\$3,093,081	\$3,282,761	\$3,283,746	\$1,800,000
<b>Other Financing Sources (Uses)</b>						
Operating Transfers Out (to other funds)..	(\$2,556,339)	(\$2,268,733)	(\$2,827,622)	(\$1,666,969)	(\$1,452,003)	(\$1,700,000)
Sale of or Compensation for Loss of Fixed Assets .....	0	0	0	0	0	\$0
Budgetary Reserve (Budget Only)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(100,000)</u>
<b>Total Other Financing Sources (Uses)</b> .....	(\$2,556,339)	(\$2,268,733)	(\$2,827,622)	(\$1,666,969)	(\$1,452,003)	(\$1,800,000)
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing (Uses)</b> .....	<u>\$873,249</u>	<u>\$485,604</u>	<u>\$265,459</u>	<u>\$1,615,792</u>	<u>\$1,831,743</u>	\$0
<b>Beginning Fund Balance</b> .....	<u>\$4,783,809</u>	<u>\$5,657,058</u>	<u>\$6,142,662</u>	<u>\$6,408,121</u>	<u>\$8,023,913</u>	
<b>Fund Balance June 30</b> .....	<u>\$5,657,058</u>	<u>\$6,142,662</u>	<u>\$6,408,121</u>	<u>\$8,023,913</u>	<u>\$9,855,656</u>	

Source: School District Officials Audits and Budget.

[Remainder of this Page Intentionally Blank]

## TAXING POWERS AND LIMITS

### In General

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

1. An annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
  - a) for minimum salaries and increments of the teaching and supervisory staff;
  - b) to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c) *to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the School District; and*
  - d) to pay for the amortization of a bond or Bond issue which provided a school building prior to the first Monday of July 1959.
3. An annual per capita tax on each resident over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, a per capita tax, an earned income and net profits tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth ("STEB")/Tax Equalization Division ("TED")) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

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

### Taxpayer Relief Act (Act 1)

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

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

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

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

"Index" is defined in Act 1 as follows:

#### INDEX

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

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

#### STATEWIDE AVERAGE WEEKLY WAGE

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

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

<u>Fiscal Year</u>	<u>Index %</u>
2024-25	7.3
2023-24	5.7
2022-23	4.7
2021-22	4.1
2020-21	3.6

---

Source: Pennsylvania Department of Education website.

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

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

The debt service payable on the Bonds described in this Official Statement was not authorized before the effective date of Act 1; therefore, is not eligible for a specific exception to the Index limits of Act 1.

#### **Limitations on School District Fund Balance**

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

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

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

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

\*Applicable to the School District

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

## TAX REVENUES OF THE SCHOOL DISTRICT

### Tax Levies

#### 2024-25 Real Estate and Non-Real Estate Tax Rates

<b><u>Municipality</u></b>	<b><u>Real Estates Tax (Mills)</u></b>			<b><u>Earned Income</u></b>	
	<b><u>School</u></b>	<b><u>Municipal</u></b> <sup>(1)</sup>	<b><u>County</u></b>	<b><u>School</u></b>	<b><u>Municipal</u></b>
Franklin Township	16.650	0.4000	6.50	0.50%	0.50%
Hughesville Borough	16.650	5.2500	6.50	0.50	0.50%
Jordan Township	16.650	0.5000	6.50	0.50	0.50%
Mill Creek Township	16.650	0.9500	6.50	0.50	0.50%
Moreland Township	16.650	2.8500	6.50	0.50	0.50%
Penn Township	16.650	0.3121	6.50	0.50	0.50%
Picture Rocks Borough	16.650	1.5550	6.50	0.50	0.50%
Shrewsbury Township	16.650	2.7600	6.50	0.50	0.50%
Wolf Township	16.650	0.6610	6.50	0.50	0.50%

<sup>(1)</sup> May include millage for alleys and curbs, special road fund, fire equipment & firehouses and hydrants.

Source: Local Government Officials

<b><u>Municipality</u></b>	<b><u>Real Estate Transfer</u></b>		<b><u>Local Services Tax</u></b>	
	<b><u>School</u></b>	<b><u>Municipal</u></b>	<b><u>School</u></b>	<b><u>Municipal</u></b>
Franklin Township	0.50%	0.50%	\$ 0.00	\$ 0.00
Hughesville Borough	0.50%	0.50%	0.00	0.00
Jordan Township	0.50%	0.50%	0.00	0.00
Mill Creek Township	0.50%	0.50%	0.00	0.00
Moreland Township	0.50%	0.50%	0.00	0.00
Penn Township	0.50%	0.50%	0.00	0.00
Picture Rocks Borough	0.50%	0.50%	0.00	0.00
Shrewsbury Township	0.50%	0.50%	0.00	0.00
Wolf Township	0.50%	0.50%	0.00	10.00

Source: Local Government Officials

## Real Estate Tax Collection Record

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

<u>Fiscal Year</u>	<u>Adjusted Total Levy</u>	<u>Current Collections<sup>(1)</sup></u>	<u>Current Percent Collected</u>	<u>Total Collections<sup>(2)</sup></u>	<u>Total Percent Collected</u>
2019-20	\$7,367,692	\$6,815,933	92.51%	\$7,304,226	99.13%
2020-21	7,385,834	6,902,988	93.46	7,328,905	99.23
2021-22	7,787,953	7,242,796	92.99	7,682,796	98.65
2022-23	8,113,721	7,545,761	93.00	8,133,280	100.24
2023-24	8,614,337	8,011,333	93.00	8,559,150	99.36

<sup>(1)</sup>Includes portion of tax levy received from the state through the Homestead/Farmstead Exclusion program.

<sup>(2)</sup>Includes delinquent real estate collection.

Source: School District Officials.

## Trends in Market and Assessed Valuations

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

<u>Fiscal Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2019-2020	\$685,723,293	\$544,703,160	79.43%
2020-2021	721,063,625	550,791,429	76.39%
2021-2022	724,187,451	552,946,869	76.35%
2022-2023	778,282,119	559,185,160	71.85%
2023-2024	788,341,624	565,720,470	71.76%

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

## Ten Most Valuable Taxable Parcels in the School District

The following table represents the ten real estate parcels having the highest assessed values in the School District. These taxpayers represent approximately 2.5% of the School District's total most recent assessed value.

<u>Taxpayer</u>	<u>Taxable Assessed Valuation</u>
MAY STERLYN D & CAROL S	\$ 4,331,000
RBJD HOLDINGS LLC	1,480,160
C REALTY LLC	1,195,200
TRACS DEVELOPMENT & PROPERTIES INC	1,138,280
ARCHITECTURAL DEVELOPMENT LLC	1,047,650
BERKSHIRE GARDEN ASSOCIATES	1,000,000
BERKSHIRE GARDEN ASSOCIATES	1,000,000
REGENCY MARCELLUS GAS GATHERING LLC	990,770
SUSQUEHANNA REAL ESTATE SERV LLC	972,400
SAI HUGHESVILLE REALTY LLC	841,680
<b>Totals</b>	<b>\$13,997,140</b>

Source: County Assessment Office

[Remainder of this Page Intentionally Blank]

## COMMONWEALTH AID TO SCHOOL DISTRICTS

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

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

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

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

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

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds after said bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's MVAR is currently higher at 62.69%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on March 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, consisting of the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series of 2019 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2019, its Revenue Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, and its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues will be used to provide PlanCon reimbursement to the School District for the current and future fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

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

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

## DEBT STATEMENT AND DEBT LIMITS

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

<b><u>DIRECT DEBT</u></b>	<b><u>Gross</u></b>	<b><u>Project</u></b>	<b><u>Effective</u></b>	<b><u>State</u></b>	<b><u>Local</u></b>
<b><u>NONELECTORAL DEBT</u></b>	<b><u>Outstanding</u></b>	<b><u>Reimbursable</u></b>	<b><u>Reimbursement</u></b>	<b><u>Share</u></b>	<b><u>Share</u></b>
<b><u>Issue Type</u></b>		<b><u>Percent (%)</u></b>			
General Obligation Bonds, Series of 2025 .....	\$5,000,000	0.00%	0.00%	\$0	\$6,800,000
General Obligation Bonds, Series of 2022 .....	4,730,000	0.00%	0.00%	0	4,730,000
General Obligation Bonds, Series of 2021 .....	21,030,000	0.00%	0.00%	0	21,030,000
<b>Total Principal of Nonelectoral Debt.....</b>	<b>\$30,760,000</b>			<b>\$0</b>	<b>\$30,760,000</b>
<b><u>LEASE RENTAL DEBT</u></b>					
<b>Total Principal of Lease Rental Debt .....</b>	<b>0</b>				
<b>TOTAL DIRECT DEBT .....</b>	<b>\$30,760,000</b>				
<b><u>OVERLAPPING DEBT</u></b>					
Component Municipalities Debt .....	\$0				
Lycoming County .....	7,956,263				
<b>Total Principal of Overlapping Debt.....</b>	<b>\$7,956,263</b>				
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$38,716,263</b>				
<b><u>DEBT RATIOS OF DIRECT DEBT</u></b>					
Market Valuation of Real Estate .....	3.90%				
Assessed Valuation of Real Estate .....	5.44%				
Per Capita (2020 Population) .....	\$2,876				
<b><u>DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT</u></b>					
Market Valuation of Real Estate .....	4.91%				
Assessed Valuation of Real Estate .....	6.84%				
Per Capita (2020 Population) .....	\$3,620				

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

<sup>(2)</sup>School District’s pro rata 9.7% share of the County’s \$81,843,000 principal amount outstanding.

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

## FUTURE FINANCING

The School District does not anticipate issuing additional long-term debt to fund its capital improvement plan in the near future.

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

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

	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>Total General Fund Revenues</b> .....	\$27,859,339	\$30,302,786	\$31,404,465
<b>Less: Required Deductions</b>			
a. Rental and Sinking Fund Reimbursement.....	\$456,346	\$220,290	\$0
b. Revenues for Self-Liquidating Debt.....	0	0	0
c. Interest Earned on Sinking Funds.....	0	0	0
d. Grant and Gifts for Capital Projects.....	0	0	0
e. Sale of Equipment and Non-Recurring Items (i.e., insurance recoveries)	0	0	0
<b>Total Deductions</b> .....	<u>\$456,346</u>	<u>\$220,290</u>	<u>\$0</u>
<b>Total Net General Fund Revenues</b> .....	\$27,402,993	\$30,082,496	\$31,404,465
<b>Total Net Revenues for Three Years</b> .....		\$88,889,954	
<b>Borrowing Base - Average Net Revenues for Three-Year Period</b> .....		\$29,629,985	
<b>Computation of Borrowing Capacity</b>			
Debt Limitation - 225% of Borrowing Base.....		\$66,667,465	
Less: Net Non-Electoral and Lease Rental Debt.....		<u>30,760,000</u>	
		\$35,907,465	
<b>Current Non-Electoral and Lease Rental Borrowing Capacity</b> .....			

**LABOR RELATIONS**

**Employees and Labor Contracts**

There are presently 193 full-time and part-time employees of the School District, including 129 teachers, administrators, and other professional employees, and 64 support personnel including secretaries, maintenance staff and aides. The employee count does not include coaches, advisors and athletic game workers.

The School District's teachers are represented by the East Lycoming Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires June 30, 2027. Secretaries, custodians, maintenance and cafeteria employees and teacher aides are represented by the East Lycoming Educational Support Professional Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract which expires on June 30, 2028.

**Pension Program**

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees who render at least 500 hours of service in the school year can 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. For the fiscal year ended June 30, 2025, the PSERS Board certified employer rate, to be paid by the School District, is 33.9%. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of



contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

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

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

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

<u>Fiscal Year</u>	<u>Amount</u>
2019-20	\$3,633,741
2020-21	3,672,652
2021-22	3,832,381
2022-23	3,926,117
2023-24	3,979,480

On June 30, 2024, the School District reported a liability of \$33,899,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 (for 2024), 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 School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. This method was changed beginning with the System’s fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District’s one-year reported covered payroll as it related to PSERS’ total one-year report covered payroll. On June 30, 2022 (for 2023) (measurement date), the School District's proportion was 0.0762%, which was an increase of 0.0002% from its proportion measured as of June 30, 2022.

As of June 30, 2023, the PSERS plan was 61.6% funded, with an unfunded actuarial accrued liability of approximately \$44.0 billion. PSERS’ rate of return for fiscal year ended June 30, 2023, was 3.54%. The Fund had plan net assets of \$72.8 billion on June 30, 2023. 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 Official Statement.

Source: School District Audit and PSERS

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

The School District implemented Governmental Accounting Standards Board Statement No. 45, “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions,” for certain post-employment healthcare benefits and life insurance benefits provided by the School District. This statement generally provides for prospective implementation - i.e., that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year.

Accordingly, for financial reporting purposes, no liability is reported for the post-employment benefits liability at the date of transition. Single-Employer Defined Benefit OPEB Plan The School District's other post-employment benefits ("OPEB") include a single-employer defined benefit plan that provides medical and life insurance benefits to eligible retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

The School District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **APPENDIX B**

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

## DEMOGRAPHIC AND STATISTICAL INFORMATION

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

### Demographic Characteristics

#### Population

The table below shows population comparisons for the municipalities, School District, Lycoming County, and Pennsylvania.

	<u>2000</u>	<u>2010</u>	<u>2020</u>
<i>School District</i>	10,354	10,425	10,696
Lycoming County	120,044	116,111	114,188
Pennsylvania	12,281,054	12,702,379	13,002,788

Source: U.S. Bureau of Census.

#### Age Composition (2010)

	<u>Percent Under 18</u>	<u>Percent 65 and Over</u>
<i>School District</i>	21.7%	19.7%
Lycoming County	20.9	20.0
Pennsylvania	22.0	15.4

Source: U.S. Bureau of Census.

#### Income (2010 5-year estimates)

	<u>Family Median</u>	<u>Percentage of Families below Poverty Level</u>
<i>School District</i>	\$60,737	9.2%
Lycoming County	56,060	9.9
Pennsylvania	63,364	8.5

Source: U.S. Bureau of Census.

#### Housing Characteristics (2010)

	<u>Total Housing Units</u>	<u>Percent Occupied</u>	<u>Percent Owner Occupied</u>
<i>School District</i>	4,756	89.3%	72.1%
Lycoming County	52,500	89.0	68.1
Pennsylvania	5,567,315	90.2	69.6

Source: U.S. Bureau of Census.

#### Medical facilities

There are 3 general acute care hospitals that serve Lycoming County. The hospitals, their licensed bed capacities and number of employees (full-time and part-time) are as follows:

<u>Institution</u>	<u>Location</u>
Geisinger Jersey Shore Hospital	Jersey Shore
Muncy Valley Hospital	Muncy
Williamsport Regional Medical Center	Williamsport

Source: Pennsylvania Department of Health, Bureau of Health Statistics; 2019 reporting period.

## **Transportation**

An excellent transportation system makes all markets readily available to those products and services that originate in the Lycoming County Area. An outstanding road network within the County has been an attraction to industry - U.S. 15 the Susquehanna Trail, is a major north-south route from Canada to Florida - Interstate 80, the Keystone Shortway, crosses central Pennsylvania and passes just south of the School District - U.S. 220 and State Routes 14 and 147 are also important arteries through the area. Using this road network are nineteen long distance common carrier trucking operations. This excellent road network is used also by Continental Trailways which provides highway passenger service to all major cities. Freight service is available in the area via Conrail.

Williamsport Airport provides scheduled air service to Philadelphia and Pittsburgh. The County is also serviced by the Williamsport-Lycoming County Airport.

## **Utilities**

Utilities available to residents of Lycoming County are as follows:

- Electricity - PPL
- Gas – UGI Penn
- Telephone - Verizon and Mid Penn Telephone Company
- Water - Williamsport Municipal Water Authority
- Sewer - Williamsport Sanitary Authority

Municipal water and sewerage services are also operated in Hughesville, Jersey Shore, Montgomery, Muncy, and South Williamsport.

## **Higher Education**

Lycoming County has a number of institutions of higher learning. The Pennsylvania College of Technology was formerly known as the Williamsport Area Community College. Educational services are provided for both youth and adults on a post-secondary basis, full-time and part-time, in the Liberal Arts and Sciences, Applied Arts and Sciences, and Continuing Education.

Lycoming College, a fully accredited four-year co-educational liberal arts and sciences college, related to the United Methodist Church, is located in Williamsport. Among its many courses, Lycoming College offers a pre-engineering curriculum in co-operation with nearby engineering schools. The close-working relationship between the College and the City makes it an important entity in Williamsport.

Bucknell University is located 30 miles from the area in Lewisburg, Pennsylvania. Its curricula include engineering, the arts and sciences, business administration, education, music, music education and graduate study.

Pennsylvania State University, University Park, Pennsylvania, is located 62 miles from Williamsport.

## **Recreation**

Lycoming County is a renowned outdoor sporting area with excellent areas for camping, hunting & fishing, hiking, skiing and snowmobiling. The County includes two State parks and portions of three State forests fall within the County. There are many historical homes, inns, farms and restaurants dispersed throughout the County. Several colleges in the area host many varied cultural events including plays, lectures, arts and crafts exhibits and numerous sporting events.

## **ECONOMY**

### **Ten Largest Employers in Lycoming County**

#### **Company**

- The Williamsport Hospital
- State Government
- Pennsylvania College of Technology
- Susquehanna Physician Services
- Williamsport Area School District
- Weis Markets Inc.
- West Pharmaceutical Services Inc.
- Lycoming County
- Lycoming Engines
- Lycoming College

Source: Center for Workforce Information and Analysis – Labor & Industry (L & I), 4<sup>th</sup> Quarter 2023.

**TRENDS IN LYCOMING COUNTY TOTAL CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND  
UNEMPLOYMENT RATE BY PLACE OF RESIDENCE<sup>1</sup>**

TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOY- MENT	UNEMPLOY- MENT	RATE (%)	SEASONALLY ADJUSTED <sup>4</sup>			
					LABOR FORCE	EMPLOY- MENT	UNEMPLOY- MENT	RATE (%)
December 2024	54,800	52,700	2,000	3.7	55,400	53,300	2,100	3.8
November	55,100	53,300	1,800	3.3	55,500	53,400	2,100	3.8
October	55,400	53,600	1,800	3.3	55,600	53,500	2,100	3.8
December 2023	55,400	53,600	1,800	3.2	55,700	53,800	1,900	3.5

Source: Pennsylvania Department of Labor & Industry.

**Classification of Employment by Industry**  
**Williamsport Metropolitan Statistical Area**  
**Lycoming County, Pennsylvania**

<b>WILLIAMSPORT METROPOLITAN STATISTICAL AREA</b>						
(Lycoming County)						
<b>December 2024</b>						
<b>NONFARM JOBS - NOT SEASONALLY ADJUSTED</b>						
ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Dec 2024	Nov 2024	Oct 2024	Dec 2023	Nov 2024	Dec 2023
<b>TOTAL NONFARM</b>	<b>53,600</b>	54,000	53,600	52,700	-400	900
<b>TOTAL PRIVATE</b>	<b>46,500</b>	46,400	46,200	45,600	100	900
<b>GOODS-PRODUCING</b>	<b>10,800</b>	10,800	10,800	10,300	0	500
Manufacturing	7,800	7,800	7,700	7,700	0	100
<b>SERVICE-PROVIDING</b>	<b>42,800</b>	43,200	42,800	42,400	-400	400
<b>PRIVATE SERVICE-PROVIDING</b>	<b>35,700</b>	35,600	35,400	35,300	100	400
Trade, Transportation, and Utilities	9,600	9,500	9,400	9,700	100	-100
Retail Trade	5,900	5,800	5,700	5,900	100	0
Education and Health Services	11,700	11,700	11,600	11,400	0	300
Leisure and Hospitality	4,500	4,500	4,600	4,400	0	100
<b>Government</b>	<b>7,100</b>	7,600	7,400	7,100	-500	0
Federal Government	400	400	400	400	0	0
State Government	2,700	3,100	3,000	2,700	-400	0
Local Government	4,000	4,100	4,000	4,000	-100	0
Data benchmarked to March 2023	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry.

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**



\_\_\_\_\_, 2025

Re: \$\_\_\_\_\_,000 aggregate principal amount  
East Lycoming School District, Lycoming County, Pennsylvania  
General Obligation Bonds, Series of 2025

To the Purchasers of the Within-Described Bonds:

We have served as Bond Counsel to the East Lycoming School District, Lycoming County, Pennsylvania (“Issuer”), in connection with the issuance of its \$\_\_\_\_\_,000 aggregate principal amount General Obligation Bonds, Series of 2025 (the “Bonds”). The Bonds are issued pursuant to, and are secured by, the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (“Act”), and a Resolution (“Resolution”) adopted on January 28, 2025, by the Board of School Directors of the Issuer (“Board”).

The Bonds are being issued for the purpose of providing funds which will be used to: (i) finance the planning, designing, acquiring, constructing, installing, purchasing, furnishing and equipping of, as applicable, school buildings, facilities and grounds of the Lycoming Career and Technology Center; and (ii) fund the payment of the costs and expenses of issuing and insuring, if applicable, the Bonds.

As Bond Counsel for the Issuer, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania (“Commonwealth”); (b) the Act; (c) the relevant provisions of the Public School Code of 1949, as amended; (d) the Resolution and the Debt Statement of the Issuer filed with the Pennsylvania Department of Community and Economic Development (“Department”); (e) the proceedings of the Board with respect to the authorization, issuance and sale of the Bonds; (f) a Certificate of Approval issued by the Department in respect of the proceedings authorizing the issuance of the Bonds; (g) an opinion of the Solicitor to the Issuer as to various matters; and (h) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof (“Tax Compliance Certificate”) of officials of the Issuer having responsibility for issuing the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (“Code”), and the other documents, certifications and instruments listed in the Closing Memorandum filed with the Paying Agent (hereinafter defined) on the date of original delivery of the Bonds. We have also examined a fully executed and authenticated Bond, or a true copy thereof, and assume all other Bonds are in such form and are similarly executed and authenticated.

The Issuer has designated each of the Bonds as a “qualified tax-exempt obligation” as defined in and for the purposes of Section 265(b)(3) of the Code.

In rendering the opinion set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We have also relied, in the opinion set forth below, upon the opinion of the Solicitor of the Issuer as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

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

1. The Issuer is authorized under the provisions of the Constitution and the laws of the Commonwealth to issue the Bonds.

2. The Issuer has established, in accordance with the Debt Act, a sinking fund for the Bonds (the "Sinking Fund") with Manufacturers and Traders Trust Company, as paying agent, registrar and sinking fund depository ("Paying Agent"), and has covenanted in the Resolution to deposit in the Sinking Fund amounts sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable and to apply the amounts so deposited to the payment of such principal and interest.

3. The Issuer has effectively covenanted: (i) to include the amount of debt service on the Bonds in each fiscal year of the Issuer in which such sums are due and payable in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from the Sinking Fund or any other of its general revenues or funds, the principal or redemption price of and interest on the Bonds on the dates and in the place and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the Issuer has pledged, with respect to the Bonds, its full faith, credit and taxing power, within the limits established by law.

4. The Bonds have been duly authorized, executed, issued and delivered by the Issuer, have been duly authenticated, and are the legal, valid and binding general obligations of the Issuer, enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.

5. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth taxes and local taxes within the Commonwealth.

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Issuer with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering this opinion, we have assumed compliance by the Issuer with the covenants contained in the Resolution and its representations in the Tax Compliance Certificate relating to actions to be taken by the Issuer after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, *inter alia*, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is rendered on the basis of federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. This opinion is given as of the date hereof and we assume no

obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the Bonds and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

**[FORM OF CONTINUING DISCLOSURE CERTIFICATE]**

**EAST LYCOMING SCHOOL DISTRICT  
LYCOMING COUNTY, PENNSYLVANIA  
\$ \_\_\_\_\_ GENERAL OBLIGATION BONDS, SERIES OF 2025  
(LYCOMING CAREER AND TECHNOLOGY CENTER PROJECT)**

**CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is made by East Lycoming School District, Lycoming County, Pennsylvania (the “School District”) as of the \_\_\_\_\_ day of \_\_\_\_\_, 2025, in connection with the issuance of its \$ \_\_\_\_\_ aggregate principal amount, General Obligation Bonds, Series of 2025 (Lycoming Career and Technology Center Project), dated \_\_\_\_\_, 2025 (the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted by the Board of School Directors of the School District on January 28, 2025 (the “Resolution”). Capitalized terms used in this Disclosure Certificate that are not otherwise defined herein (including, without limitation, in Article IV hereof) shall have the meanings ascribed to such terms in the Resolution.

In consideration of the purchase of the Bonds by the Underwriter (as defined below), the School District agrees as follows:

**ARTICLE I  
The Undertaking**

Section 1.1. Purpose. This Disclosure Certificate shall constitute a written undertaking for the benefit of the holders of the Bonds, and is being executed and delivered solely to assist the Underwriter in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The School District shall provide Annual Financial Information with respect to each fiscal year of the School District, commencing with fiscal year ended June 30, 2025, by no later than each April 1<sup>st</sup> following the end of each fiscal year, to the MSRB through the EMMA System.

(b) The School District shall provide, in a timely manner, notice of any failure of the School District to provide the Annual Financial Information by the date specified in subsection (a) above, in substantially the form attached as Exhibit A hereto, to the MSRB through the EMMA System.

Section 1.3. Audited Financial Statements. If not provided as part of the Annual Financial Information by the date required by Section 1.2 hereof, the School District may provide State Form PDE-2057 Annual Financial Report, or such successor form, by such date and shall subsequently provide Audited Financial Statements when and if available, to the MSRB through the EMMA System.

Section 1.4. Disclosure Event Notices. (a) If a Disclosure Event occurs, the School District shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of such Disclosure Event to the MSRB through the EMMA System.

(b) Any such notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

Section 1.5. Additional Disclosure Obligations. The School District acknowledges and understands that other state and federal laws, including, but not limited to, the Securities Act of 1933 and

Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the School District and that, under some circumstances, additional disclosures or other action may be required to enable the School District to fully discharge all of its duties and obligations under such laws.

Section 1.6. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of Disclosure Event hereunder, in addition to that which is required by this Disclosure Certificate. If the School District chooses to do so, the School District shall have no obligation under this Disclosure Certificate to update such additional information or include it in any future Annual Financial Information or notice of a Disclosure Event hereunder.

## **ARTICLE II Operating Rules**

Section 2.1. Reference to Other Documents. It shall be sufficient for purposes of Section 1.2 hereof if the School District provides Annual Financial Information by specific reference to documents (i) either (1) provided to the MSRB through the EMMA System, or (2) filed with the SEC, or (ii) if such document is a Final Official Statement, available from the MSRB as a word-searchable pdf file.

Section 2.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 2.3. Disclosure Event Notices. Each notice of a Disclosure Event hereunder shall be captioned "Notice of Disclosure Event" and shall prominently state the title, date and CUSIP numbers of the Bonds.

Section 2.4. Transmission of Information and Notices. Unless otherwise required by law and, in the School District's sole determination, subject to technical and economic feasibility, the School District shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of the School District's information and notices.

Section 2.5. Fiscal Year. (a) The School District's current fiscal year is July 1 to June 30, and the School District shall promptly provide written notice of each change in its fiscal year. The School District shall provide such notice to the MSRB through the EMMA System.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

## **ARTICLE III Effective Date, Termination, Amendment, Default and Enforcement**

Section 3.1. Effective Date, Termination. (a) This Disclosure Certificate shall be effective upon the issuance of the Bonds.

(b) The School District's obligations under this Disclosure Certificate shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds or on the date that the School District shall no longer be deemed an "obligated person" with respect to the Bonds within the meaning of the Rule.

(c) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that (1) the School District receives an opinion of Counsel to the effect that those portions of the Rule which require this Disclosure Certificate, or such provision, as the case may be, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the School District delivers a copy of such opinion to the MSRB through the EMMA System.

Section 3.2. Amendment. (a) This Disclosure Certificate may be amended, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the School District or the type of business conducted thereby, (2) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the School District shall have received an opinion of Counsel to the same effect as set forth in clause (2) above, (4) the School District shall have received an opinion of Counsel or a determination by a person, in each case unaffiliated with the School District (such as bond counsel or the paying agent) and acceptable to the School District, addressed to the School District, to the effect that the amendment does not materially impair the interests of the holders of the Bonds, and (5) the School District shall have delivered copies of such opinion(s) and amendment to the MSRB through the EMMA System.

(b) In addition to subsection (a) above, this Disclosure Certificate may be amended without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Disclosure Certificate which is applicable to this Disclosure Certificate, (2) the School District shall have received an opinion of Counsel to the effect that performance by the School District under this Disclosure Certificate as so amended will not result in a violation of the Rule and (3) the School District shall have delivered copies of such opinion and amendment to the MSRB through the EMMA System.

(c) To the extent any amendment to this Disclosure Certificate results in a change in the type of financial information or operating data provided pursuant to this Disclosure Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(d) If an amendment is made to the accounting principles to be followed by the School District in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, the rights of the holders of the Bonds to enforce the provisions of this Disclosure Certificate shall be limited solely to the right, by action in mandamus or for specific performance, to cause the School District to comply with obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

Section 3.4. Benefit: Third-Party Beneficiaries: Enforcement. (a) The provisions of this Disclosure Certificate shall constitute a contract with and inure solely to the benefit of the Underwriter and the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Disclosure Certificate and shall be deemed to be holders of Bonds for purposes of Section 3.4(b) hereof. The provisions of this Disclosure Certificate shall create no rights in any person or entity except as provided in this subsection (a).

(b) The obligations of the School District to comply with the provisions of this Disclosure Certificate shall be enforceable in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any holder of the Bonds. The holders' rights to enforce the provisions of this Disclosure Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the School District's obligations under this Disclosure Certificate.

(c) This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

#### **ARTICLE IV Definitions**

Section 4.1. Definitions. The following terms used in this Disclosure Certificate shall have the following respective meanings:

“Annual Financial Information” means, collectively,

- (i) the Audited Financial Statements for the most recent fiscal year,
- (ii) A copy of (or summary of) the budget for the current fiscal year;
- (iii) an update of the tabular information of the type contained in “Appendix A – Summaries of Operating Data Regarding the School District” to the Final Official Statement prepared in connection with the issuance of the Bonds, under the headings “TAX REVENUES OF THE SCHOOL DISTRICT” “– Real Estate Tax Collection Record”, “– Trends in Market and Assessed Valuations” and “– Ten Most Valuable Taxable Parcels in the School District”; and
- (vii) the information regarding amendments to this Disclosure Certificate required pursuant to Sections 3.2(c) and (d) of this Disclosure Certificate.

“Audited Financial Statements” means the annual financial statements, if any, of the School District, audited by the School District's independent public accountants. Audited Financial Statements shall be prepared in accordance with GAAP.

“Counsel” means any nationally recognized bond counsel or counsel expert in federal securities laws.

“Disclosure Event” means any of the following events with respect to the Bonds, whether relating to the School District or otherwise:



- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the School District;
- (13) The consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the School District, any of which reflect financial difficulties.

For the purposes of the event identified in paragraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District 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 School District, 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 School District.

“EMMA System” means the MSRB’s Electronic Municipal Market Access system (<http://emma.msrb.org/>), or such other electronic system designated by the MSRB.

“Financial Obligation” shall mean (i) a debt obligation; (ii) 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 (iii) a guarantee of either (i) or (ii) above. 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.

“Final Official Statement” means a “final official statement,” as defined in paragraph (f)(3) of the Rule.

“GAAP” means generally accepted accounting principles as prescribed from time to time by the Financial Accounting Standards Board or any successor to the duties or responsibilities thereof.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Disclosure Certificate, including any official interpretations thereof issued either before or after the effective date of this Disclosure Certificate which are applicable to this Disclosure Certificate.

“SEC” means the United States Securities and Exchange Commission.

“Underwriter” shall have the meaning given thereto under Rule 15c2-12, or any successor to such underwriter or underwriters known to the School District.

## **ARTICLE V**

### **Miscellaneous**

Section 5.1. Disclosure Dissemination Agent. The School District may appoint a disclosure dissemination agent to perform the responsibilities of the School District for compliance with disclosure requirements pursuant to the Rule performed by the School District under this Disclosure Certificate for the benefit of the holders of the Bonds and Underwriter.

Section 5.2. Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

Section 5.3. Governing Law. This Disclosure Certificate shall be governed by and interpreted in accordance with the laws of the Commonwealth of Pennsylvania; provided, however, that, to the extent that the Securities and Exchange Commission, the MSRB or any other federal agency or regulatory body with jurisdiction shall have promulgated any rule or regulation governing the subject matter hereof, this Disclosure Certificate shall be interpreted and construed in a manner consistent therewith.

IN WITNESS WHEREOF, the School District has caused its duly authorized representative to execute this Disclosure Certificate as of the day and year first written above.

EAST LYCOMING SCHOOL DISTRICT

---

President, Board of School Directors

ATTEST:

---

Board Secretary

(SEAL)

EXHIBIT A

**FORM OF NOTICE OF FAILURE TO FILE ANNUAL FINANCIAL INFORMATION**

Name of Issuer: East Lycoming School District, Lycoming County, Pennsylvania

Name of Bond Issue: East Lycoming School District, Lycoming County, Pennsylvania  
\$ \_\_\_\_\_ General Obligation Bonds, Series of 2025 (Lycoming Career  
and Technology Center Project)

Date of Issuance: \_\_\_\_\_, 2025

**NOTICE IS HEREBY GIVEN** that the above-named Issuer has not provided the Annual Financial Information with respect to the above-named Bonds as required by the Continuing Disclosure Undertaking dated \_\_\_\_\_, 2025. Said Issuer anticipates that the Annual Financial Information will be filed by \_\_\_\_\_.  
\_\_\_\_\_.

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

**EAST LYCOMING SCHOOL DISTRICT**  
Lycoming County, Pennsylvania

By: \_\_\_\_\_  
Authorized Officer

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

**EAST LYCOMING SCHOOL DISTRICT  
HUGHESVILLE, PENNSYLVANIA 17737**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2024**

**(WITH INDEPENDENT SINGLE AUDIT REPORTS THEREON)**

**EAST LYCOMING SCHOOL DISTRICT  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**(WITH INDEPENDENT SINGLE AUDIT REPORTS THEREON)**

**JUNE 30, 2024**

**TABLE OF CONTENTS**

	<u>Page</u>
<i>Management's Discussion and Analysis .....</i>	MD&A-1 - MD&A-13
<i>Independent Auditor's Report .....</i>	1-3
<b><u>Basic Financial Statements:</u></b>	
Government-wide Financial Statements:	
Statement of Net Position .....	4
Statement of Activities .....	5
Fund Financial Statements:	
Balance Sheet--Governmental Funds .....	6
Reconciliation of Total Governmental Fund Balances To Net Position of Governmental Funds.....	7
Statement of Revenues, Expenditures, and Changes in Fund balances--Governmental Funds.....	8
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund balances--Governmental Funds to Statement of Activities.....	9
Statement of Revenues, Expenditures, and Changes in Fund balance--Budget and Actual--General Fund .....	10
Statement of Net Position--Proprietary Fund .....	11
Statement of Revenues, Expenditures, and Changes in Net Position -- Proprietary Fund .....	12
Statement of Cash Flows--Proprietary Fund .....	13
Statement of Fiduciary Net Position .....	14

*(Basic Financial Statements Continued):*

Statement Changes in Fiduciary Net Position .....	15
Notes to Financial Statements .....	16 - 62

**Required Supplementary Information (RSI):**

*Pension:*

<i>Schedule of the District's Proportionate Share of the Net Pension Liability ....</i>	RSI-1
<i>Schedule of the District's Pension Contributions .....</i>	RSI-2

*OPEB-East Lycoming School District Postemployment Benefits Plan (District Plan):*

<i>Schedules of the District's Total OPEB Liability and Related Ratios .....</i>	RSI-3
--	-------

*OPEB-PSERS Health Insurance Premium Assistance Program (PSERS Plan):*

<i>Schedule of the District's Proportionate Share of the Net OPEB Liability .....</i>	RSI-4
<i>Schedule of the District's OPEB Contributions .....</i>	RSI-5

**Other Reporting required by Government Auditing Standards:**

<i>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 .....</i>	63-64
---	-------

**Other Information (with related Auditor Reporting):**

Schedule of Expenditures of Federal and State Awards .....	65-66
Notes to the Schedule of Expenditures of Federal and State Awards .....	67
<i>Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Required by the Title 2 U.S. CFR Part 200 Uniform Guidance .....</i>	68-70
<i>Schedule of Findings and Questioned Costs .....</i>	71-72
<i>Notes to the Schedule of Findings and Questioned Costs .....</i>	73
<i>Schedule of Prior Findings and Questioned Costs .....</i>	74

**Other Administrative Information:**

Report Distribution .....	75
Lead Auditor Information .....	76



**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**M D & A Page 1 of 13**

Our discussion and analysis of the East Lycoming School District, "the District" and its financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements.

**Financial Highlights:**

- ❖ Total net position of Governmental Activities increased by \$4.4-million representing an approximately 92% reduction in the prior net deficit. This is largely attributable to the results of operations at the Fund level and is reflective of the District's investment in plant and equipment. The Proprietary Fund / Business-Type Activity (Food Service) showed an increase in net position of \$133-thousand or 13%. These changes are detailed in the Statement of Activities included in the financial statements.
- ❖ The operations of the District's General Fund finished the year with \$31.5-million of revenue which was approximately \$3.2-million or 11.2% favorable as compared to final budget, and approximately \$29.6-million of expenditures which was approximately \$1.6-million or 6.5% unfavorable to the final budgeted amount when the budgetary reserve is taken into account. This expenditure total comparison also includes budgeted spend of General Fund's fund balance (approx. \$130-thousand).
- ❖ The District's General Fund ended the year with a fund balance of approximately \$9.7-million which represents an increase of approximately \$1.8-million (18.9%).

**A Brief Guide to the Financial Statements:**

The financial statements of the District include presentation on two levels-

- Government-wide statements
- Governmental fund statements

**Government-wide Statements:**

These statements present the District's financial information in an aggregated format split into two types of activities.

- Governmental activities
- Business-type activities

Most of the activities of the District are reported as governmental activities. The operations of the District's Food Service Fund, whose operations involve primarily the serving of meals to students during the school day, is the District's only business-type activity.

**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**M D & A Page 2 of 13**

The presentation provided in these government-wide statements is primarily focused on presenting the financial position of the District and the change in financial position as a result of the activities that occurred during the fiscal year. The significant differences in these statements as compared to governmental fund statements are:

- Government-wide statements include fixed assets for governmental activities—government fund statements do not.
- Government-wide statements include long-term debt and similar obligations, such as pension liabilities, for governmental activities—government fund statements do not.
- Government-wide statements are prepared utilizing the accrual basis of accounting—government fund statements are generally prepared utilizing a modified accrual basis of accounting. This results in differences in the timing of the recognition of certain revenues and expenses.
- Government-wide statements present in a format to highlight net position. Government fund statements deal with fund balance. Net position is a much broader financial measurement.

For a more detailed explanation of these financial statements, please review the notes to the financial statements.

**Government Fund Statements:**

This format is concerned primarily with the presentation of “the flow of funds” rather than with measuring financial position. This is the presentation format which is utilized for preparation of budgets and is presented on a more disaggregated format than the government-wide statements.

This format, as with the government-wide statements, presents information by firstly grouping funds by type. In the case of governmental funds, the types are:

- Governmental funds
- Proprietary funds
- Fiduciary funds

These statements are presented by type and then utilizing criteria to identify “major funds” presenting information on a segregated basis for each of the major funds and then aggregating the information for all other funds within the fund type.

The District has the following “major funds” for government fund statement presentation-

- ✓ Governmental funds
  - General fund
  - Capital Projects and Construction Projects Funds
  - Debt Service Fund
  - Student activities fund

**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**MD & A Page 3 of 13**

- ✓ Proprietary funds
  - Food service fund (the District's only proprietary fund)
- ✓ Fiduciary funds
  - Student awards fund – a private purpose trust fund

For more information regarding the presentation of fund financial statements, please review the notes to the financial statements.

**Condensed Government-wide Financial Statements:**

<b>Condensed Statement of Net Position</b>			
<b>June 30, 2024</b>			
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets &amp; Deferred Outflows of Resources:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 33,131,988	\$ 785,236	\$ 33,917,224
Taxes receivable-net	1,441,510	-	1,441,510
Other current assets	2,049,155	12,850	2,062,005
Total current assets	<u>\$ 36,622,653</u>	<u>\$ 798,086</u>	<u>\$ 37,420,739</u>
Lease receivable	591,924	-	591,924
Fixed assets-net	30,900,548	494,999	31,395,547
<b>Deferred Outflows of Resources:</b>	6,854,879	-	6,854,879
Total assets & deferred outflows	<u><u>\$ 74,970,004</u></u>	<u><u>\$ 1,293,085</u></u>	<u><u>\$ 76,263,089</u></u>
<b>Liabilities and Deferred Inflows of Resources:</b>			
Current liabilities:			
Accounts payable	3,684,643	249,673	3,934,316
Accrued salaries and benefits	3,235,977	-	3,235,977
Current portion of long-term debt	791,886	-	791,886
Other current liabilities	821,801	(135,066)	686,735
Total current liabilities	<u>8,534,307</u>	<u>114,607</u>	<u>8,648,914</u>
Long-term debt-net of current portion	24,065,251	-	24,065,251
Other non-current liabilities	394,721	7,673	402,394
Net OPEB liability	5,812,442	-	5,812,442
Net pension liability	33,899,000	-	33,899,000
Total liabilities	<u>72,705,721</u>	<u>122,280</u>	<u>72,828,001</u>
<b>Deferred Inflows of Resources:</b>	2,649,485	-	2,649,485
Total liabilities & deferred inflows	<u><u>75,355,206</u></u>	<u><u>122,280</u></u>	<u><u>75,477,486</u></u>
<b>Net Position:</b>			
Invested in capital assets-net of related debt	6,043,411	494,999	6,538,410
Restricted	24,046,457	-	24,046,457
Unrestricted	(30,475,070)	675,806	(29,799,264)
Total Net Assets	<u>(385,202)</u>	<u>1,170,805</u>	<u>785,603</u>
Total Liabilities, Deferred Inflows, and Net Position	<u><u>74,970,004</u></u>	<u><u>1,293,085</u></u>	<u><u>76,263,089</u></u>

Unaudited - Supplementary Information  
See accompanying Independent Auditor's Report

**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**M D & A Page 4 of 13**

**Comments regarding the condensed June 30, 2024 government-wide statements:  
Statement of Net Position:**

- Cash, cash equivalents and investments are primarily held in the Muncy Bank, and the Pennsylvania Local Government Investment Trust (PLGIT). PLGIT is a government investment pool.
- Taxes receivable include delinquent real estate along with current income tax collections, primarily from the June 30 and March 31, 2024 quarters.
- Fixed assets are presented net of depreciation and include the facilities and equipment of the District.
- Accrued salaries and benefits consists primarily of the amounts due teachers for salaries and benefits earned in the 2023-24 school year that are paid over a twelve month period beginning when the District's academic year begins in late August through the beginning of the following August. These are the remaining amounts which will be paid in July and August, 2024 (i.e. summer pay).
- The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* (as amended; GASB No. 68). Per GASB No. 68, the District reports its cost-sharing employer proportionate portion of the Pennsylvania School Employees' Retirement System (PSERS) Net Pension Liability in its Statement of Net Position. The District records its proportionate share of the PSERS system-wide Net Pension Liability, related Deferred Inflow and Outflow balances and adjustments to Pension expense to reflect the requirements of GASB No. 68. These adjustments, balances, and amounts are reflected in the government-wide financial statements only. The year-end net pension liability balance was \$33,899,000, representing an increase of \$110-thousand, following an increase of \$2.5-million and a decrease of approximately \$6.1-million in the two most recent prior years, each due primarily to investment performance and assumption changes at the statewide PSERS pension plan level.
- The District also adopted GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75) relative to its offering of covered benefits under the State-level (PSERS premium assistance, a proportionate share of the statewide plan similar to the PSERS pension, as above) and District-level other postemployment benefit (OPEB) plans. The year-end balances of the plans were \$1,375,000 for the PSERS, State-level plan and \$4,437,442 for the District-level plan (an aggregate increase of approximately \$620-thousand as compared to prior year – primarily attributable to statewide factors).
- GASB No.'s 68 and 75 had no effect on the governmental fund financial statements and represent significant reconciling differences between those statements and the Government-wide statements.

The notes to the financial statements provide additional detail on these and other items included in the Statement of Net Position.

**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**MD & A Page 5 of 13**

**Condensed Statement of Activities  
Year Ended June 30, 2024**

				Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>						
Instruction	\$ 17,081,150	\$ 13,680	\$ 6,070,964	\$ (10,996,506)		\$ (10,996,506)
Instructional Student Support	1,852,144	-	248,036	(1,604,108)		\$ (1,604,108)
Admin. & Financial Support Services	2,735,913	-	314,712	(2,421,201)		\$ (2,421,201)
Operation & Maintenance of Facilities	2,598,419	307,304	178,040	(2,113,075)		\$ (2,113,075)
Pupil Transportation	1,841,425	-	1,185,815	(655,610)		\$ (655,610)
Student Activities	862,013	46,497	235,260	(580,256)		\$ (580,256)
Community Services	22,682	-	-	(22,682)		\$ (22,682)
Scholarships and Awards	648,183	-	-	(648,183)		\$ (648,183)
Interest on Long-Term debt	663,946	-	-	(663,946)		\$ (663,946)
<b>Total Governmental Activities</b>	<b>\$ 28,305,875</b>	<b>\$ 367,481</b>	<b>\$ 8,232,827</b>	<b>\$ (19,705,567)</b>		<b>\$ (19,705,567)</b>
<b>Business-type activities:</b>						
Food Service	1,061,558	311,203	845,268		94,913	\$ 94,913
<b>Total Primary Government</b>	<b>\$ 29,367,433</b>	<b>\$ 678,684</b>	<b>\$ 9,078,095</b>	<b>\$ (19,705,567)</b>	<b>\$ 94,913</b>	<b>\$ (19,610,654)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes, net				12,361,908	-	12,361,908
Grants, subsidies, & contributions not restricted				10,039,367	-	10,039,367
Investment Earnings				1,615,820	38,385	1,654,205
Miscellaneous Income				70,458	-	70,458
Loss on disposal of fixed assets				-	-	-
Transfers				-	-	-
<b>Total general revenues, special items, extraordinary items and transfers</b>				<b>24,087,553</b>	<b>38,385</b>	<b>24,125,938</b>
<b>Change in Net Assets</b>				<b>4,381,986</b>	<b>133,298</b>	<b>4,515,284</b>
Net Assets—beginning				(4,767,188)	1,037,507	(3,729,681)
<b>Net Assets—ending</b>				<b>\$ (385,202)</b>	<b>\$ 1,170,805</b>	<b>\$ 785,603</b>

**Statement of Activities:**

- Governmental activities operating grants include various subsidies including \$1.3-million of state funds for special education, \$305-thousand of federal Title I funds, to support academic achievement, \$1.2-million and \$510-thousand and \$2.4-million, respectively, of state subsidies to support student transportation, and for social security and retirement costs. Operating grants also include approximately \$750-thousand in Federal COVID-19 recovery-related funding.
- General revenues include \$8.2-million of real estate taxes, \$3.6-million of earned income taxes and basic education funding and property tax reduction subsidies from the state of \$9.4-million and \$672-thousand, respectively.
- The District recognized approximately \$3.3-million in expenses relative Pension and other post-employment benefits. This is approximately \$932-thousand more, primarily as result of the District's share of PSERS-system-level adjustments to

**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**MD & A Page 6 of 13**

the respective programs, as compared to the Governmental Funds expense activity, which is accounted for on the modified accrual basis as compared to the full accrual basis of the statement of activities, shown above.

**The condensed Governmental Activities Statement of Net Position June 30, 2024 as compared to June 30, 2023 including the change in the elements of net position:**

	Governmental Activities		
	June 30, 2024	2023	Inc. (Dec.) in Net Position
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 33,131,988	\$ 33,603,590	\$ (471,602)
Taxes receivable-net	1,441,510	1,467,741	(26,231)
Other current assets	2,049,155	2,236,605	(187,450)
Total current assets	36,622,653	37,307,936	(685,283)
Fixed assets-net	30,900,548	24,725,949	6,174,599
Other non-current assets	591,924	861,374	(269,450)
<b>Deferred Outflows of Resources:</b>	6,854,879	5,968,801	886,078
Total assets & deferred outflows	<u>\$ 74,970,004</u>	<u>\$ 68,864,060</u>	<u>6,105,944</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 3,684,643	\$ 1,150,923	(2,533,720)
Accrued salaries and benefits	3,235,977	3,070,850	(165,127)
Current portion of long-term debt	791,886	645,000	(146,886)
Other current liabilities	821,801	741,559	(80,242)
Total current liabilities	8,534,307	5,608,332	(2,925,975)
Long-term debt-net of current portion	24,065,251	24,977,021	911,770
Other non-current liabilities	394,721	369,326	(25,395)
Net OPEB liability	5,812,442	5,193,682	(618,760)
Net pension liability	33,899,000	33,789,000	(110,000)
Total liabilities	72,705,721	69,937,361	(2,768,360)
<b>Deferred Inflows of Resources:</b>	2,649,485	3,693,887	1,044,402
<b>Net Position:</b>			
Invested in capital assets-net of related debt	6,043,411	(896,072)	6,939,483
Restricted & unrestricted	(6,428,613)	(3,871,116)	(2,557,497)
Total Net Position	<u>(385,202)</u>	<u>(4,767,188)</u>	<u>\$ 4,381,986</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 74,970,004</u>	<u>\$ 68,864,060</u>	

**Analysis of the changes in the Governmental Activities Statement of Net Position:**

- The decrease in cash is due primarily to the results of governmental activities operations (an increase in net position of approx. \$4.4-million) as offset by the uses of cash for the purchase of plant & equipment (\$6.2-million, net (use)) and source of cash via the increase in Trade Payables (\$2.5-million (source) and pay-down of debt (\$623-thousand (use)) as discussed below.
- Fixed assets increased due primarily to current period depreciation expense (approx. \$1.3-million) being exceeded by current period fixed asset additions (approx. \$7.4-million).
- Accounts payable is increased due to the continued ramping-up of expenditures relative to Construction Projects Fund activities (which contributed a \$2.8-million increase in Payables). Otherwise, payables are relatively consistent due to the relative timing of invoices received and processed for payment.
- The decrease in bonds payable reflects the District's ordinary course (\$645-thousand) pay down of debt.
- As discussed throughout this MD&A and the notes to the accompanying financials, per the requirements of GASB No. 68, the District reflects its proportionate share of the actuarially determined PSERS net pension liability in the Government-wide Statement of Net Position. As compared to the fiscal year-ended June 30, 2023, the District's proportionate share increased by \$110-thousand. This increase is primarily a result of the relative performance of the PSERS system-wide investment portfolio (as compared to the two most recent prior years, which saw a \$2.5-million increase and a \$6.1-million decrease in the District's Pension obligation) and stabilization in the District's relative proportion of the net pension liability relative to other member employers' respective proportions at the PSERS plan-level.
- As also discussed throughout this MD&A, the District adopted GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75) as of July 1, 2017 relative to the District's OPEB plans (PSERS-level and District-Specific), which represented liabilities of \$1.4-million and \$4.3-million, respectively, at year-end these balances are relatively consistent with prior-year.
- Note: These adjustments, balances, and amounts are reflected in the government-wide financial statements only – there was no effect on the governmental fund financial statements related to GASB No. 68 nor GASB No. 75.

Additional information regarding these matters can be found in the accompanying financial statements and notes.

**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**MD & A Page 8 of 13**

**The condensed Business-type Activities Statement of Net Position June 30, 2024 as compared to June 30, 2023 including the change in the elements of net position:**

	<b>Business-type Activities</b>		
	<b>June 30, 2024</b>	<b>2023</b>	<b>Inc. (Dec.) in Net Position</b>
<b>Assets:</b>			
Current assets:			
Cash, cash equivalents and investments	\$ 785,236	\$ 836,164	\$ (50,928)
Other current assets	12,850	1,890	10,960
Total current assets	798,086	838,054	(39,968)
Fixed assets-net	494,999	125,369	369,630
<b>Deferred Outflows of Resources:</b>	-	-	-
Total assets & deferred outflows	<u>\$ 1,293,085</u>	<u>\$ 963,423</u>	<u>329,662</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 249,673	\$ 1,516	(248,157)
Accrued salaries and benefits	-	-	-
Other current liabilities	(135,066)	(81,020)	54,046
Total current liabilities	114,607	(79,504)	(194,111)
Other non-current liabilities	7,673	5,420	(2,253)
Total liabilities	122,280	(74,084)	(196,364)
<b>Deferred Inflows of Resources:</b>	-	-	-
<b>Net Position:</b>			
Invested in capital assets-net of related debt	494,999	125,369	369,630
Restricted & unrestricted	675,806	912,138	(236,332)
Total Net Position	1,170,805	1,037,507	<u>\$ 133,298</u>
Total Liabilities and Net Position	<u>\$ 1,293,085</u>	<u>\$ 963,423</u>	

**Analysis of changes in Business-type activities Statement of Net Position:**

- The increase in net position is due to the approx. \$133-thousand income for the period, which reflects a non-cash depreciation charge of approx. \$31-thousand. Otherwise, the increase in Net Position is reflective of continued (from previous year) post-pandemic stabilization to the Food Service program's operations. Current year also reflects a significant investment in food service equipment as the District's cafeteria kitchens are updated to reflect likewise updated food delivery and meal preparation modes.



**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**M D & A Page 9 of 13**

**A condensed Statement of Activities for the fiscal year ended June 30, 2024 as compared to the fiscal year ended June 30, 2023:**

<b>Functions/Programs</b>	<b>Net Revenue/Expense Fiscal Year Ended June 30,</b>		<b>Favorable (Unfavorable) Change</b>	
	<b>2024</b>	<b>2023</b>		
<b>Expenses-</b>				
<b>Governmental activities:</b>				
Instruction	\$ 17,081,150	\$ 16,013,201	\$ (1,067,949)	6.7%
Instructional Student Support	1,852,144	1,785,842	(66,302)	3.7%
Admin. & Financial Support Services	2,735,913	2,745,219	9,306	-0.3%
Operation & Maintenance of Facilities	2,598,419	2,358,498	(239,921)	10.2%
Pupil Transportation	1,841,425	1,731,265	(110,160)	6.4%
Student Activities	862,013	768,470	(93,543)	12.2%
Community Services	22,682	31,765	9,083	-28.6%
Unallocated Depreciation expense	648,183	655,096	6,913	-1.1%
Interest on Long-Term debt	663,946	660,972	(2,974)	0.4%
<b>Total Governmental Activities</b>	<b>28,305,875</b>	<b>26,750,328</b>	<b>(1,555,547)</b>	<b>5.8%</b>
<b>Business-type activities:</b>				
Food Service	1,061,558	933,108	(128,450)	13.8%
<b>Total Expense</b>	<b>29,367,433</b>	<b>27,683,436</b>	<b>(1,683,997)</b>	<b>6.1%</b>
<b>Program Revenues &amp; Charges for Services-</b>				
<b>Governmental activities:</b>				
Instruction	6,084,644	6,053,361	31,283	0.5%
Instructional Student Support	248,036	247,717	319	0.1%
Admin. & Financial Support Services	314,712	313,720	992	0.3%
Operation & Maintenance of Facilities	485,344	484,752	592	0.1%
Pupil Transportation	1,185,815	1,038,189	147,626	14.2%
Student Activities	281,757	253,073	28,684	11.3%
Interest on Long-Term debt	-	220,290	(220,290)	-100.0%
<b>Total Governmental Activities</b>	<b>8,600,308</b>	<b>8,611,102</b>	<b>(10,794)</b>	<b>-0.1%</b>
<b>Business-type activities:</b>				
Food Service	1,156,471	1,153,684	2,787	0.2%
<b>Total Program Revenues &amp; Charges for Services</b>	<b>9,756,779</b>	<b>9,764,786</b>	<b>(8,007)</b>	<b>-0.1%</b>
<b>General revenues:</b>				
<b>Taxes:</b>				
Property and other taxes, levied for general purposes, net	12,361,908	11,825,749	536,159	4.5%
Grants, subsidies, & contributions not restricted	10,039,367	9,571,687	467,680	4.9%
Investment Earnings-governmental activities	1,615,820	1,045,366	570,454	54.6%
Investment earnings-business-type activities	38,385	21,651	16,734	77.3%
Miscellaneous Income	70,458	51,033	19,425	38.1%
<b>Total General Revenues</b>	<b>24,125,938</b>	<b>22,515,486</b>	<b>1,610,452</b>	<b>7.2%</b>
<b>Change in Net Position</b>	<b>\$ 4,515,284</b>	<b>\$ 4,596,836</b>	<b>\$ (81,552)</b>	

Unaudited - Supplementary Information  
See accompanying Independent Auditor's Report

**Analysis of changes in Statement of Activities between fiscal years:**

- Governmental Activities expense increased by \$1.1-million, net, as compared to prior year. Increased costs of compensation and benefits including increased Pension and post-employment benefit expenses contributed approx. \$800-thousand, aggregate) to the net increase. Costs of transporting students and of operating and maintaining the District's facilities (contributing increases of \$110-thousand and \$240-thousand increases, respectively) have largely returned to pre-pandemic levels, which, in recent prior-years had seen a decrease due to decreased volumes attributable to the COVID-19 closures and other related service interruptions.
- Interest expense on the long-term debt remained relatively consistent to prior year. The prior year completion of the paydown of legacy General Obligation debt and related impact on debt service expense for interest was replaced by the interest expense impact of the newly issued and outstanding GOB 2021 – which has favorable interest rates as compared to current market rates.
- The State and Federal grants are largely consistent with prior year. The most significant variance having to do with the expiration of debt-related subsidy associated with / following the final retirement of the District's legacy reimbursement-eligible debts in prior-year.
- The increase in tax revenues is attributable to increases in property tax millage, assessment for current improvements and improved, and better than expected, related collections on those and other taxes such as earned income.
- The increase in investment earnings-governmental activities is attributable to temporary valuation adjustments driven by interest rates on underlying debt securities in the Construction Projects Funds' PLGIT/US Treasury investments as compared to market rates.

**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**M D & A Page 11 of 13**

**The General Fund Budget vs. Actual for the June 30, 2024 Fiscal Year:**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local Sources	\$ 12,315,904	\$ 12,315,904	\$ 13,885,820	\$ 1,569,916
State Sources	15,549,605	15,549,605	16,370,961	821,356
Federal Sources	445,796	445,796	1,213,003	767,207
Total Revenues	28,311,305	28,311,305	31,469,784	3,158,479
<b>EXPENDITURES</b>				
Regular education programs	12,152,826	12,152,826	12,897,070	(744,244)
Special education programs	3,331,558	3,331,558	2,923,518	408,040
Vocational education programs	956,929	956,929	871,007	85,922
Other instructional programs	110,192	110,192	120,625	(10,433)
Pre-kindergarten	293,281	293,281	393,036	(99,755)
Pupil personnel support services	988,233	988,233	1,000,511	(12,278)
Instructional staff support services	570,586	570,586	552,330	18,256
Administrative services	1,611,786	1,611,786	1,628,317	(16,531)
Pupil health services	338,387	338,387	371,810	(33,423)
Business services	528,541	528,541	566,019	(37,478)
Operation & maintenance of facilities	2,251,296	2,251,296	2,576,086	(324,790)
Student transportation services	1,772,836	1,772,836	1,832,361	(59,525)
Central & other support services	632,999	632,999	634,817	(1,818)
Student activities	781,350	781,350	788,058	(6,708)
Community services	43,605	43,605	22,682	20,923
Debt Service (Principal & Interest)	-	-	-	-
Other	-	-	1,007,791	(1,007,791)
Total Expenditures	26,364,405	26,364,405	28,186,038	(1,821,633)
Excess (Deficiency) of Revenues Over Expenditures	1,946,900	1,946,900	3,283,746	1,336,846
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	(1,700,000)	(1,700,000)	(1,452,003)	247,997
Budgetary reserve	(375,000)	(375,000)	-	375,000
<b>Net Change in Fund Balances</b>	(128,100)	(128,100)	1,831,743	1,959,843
<b>Fund Balance - Beginning of Year</b>	5,718,121	5,718,121	7,864,401	
<b>Fund Balance - End of Year</b>	<u>\$ 5,590,021</u>	<u>\$ 5,590,021</u>	<u>\$ 9,696,144</u>	

**Analysis of General Fund Budget vs. Actual for the June 30, 2024 Fiscal Year:**

- The most significant contributor to the overall excess of revenues over expenditures was greater than expected local tax revenues, in particular, property tax and earned income tax revenues. The favorable variance vs. budgetary expectations, which reflected a millage increase (as did the prior year levy), relative to locally sourced revenues is attributable to the more favorable than expected combined results of improved collection activities and a much better than expected macroeconomic environment, in consideration of, among other

**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**M D & A Page 12 of 13**

things, the COVID-19 pandemic. Increases in State funding as compared to budget expectations, of \$191-thousand and \$289-thousand, respectively, were contributed by the school safety and student transportation subsidies. Federal subsidies were higher by \$750-thousand attributable primarily to COVID-19-related grant funding which, as discussed earlier, was recognized in fiscal 2023-2024 due to project timing but not reflected as such in the adopted budget. The increased revenue corresponds to increased, as compared to budget expectations, expenditure levels for grant-related costs incurred.

- Higher than budgeted costs for COVID-19-response related, grant-funded heating, ventilating and air conditioning equipment improvements (reflected in the "other" costs caption corresponding to "capital outlay") were the main contributor of the overall actual expenses excess as compared to budget. Similar increases and higher than expected expenditures in supplies and equipment costs contributed to the negative variance in Operation & Maintenance of Facilities costs.

**Long-term debt activity in the fiscal year ended June 30, 2024:**

Description	Balance June 30, 2023	Additional Borrowings	Principal Reductions	Balance June 30, 2024
2021 Series GOB	\$ 22,340,000	\$ -	\$ (645,000)	\$ 21,695,000
2022 Series GON	105,595	21,291	-	126,886
Gross Bonds Payable	<u>22,445,595</u>	<u>21,291</u>	<u>(645,000)</u>	<u>21,821,886</u>
Less-				
Unamortized bond premium (discount)	3,176,426	-	(141,175)	3,035,251
Total	<u>\$ 25,622,021</u>	<u>\$ 21,291</u>	<u>\$ (786,175)</u>	<u>\$ 24,857,137</u>

See the notes to the financial statements for additional details.

**Capital asset activity in the fiscal year ended June 30, 2024:**

**Governmental Activities Fixed Assets:**

Description	Cost June 30, 2023	Fiscal Year-ended June 30, 2024		Cost June 30, 2024	Depreciation Expense For Year-ended June 30, 2024	Accumulated Depreciation June 30, 2024	Net Asset June 30, 2024
		Additions	Retirements/ Transfers				
Land	289,959	-	-	289,959	-	-	289,959
Land improvements	4,894,479	71,652	-	4,966,131	81,869	4,405,974	560,157
Buildings & improvements	39,036,025	610,687	662,176	40,308,888	875,388	18,718,698	21,590,189
Machinery & equipment	6,082,491	368,252	223,401	6,674,144	296,687	5,740,482	933,663
Construction in Progress	2,034,205	6,377,952	(885,577)	7,526,580	-	-	7,526,580
	<u>\$ 52,337,159</u>	<u>\$ 7,428,543</u>	<u>\$ -</u>	<u>\$ 59,765,702</u>	<u>\$ 1,253,944</u>	<u>\$ 28,865,154</u>	<u>\$ 30,900,548</u>

**East Lycoming School District  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(UNAUDITED)**

**M D & A Page 13 of 13**

**Food Service Fixed Assets:**

Description	Fiscal Year-ended June 30, 2024			Cost June 30, 2024	Depreciation Expense For Year-ended June 30, 2024	Accumulated Depreciation June 30, 2024	Net Asset June 30, 2024
	Cost June 30, 2023	Additions	Retirements/ Transfers				
Machinery & equipment	\$ 944,319	\$ 380,218	\$ -	\$ 1,324,537	\$ 31,032	\$ 849,982	\$ 474,555
Projects in Progress	\$ -	20,443	-	20,443	-	-	20,443
	<u>\$ 944,319</u>	<u>\$ 400,661</u>	<u>\$ -</u>	<u>\$ 1,344,980</u>	<u>\$ 31,032</u>	<u>\$ 849,982</u>	<u>\$ 494,998</u>

See the notes to the financial statements for additional details.

**Potential / Future Issues:**

The following matters will potentially have future impact on the District:

- ✓ The combined impact of an overall macro-economy, anticipated increases to retirement funding obligations, and cost increases associated with the implementation of COVID-19 recovery and adaptation measures and associated cost and operational considerations, pose a challenge to both the District and state to fund operations.
- ✓ The Commonwealth has imposed restrictions and limitations on the ability and methods of school districts to raise revenue via future local tax increases.
- ✓ The District and most, if not all, other School Districts in the Commonwealth have received appropriations of significant federal and state grant funding in support of pandemic mitigation, re-opening, and operating efforts. Information regarding these grants is summarized per Supplementary Information accompanying these MD&A, financial statements, and notes. Generally, these funding sources are denoted with "COVID-19" in the grant name/identifier. District management expects that the coming fiscal year ending June 30, 2025 is the last year in which significant amounts attributable to these COVID-19 funding streams may be expected to be realized and recognized.
- ✓ During the District's 2021-2022 fiscal year, the District secured more than \$27-million in General Obligation Bond and Note funding for significant renovations at its facilities and has refinanced certain then-existing debt obligations. The District expects to couple this project financing with grant-funded COVID-19-related heating, ventilating, and air conditioning renovation activities across all District facilities. This is expected to result in significant construction activity and facility improvements across the District over the coming one to three years.
- ✓ During the fourth quarter of the District's 2024-2025 fiscal year, the District expects to secure \$5-million in funding relative to improvements to the District-owned facilities which are leased to the affiliated Lycoming Career & Technology Center (the Center). The District's net commitment is expected to be one-sixth (1/6) of the overall borrowing costs which are to be shared by and among the six (6) joint venture-participating districts. The improved facilities are expected to generate additional lease revenue associated with the use of those facilities which will be used by the District to service the overall borrowing. The District expects that the Center will secure special assessments from the Member Districts in the form of additional cost of attendance for vocational education services.

# **Richard B. Snodgrass & Co.**

*Audit, Tax, and Advisory*  
1117 Cemetery Road  
Montoursville, Pennsylvania 17754

570-220-4990  
FAX 570-433-4728  
email-dsnodgrass@snodgrass-co.com

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
East Lycoming School District  
349 Cemetery Street  
Hughesville, Pennsylvania 17737

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Lycoming 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Lycoming School District as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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 (GAS). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of 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 opinion.

### ***Management's Responsibility for the Financial Statements***

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based upon the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
- 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 control-related matters that we identified during the audit.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) information on pages MD&A 1 through 13 and the *schedule of the District's proportionate share of the net pension liability* on page RSI-1, the *schedule of the District's contributions to pensions* on page RSI-2, the *schedules of changes in the District's total OPEB liability and related ratios* on page RSI-3, the *schedule of the District's proportionate share of the net OPEB liability* on page RSI-4, and the *schedule of the District's OPEB contributions* on page RSI-5, be presented to supplement the basic financial statements. Such information, though not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of the 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal (and state) 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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the District's basic financial statements.

The schedule of expenditures of federal (and state) awards is the responsibility of the District's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal (and state) awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards* we have also issued our report dated March 27, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.



Richard B. Snodgrass & Co.  
Montoursville, Pennsylvania  
March 27, 2025



**East Lycoming School District  
Statement of Net Position**

**June 30, 2024**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets and Deferred Outflows of Resources:</b>			
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 2,400,655	\$ 785,236	\$ 3,185,891
Investments	30,731,333	-	30,731,333
Taxes receivable-net	1,441,510	-	1,441,510
Due from other governments	1,918,619	11,305	1,929,924
Inventories	-	1,545	1,545
Other receivables and current assets	130,536	-	130,536
Total current assets	36,622,653	798,086	37,420,739
<b>Noncurrent assets:</b>			
Lease receivable	591,924	-	591,924
Land and land improvements-net	850,116	-	850,116
Buildings and improvements-net	21,590,189	-	21,590,189
Furniture and equipment-net	933,663	494,999	1,428,662
Construction in progress	7,526,580	-	7,526,580
Total noncurrent assets	31,492,472	494,999	31,987,471
<b>Total Assets</b>	<b>68,115,125</b>	<b>1,293,085</b>	<b>69,408,210</b>
<b>Deferred Outflows of Resources:</b>			
Other postemployment benefits	1,406,909	-	1,406,909
Pension	5,447,970	-	5,447,970
<b>Total Deferred Outflows of Resources:</b>	<b>6,854,879</b>	<b>-</b>	<b>6,854,879</b>
<b>Total Assets and Deferred Outflows of Resources:</b>	<b>74,970,004</b>	<b>1,293,085</b>	<b>76,263,089</b>
<b>Liabilities, Deferred Inflows of Resources and Net Position:</b>			
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Current portion of long-term debt	791,886	-	791,886
Accounts payable	3,684,643	249,673	3,934,316
Intergovernmental payable	75,984	-	75,984
Accrued salaries and benefits	3,235,977	-	3,235,977
Internal balances	170,069	(170,069)	-
Other accrued expenditures	233,683	-	233,683
Unearned grant revenues	167,082	-	167,082
Other current liabilities	174,983	35,003	209,986
Total current liabilities	8,534,307	114,607	8,648,914
<b>Noncurrent liabilities:</b>			
Bonds payable-net of current portion	24,065,251	-	24,065,251
Long-term portion of compensated absences	394,721	7,673	402,394
Other post-employment benefits-PERS	1,375,000	-	1,375,000
Other post-employment benefits-District	4,437,442	-	4,437,442
Net pension liability	33,899,000	-	33,899,000
Total noncurrent liabilities	64,171,414	7,673	64,179,087
<b>Total Liabilities</b>	<b>72,705,721</b>	<b>122,280</b>	<b>72,828,001</b>
<b>Deferred Inflows of Resources:</b>			
Unearned revenue	-	-	-
Other postemployment benefits	1,570,561	-	1,570,561
Pension	487,000	-	487,000
Leases	591,924	-	591,924
<b>Total Deferred Inflows of Resources:</b>	<b>2,649,485</b>	<b>-</b>	<b>2,649,485</b>
<b>Net Position:</b>			
Invested in capital assets-net of related debt	6,043,411	494,999	6,538,410
Restricted:			
Capital projects	21,394,338	-	21,394,338
Retirement	2,488,645	-	2,488,645
Other	163,474	-	163,474
Unrestricted	(30,475,070)	675,806	(29,799,264)
<b>Total Net Position</b>	<b>(385,202)</b>	<b>1,170,805</b>	<b>785,603</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position:</b>	<b>\$ 74,970,004</b>	<b>\$ 1,293,085</b>	<b>\$ 76,263,089</b>

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>								
Instruction	\$ 17,081,150	\$ -	\$ 13,680	\$ 6,070,964	\$ -	\$ (10,996,506)		\$ (10,996,506)
Instructional Student Support	1,852,144	-	-	248,036	-	(1,604,108)		(1,604,108)
Admin. & Financial Support Services	2,735,913	-	-	314,712	-	(2,421,201)		(2,421,201)
Operation & Maintenance of Facilities	2,598,419	-	307,304	178,040	-	(2,113,075)		(2,113,075)
Pupil Transportation	1,841,425	-	-	1,185,815	-	(655,610)		(655,610)
Student Activities	862,013	-	46,497	235,260	-	(580,256)		(580,256)
Community Services	22,682	-	-	-	-	(22,682)		(22,682)
Unallocated depreciation	648,183	-	-	-	-	(648,183)		(648,183)
Interest on Long-Term debt	663,946	-	-	-	-	(663,946)		(663,946)
<b>Total Governmental Activities</b>	<b>28,305,875</b>		<b>367,481</b>	<b>8,232,827</b>	<b>-</b>	<b>(19,705,567)</b>		<b>(19,705,567)</b>
<b>Business-type activities:</b>								
Food Service	1,061,558		311,203	845,268	-		94,913	94,913
<b>Total Primary Government</b>	<b>\$ 29,367,433</b>		<b>\$ 678,684</b>	<b>\$ 9,078,095</b>	<b>\$ -</b>	<b>\$ (19,705,567)</b>	<b>\$ 94,913</b>	<b>\$ (19,610,654)</b>
<b>General revenues:</b>								
Taxes:								
Property and other taxes, levied for general purposes, net						12,361,908	-	12,361,908
Grants, subsidies, & contributions not restricted						10,039,367	-	10,039,367
Investment Earnings						1,615,820	38,385	1,654,205
Miscellaneous Income						70,458	-	70,458
<b>Total general revenues, special items, extraordinary items and transfers</b>						<b>24,087,553</b>	<b>38,385</b>	<b>24,125,938</b>
<b>Change in Net Position</b>						<b>4,381,986</b>	<b>133,298</b>	<b>4,515,284</b>
Net Position—beginning						(4,767,188)	1,037,507	(3,729,681)
<b>Net Position—ending</b>						<b>\$ (385,202)</b>	<b>\$ 1,170,805</b>	<b>\$ 785,603</b>

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	<b>General Fund</b>	<b>Construction Projects Fund</b>	<b>Debt Service Fund</b>	<b>Student Activity Fund</b>	<b>Total Governmental Funds</b>
<b>Assets and Deferred</b>					
<b>Outflows of Resources:</b>					
<b>Assets:</b>					
Cash and cash equivalents	\$ 2,262,677	\$ -	\$ -	\$ 137,978	\$ 2,400,655
Investments	8,840,472	21,890,861	-	-	30,731,333
Taxes receivable-net	1,441,510	-	-	-	1,441,510
Due from other funds	-	-	-	-	-
Due from other governments	1,918,619	-	-	-	1,918,619
Prepaid expenses	25,496	-	-	-	25,496
Leases receivable	591,924	-	-	-	591,924
Other receivables	93,115	11,925	-	-	105,040
Total Assets	15,173,813	21,902,786	-	137,978	37,214,577
<b>Deferred Outflows of Resources:</b>					
	-	-	-	-	-
Total Assets & Deferred Outflows	<u>15,173,813</u>	<u>21,902,786</u>	<u>-</u>	<u>137,978</u>	<u>37,214,577</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	711,952	2,972,691	-	-	3,684,643
Due to other funds	170,069	-	-	-	170,069
Due to other governments	75,984	-	-	-	75,984
Accrued salaries & benefits	3,235,977	-	-	-	3,235,977
Unearned grant revenue	176,687	-	-	-	176,687
Other current liabilities	165,378	-	-	-	165,378
Total liabilities	4,536,047	2,972,691	-	-	7,508,738
<b>Deferred Inflows of Resources:</b>					
Unearned revenue	349,698	-	-	-	349,698
Leases	591,924	-	-	-	591,924
Total deferred inflows	941,622	-	-	-	941,622
<b>Fund Balances:</b>					
Non-spendable	25,496	-	-	-	25,496
Restricted fund balance	-	18,930,095	-	137,978	19,068,073
Committed balance	4,952,888	-	-	-	4,952,888
Assigned fund balance	-	-	-	-	-
Unassigned fund balance	4,717,760	-	-	-	4,717,760
Total fund balance	9,696,144	18,930,095	-	137,978	28,764,217
Total Liabilities & Fund Balance	<u>\$ 15,173,813</u>	<u>\$ 21,902,786</u>	<u>\$ -</u>	<u>\$ 137,978</u>	<u>\$ 37,214,577</u>

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Statement of Net Position**  
**June 30, 2024**

Total Fund Balances - Governmental Funds	\$ 28,764,217
--	---------------

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of capital assets is \$59,765,702 and the accumulated depreciation is \$28,865,154. Net capital/fixed assets are:	30,900,548
---	------------

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 recorded as deferred revenues in the funds balance sheet:	349,698
--	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
Bonds payable	(24,857,137)
Accrued interest on the bonds	(233,683)
Compensated absences	(394,721)
Net OPEB liability-PSERS	(1,375,000)
Net OPEB liability-District	(4,437,442)
Net pension liability	(33,899,000)

Deferred outflows and inflows of resources related to pension and OPEB to be recognized and/or realized in future periods are not reported in governmental funds:	
Deferred outflows-pension	5,447,970
Deferred outflows-OPEB	1,406,909
Deferred inflows-pension	(487,000)
Deferred inflows-OPEB	(1,570,561)

Total Net Position - Governmental Activities	\$ (385,202)
--	--------------

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

	<b>General Fund</b>	<b>Construction Projects Fund</b>	<b>Debt Service Fund</b>	<b>Student Activity Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>					
Local Sources	\$ 13,885,820	\$ 1,058,701	\$ -	\$ 129,630	\$ 15,074,151
State Sources	16,370,961	-	-	-	16,370,961
Federal Sources	1,213,003	-	-	-	1,213,003
Total Revenues	31,469,784	1,058,701	-	129,630	32,658,115
<b>Expenditures</b>					
Instruction	17,205,256	-	-	-	17,205,256
Support Services	9,162,251	47,046	-	-	9,209,297
Non-instructional Services	810,740	-	-	112,367	923,107
Capital Outlay	1,007,791	6,377,952	-	-	7,385,743
Debt Service (Principal & Interest)	-	-	1,452,003	-	1,452,003
Total Expenditures	28,186,038	6,424,998	1,452,003	112,367	36,175,406
Excess (Deficiency) of Revenues Over Expenditures	3,283,746	(5,366,297)	(1,452,003)	17,263	(3,517,291)
<b>Other Financing Sources (Uses)</b>					
Proceeds from Extended Term Financing	-	21,291	-	-	21,291
Interfund Transfers in	-	-	1,452,003	-	1,452,003
Operating Transfers Out	(1,452,003)	-	-	-	(1,452,003)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>					
<b>Net Change in Fund Balances</b>	1,831,743	(5,345,006)	-	17,263	(3,496,000)
<b>Fund Balance - Beginning of Year</b>	7,864,401	24,275,101	-	120,715	32,260,217
<b>Fund Balance - End of Year</b>	<u>\$ 9,696,144</u>	<u>\$ 18,930,095</u>	<u>\$ -</u>	<u>\$ 137,978</u>	<u>\$ 28,764,217</u>

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District  
Reconciliation of the Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balance  
To the Statement of Activities  
For the Year Ended June 30, 2024**

Total net change in fund balances - governmental funds \$ (3,496,000)

Amounts reported for governmental activities in the statement  
of activities 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:	(1,253,944)
Capital outlays:	7,428,543

Repayment of bond principal and capital lease payments are expenditures  
in the governmental funds, but the repayment reduces long-term liabilities  
in the statement of net assets.

Bond principal paid:	645,000
----------------------	---------

Proceeds of debt and related bond refunding expenditures are treated as  
other financing sources & uses in government fund statements but are  
increases in statement of net position components and amortized or  
accreted over the period of the related debt in government wide  
statements.

Additional borrowings	(21,291)
-----------------------	----------

Interest on long-term debt at year end is not accrued in governmental  
funds but is accrued in government wide financial statements. Accrued  
interest on bonds decreased (increased) at current year-end as compared  
to the previous year end:

1,882
-------

Taxes receivable are recognized on an accrual basis in government-wide  
statements while the revenue is recognized on a modified accrual basis  
in governmental funds. This is the increase in revenue recognized in the  
government-wide statements in the current year due to this difference:

29,746
--------

Bond premiums and discounts related to time-value of money are recorded  
and accreted/amortized in government-wide statements:

Amortize bond issuance premiums:	141,175
----------------------------------	---------

Post-employment liabilities for OPEB and compensated absences  
(increased) decreased at current year end as compared to the previous  
year end and the District incurred, net, reduced expense in the governmental  
statement of activities:

Compensated absences	(25,395)
Other postemployment benefits, net	(21,363)

In the statement of activities, Pension expense is measured by  
the amounts contributed toward future retirement during the year.  
In the governmental funds, however, are measured by the amount  
of financial resources used. This amount represents the additional  
amount, net, expended in the current period in consideration of the  
changes in the Net Pension Liability and Deferred Pension-related  
inflows and outflows of resources:

953,633
---------

Change in net position of governmental activities

\$ 4,381,986
--------------

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Budget and Actual**  
**For the Year Ended June 30, 2024**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>
<b>REVENUES</b>				
Local Sources	\$ 12,315,904	\$ 12,315,904	\$ 13,885,820	\$ 1,569,916
State Sources	15,549,605	15,549,605	16,370,961	821,356
Federal Sources	445,796	445,796	1,213,003	767,207
Total Revenues	28,311,305	28,311,305	31,469,784	3,158,479
<b>EXPENDITURES</b>				
Regular education programs	12,152,826	12,152,826	12,897,070	(744,244)
Special education programs	3,331,558	3,331,558	2,923,518	408,040
Vocational education programs	956,929	956,929	871,007	85,922
Other instructional programs	110,192	110,192	120,625	(10,433)
Pre-kindergarten	293,281	293,281	393,036	(99,755)
Pupil personnel support services	988,233	988,233	1,000,511	(12,278)
Instructional staff support services	570,586	570,586	552,330	18,256
Administrative services	1,611,786	1,611,786	1,628,317	(16,531)
Pupil health services	338,387	338,387	371,810	(33,423)
Business services	528,541	528,541	566,019	(37,478)
Operation & maintenance of facilities	2,251,296	2,251,296	2,576,086	(324,790)
Student transportation services	1,772,836	1,772,836	1,832,361	(59,525)
Central & other support services	632,999	632,999	634,817	(1,818)
Student activities	781,350	781,350	788,058	(6,708)
Community services	43,605	43,605	22,682	20,923
Debt Service (Principal & Interest)	-	-	-	-
Other	-	-	1,007,791	(1,007,791)
Total Expenditures	26,364,405	26,364,405	28,186,038	(1,821,633)
Excess (Deficiency) of Revenues Over Expenditures	1,946,900	1,946,900	3,283,746	1,336,846
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	(1,700,000)	(1,700,000)	(1,452,003)	247,997
Budgetary reserve	(375,000)	(375,000)	-	375,000
<b>Net Change in Fund Balances</b>	(128,100)	(128,100)	1,831,743	1,959,843
<b>Fund Balance - Beginning of Year</b>	5,718,121	5,718,121	7,864,401	
<b>Fund Balance - End of Year</b>	<u>\$ 5,590,021</u>	<u>\$ 5,590,021</u>	<u>\$ 9,696,144</u>	

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District  
Statement of Net Position-Proprietary Funds**

**June 30, 2024**

	<b>Food Service Fund</b>
<b>Assets and Deferred</b>	
<b>Outflows of Resources:</b>	
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and cash equivalents	\$ 785,236
Due from other funds	170,069
Due from other governments	11,305
Other receivables	-
Inventories	1,545
Total current assets	<u>968,155</u>
<b>Noncurrent assets:</b>	
Furniture and equipment-net	494,999
Total noncurrent assets	<u>494,999</u>
<b>Total Assets</b>	<u>1,463,154</u>
<b>Deferred Outflows of Resources:</b>	-
<b>Total Assets and Deferred Outflows</b>	<u><u>1,463,154</u></u>
<b>Liabilities, Deferred Inflows of</b>	
<b>Resources and Net Position:</b>	
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	249,673
Due to other funds	-
Other current liabilities	35,003
Total current liabilities	<u>284,676</u>
<b>Noncurrent liabilities:</b>	
Long-term portion of compensated absences	7,673
Total noncurrent liabilities	<u>7,673</u>
<b>Total Liabilities</b>	<u>292,349</u>
<b>Deferred Inflows of Resources:</b>	-
<b>Net Position:</b>	
Invested in capital assets-net of related debt	494,999
Restricted	-
Unrestricted	675,806
<b>Total Net Position</b>	<u>1,170,805</u>
<b>Total Liabilities, Deferred</b>	
<b>Inflows, and Net Position</b>	<u><u>\$ 1,463,154</u></u>

The accompanying notes are an integral part of this financial statement.



**East Lycoming School District**  
**Statement of Revenues, Expenditures and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2024**

	<b>Food Service Fund</b>
<b>Operating Revenues</b>	
Food service revenue	\$ 311,203
Total Operating Revenues	<u>311,203</u>
<b>Expenditures</b>	
Salaries	227,259
Employee benefits	137,163
Purchased property services	-
Other purchased services	604,117
Supplies	61,987
Depreciation	<u>31,032</u>
Total Expenditures	1,061,558
Operating income (loss)	(750,355)
<b>Non-Operating Revenues (Expenses)</b>	
Earnings on investments	38,385
State sources	181,305
Federal sources	<u>663,963</u>
<b>Income (Loss) for the Period</b>	133,298
<b>Increase (Decrease) in Net Position</b>	133,298
<b>Net Position - Beginning of period</b>	1,037,507
<b>Net Position - End of period</b>	<u><u>\$ 1,170,805</u></u>

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2024**

	<b>Food Service Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from users	\$ 312,442
Cash payments to employees for services	(417,109)
Cash payments to suppliers for goods and services	(417,947)
Net Cash (Used For) Operations	(522,614)
<b>Cash Flows from Non-Capital Financing Activities:</b>	
State sources	179,000
Federal sources	654,963
Net Cash Provided By Non-Capital Financing Operations	833,963
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Capital outlay	(400,662)
Net Cash (Used For) Capital and Related Financing Operations	(400,662)
<b>Cash Flows from Investing Activities:</b>	
Earnings on investments	38,385
Net Cash Provided By Investing Activities	38,385
<b>Net Increase (Decrease) in cash for fiscal year</b>	(50,928)
<b>Cash and cash equivalents at - Beginning of Year</b>	836,164
<b>Cash and cash equivalents at - End of Year</b>	<u>\$ 785,236</u>
<b>Reconciliation of Operating (Loss) to Cash (Used for) Operations:</b>	
Operating (loss)	\$ (750,355)
Adjustments to reconcile-	
Depreciation	31,032
(Increase) Decrease in accounts receivable	1,239
(Increase) Decrease in inventories	(894)
Increase (Decrease) in accounts payable	256,527
Increase (Decrease) in advances from other funds	(60,163)
Net Cash (Used For) Operations	<u>\$ (522,614)</u>

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District**  
**Statement of Fiduciary Net Position**  
**Private Purpose Trusts**  
**June 30, 2024**

	<b>Private Purpose Trusts</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 101,974
Investments	1,103,362
Other receivables	-
Prepaid expenses	-
<b>Total Assets</b>	<b>1,205,336</b>
<b>Liabilities:</b>	
Accounts payable	-
Due to other funds	-
<b>Total Liabilities</b>	<b>-</b>
<b>Net Position:</b>	
Restricted for scholarships	1,205,336
Unrestricted	-
<b>Total Net Position</b>	<b>1,205,336</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,205,336</b>

The accompanying notes are an integral part of this financial statement.

**East Lycoming School District**  
**Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trusts**  
**June 30, 2024**

	<b>Private Purpose Trusts</b>
<b>Additions:</b>	
Local source contributions	\$ 240,326
Investment Earnings	
Net increase (decrease) in fair value of investments	72,970
Interest and dividends	32,306
<b>Total Additions:</b>	<u>345,602</u>
<b>Deductions:</b>	
Scholarships awarded	12,850
Fees	4,715
<b>Total Deductions</b>	<u>17,565</u>
<b>Increase (Decrease) in Net Position:</b>	328,037
<b>Net Position - Beginning of period</b>	<u>877,299</u>
<b>Net Position - End of period</b>	<u><u>\$ 1,205,336</u></u>

The accompanying notes are an integral part of this financial statement

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**Note 1.        Summary of Significant Accounting Policies**

The accounting policies of the East Lycoming School District, "the School District" or "District" conform to United States generally accepted accounting principles (GAAP) as applicable to governmental entities. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations to its governmental and business-type activities in certain situations.

**1.A. – Description of Entity:**

The East Lycoming School District, Lycoming County, Pennsylvania, operates as a school district of the 3rd class under the School Code of 1949 of the Commonwealth of Pennsylvania. The District operates under the management of a superintendent hired by and responsible to an elected nine-member board of school directors.

**1.B. – Financial Reporting Entity:**

The District is the basic level of government which has responsibility and control over all activities related to public school education in its attendance area in Lycoming County, Pennsylvania. The attendance area includes the Boroughs of Hughesville and Picture Rocks, and the Townships of Franklin, Jordan, Mill Creek, Moreland, Penn, Shrewsbury, and Wolf.

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.

The District receives funding from local, state, and Federal government sources and must comply with various requirements of these funding sources.

The District is not included in any other governmental reporting entity as defined by GASB pronouncements. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation. Additionally, there are no other organizations which are required to be included as a component unit of the District's reporting entity.

**1.C. – Basis of Presentation:**

**Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities report information about the District as a whole. These statements include the financial activity of the District, except for

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District's General, Capital Projects, and Debt Service Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the District as of the District's June 30 fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and for the single business-type activity of the District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the particular program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues, are presented, with certain limited exceptions, as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and business-type activity is self-financing or draws upon the general revenues of the District.

**Fund Financial Statements**

Fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. During the fiscal year, the School District accounts for its operations by segregating activities related to certain functions or activities into separate funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. School district resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Funds are organized into three major categories: governmental, proprietary, and fiduciary. In the presentation of fund financial statements for governmental and proprietary funds, those funds which are considered to be "major funds" are presented separately with the remaining funds in each of these categories being presented in an aggregated manner. A fund is defined as a major fund in accordance with GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* if it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category, and;
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

Fiduciary funds are reported by type.

The funds of the District are described below.

***Governmental Funds***

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

**Capital Projects Fund** –The capital projects fund of the District was established in accordance with P.L. 145, Act of April 30, 1943 of the Commonwealth of Pennsylvania. Accordingly, the amounts in this fund are restricted and may be utilized only for the purposes designated in the Act. The Capital Project Fund accounts for the accumulation of financial resources which are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Capital Projects Fund is a major fund and is expected to be present in all fiscal periods. However, the District has depleted the previously accumulated resources during the current capital project cycle. The District plans to replenish following the culmination of the current projects.

**Construction Projects Fund** –The construction projects fund of the District was established similarly to the Capital Projects Fund. However, the Construction Projects fund is maintained and reported separately to segregate the accounting for the construction of capital facilities and other capital assets as funded with the District's specific capital project borrowing. The Construction Projects Fund is a major fund, typically during the fiscal periods in which borrowing and construction activities are ongoing.

**Debt Service Fund** – The Debt Service Fund accounts for resources that are restricted, committed, or assigned to expenditure for principal and interest on outstanding general long-term debt obligations. The Debt Service Fund is a major fund.

**Student Activities Fund** –The School District's Student Activities fund is an account for the funds being held by the School District on behalf of various student clubs and organizations. Generally, there is no trust agreement that affects the degree of management involvement and the length of time that the resources are held. Following the scheduled Adoption of GASB No. 84 *Fiduciary Activities* (GASB No. 84) as of July 1, 2020, the District accounts for these activities funds based upon the requirements of GASB No. 84, among the Governmental Funds as opposed to as a Fiduciary Fund.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

***Proprietary Funds***

Proprietary fund accounting and reporting is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services on a continuing basis is to be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Food Service Fund** – The Food Service Fund is the District's only proprietary fund. It is utilized to account for the District's operations in providing meal services. The Food Service Fund distinguishes between operating revenues and expenses and non-operating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies, and other direct costs. All other revenues and expenses are reported as non-operating.

***Fiduciary Funds***

Trust and Agency Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals. Fiduciary funds are custodial in nature and do not involve measurement of results of operation.

**Public Purpose Trust-Student Awards Fund** – The student awards fund is used to account for funds received and utilized to account for assets held by the District in a trustee capacity for individuals and private organizations. Generally, the funds are restricted to be used to provide scholarships and similar awards to students and graduates of the District. This fund is the District's only Fiduciary Fund.

The funds, which are considered major funds for fund financial statement presentation, and are presented in a separate column within the respective fund category, are:

1. Governmental Funds
  - General Fund
  - Capital Projects Fund
  - Construction Projects Fund (Project/Borrowing specific)
  - Debt Service Fund
  - Student Activities Fund
2. Proprietary Funds
  - Food Service Fund

(Continued)



**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**1.D. – Accounting Methods:**

Accounting methods are described in terms of the measurement focus and basis of accounting.

Measurement focus is a term used to describe which transactions are recorded within the financial statements. Measurement focus is dictated by the principal objective of the accounting and reporting being presented.

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

***Measurement Focus***

Government-wide Statements of Net Position and the Statements of Activities are prepared utilizing the “economic resources” measurement focus for both governmental and business-like activities. With this measurement focus, all assets and all liabilities associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's net total assets.

Fund financial statements are prepared utilizing the “current financial resources” measurement focus in governmental funds.

In governmental funds, the principal objective of the accounting and reporting is to account for and report the flow of financial resources utilized in the delivery of services by that governmental entity. Typically, this entails the reporting of the various sources of revenues and expenditures versus a legally adopted budget. The emphasis is on accounting for this budget and the financial resources and requirements supporting it on an annual basis. This measurement focus accounts for current financial resources and as such revenue and expenditure recognition under this measurement focus is limited and excludes amounts represented by non-current assets or liabilities. Since they do not affect net current assets, long-term amounts are not recognized as revenues or expenditures or fund assets or liabilities.

Proprietary funds utilize an economic resources measurement focus because the objective of the accounting in these funds is the determination of operating income, changes in net position, financial position and cash flows. All assets and liabilities, whether current or non-current, associated with the activities of these funds are included.

***Basis of Accounting***

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current assets. Taxes are considered "available" when in the hands of the School District or, in the

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

case of delinquent taxes, anticipated to be collected within 60 days after the fiscal year end and are recognized as revenue within the fiscal year.

Expenditures are generally recognized when the related fund liability is incurred. The exception to this general rule is that interest on general long-term debt is recognized only when payable.

Government-wide financial statements are prepared utilizing the accrual basis of accounting. Revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Proprietary funds are also accounted for using the accrual basis of accounting.

**1.E. – Revenue Recognition – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, those transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, those in which the District receives value without giving equal value in return, include property taxes, earned income taxes, grants and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from income taxes is recognized in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the specific time period in which expenditures must be made in order to be eligible as grant, entitlement or donation eligible; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from a non-exchange transaction must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: earned income taxes, grants, interest, tuition, and student fees.

In conjunction with the District's adoption of GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB No. 63), as of the beginning of the fiscal year-ended June 30, 2013, the District has captioned the

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

amounts historically disclosed as “deferred revenue,” as “unearned revenue.” The District’s unearned revenues balance as per the Fund financial statements represents unavailable tax revenues and has been disclosed as “deferred inflows of resources.” These amounts are recognized as revenue in the period in which the tax is levied in the Government wide statements and are not deferred inflows therein.

**1.F. – Expenses and Expenditures:**

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

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

**1.G. – Assets, Liabilities and Net Position/Fund Balance:**

The following summarizes certain of the District’s Summary of Significant Accounting Policies (SOSAP) matters relevant to significant accounting and financial statement components:

***Cash and Cash Equivalents and Investments***

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and so near their maturities that they present insignificant risk of changes in value because of changes in interest rates. Generally only investments with original maturities of three months or less qualify as cash equivalents. Investments are stated at cost or amortized cost, which approximates market.

***Taxes and Intergovernmental Receivables***

Taxes receivable are reported on the balance sheet at amounts that include any penalty amounts due net of an allowance for uncollectible balances. Management estimates the adequacy of the allowance for uncollectible taxes receivable based upon the historical experience in collecting these taxes. Intergovernmental receivables include amounts due from the state and federal governments for various grants and subsidies. For Fund Financial Statements only that portion of such receivables that is determined to be available as of the fiscal year end is recorded as revenue in the current year. Unearned revenue is credited for that portion of the receivable balance not meeting the revenue recognition criteria.

***Inventory***

Inventory is valued at cost (first-in, first-out). Inventory consists of food and related supplies in the District’s Food Service Fund. Food donated by the U.S. Department of Agriculture is recorded at market value. The school district's inventory of instructional and building

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

maintenance supplies is not considered to be material and is, therefore, not reflected in the district's financial statement. The district utilizes the "purchases method" of accounting for such items under which such items are charged to expenditure when purchased.

***Capital Assets***

General capital assets are those assets not specifically related to activities in the District's Food Service Fund. These assets generally result from expenditures in the District's governmental funds. These assets are not included in the Fund Financial Statements. They are, however include in the governmental activities column of the Government-wide Statement of Net Position.

Capital assets used by the Food Service Fund are included in both the Fund Financial Statements and the business-type activities column of the Government-wide Statement of Net Position.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value on the date of donation. The District maintains a capitalization threshold of \$1,500 which is applied to individual asset purchases or, in the case of the purchase of same or similar assets in a group, to the aggregated cost.

All capital assets, except land and construction/projects in progress, are depreciated. Construction in progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins. Assets subject to capital lease financing arrangements are depreciated over the corresponding lease term.

Depreciation is computed using the straight-line method over the following useful lives:

<b><i>Description</i></b>	<b><i>Estimated Useful Lives</i></b>
Land Improvements	20 years
Buildings and Building Improvements	20-50 years
Furniture and Equipment	4-20 years
Furniture and Equipment-Business-type activities	5-50 years

The District does not have any infrastructure capital assets.

***Bond Issuance Costs and Amortization***

The District's accounts for these costs based upon the requirements of GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* (GASB No. 65), all pre-GASB No. 65 costs of issuance, including underwriters discount, of the bonds have been written-off. New

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

costs of the issuance, if any, are expensed in the period incurred consistent with the recognition requirements of GASB No. 65. These types of costs were previously amortized utilizing the straight-line method, which approximated the effective interest rate method, over the life of the bonds. Bond issuances which may include, as a component of issuance costs, bond insurance, would result in a prepaid bond insurance component of deferred outflows of resources which would be amortized in this manner.

***Bond Discount, Premium and Deferred Loss on Refinancing and Amortization***

The premiums and discounts recognized upon issuance of bonds and any gains or losses recognized upon refinancings of bonds are/have been amortized utilizing the straight-line method, which is a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. The premium and discounts have been capitalized as a direct net addition to the face amount of bonds payable in the accompanying statement of net position based upon the requirements of GASB No. 65.

Net amortization of bond premium, included in bonds payable, resulted in amortization expense, which is included as a component of interest expense in the accompanying statement of activities, of approximately \$141,000 for the year-ended June 30, 2024.

Per the requirements of GASB No. 65, when required / carrying such a balance, the District presents the net loss on refinancing as a Deferred Outflow of Resources in the accompanying statement of net position. Deferred losses on bond refunding included in Deferred Outflow of Resources result in amortization expense, which is included as a component of interest expense in the accompanying statement of activities, \$0 of which being recognized for the year-ended June 30, 2024.

***Accumulated Compensated Absences***

The District's collective bargaining agreements with its professional and support employees specify the sick leave and vacation leave policies. Administrative personnel, while not party to these agreements, are provided similar benefits. The agreements generally provide for payment of accumulated sick leave, at retirement, based upon years of service and days accumulated. The rate paid varies by position. Vacation leave is available only to administrative and twelve month support employees. Vacation pay is earned in the year in which the service has been performed. Employees are entitled to accrue an annual designated number of vacation days, which carry over from year to year.

Sabbatical leaves-The Pennsylvania School Code of 1949, as amended, provides that certain employees are entitled to sabbatical leaves. The district's potential liability for such leaves is not included in the financial statements because of the uncertainty of future amounts payable.

***Pensions***

The District has adopted GASB Statement No. 68 *Accounting and Financial Reporting for*

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

*Pensions (as amended)* (GASB No. 68), effective as of the beginning of the fiscal year-ended June 30, 2015. Based upon the requirements of GASB No. 68, the District recognizes its proportionate share of the net pension liability relative relevant retirement benefits available to certain of the District's current and former employees and retirees.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS or the System or the Pension Plan or the Plan) 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 PSERS's investments are reported at fair value.

The Pension Plan provides Retirement, death and disability, legislatively mandated *ad hoc* cost-of-living adjustments, healthcare insurance premium assistance benefits to qualifying annuitants. The plan operates under the authority of the Public School Employee's Retirement Code (the Code) (Act No. 96 of October 2, 1975, as amended) (24 Pa. C. S. 8101-8535). The Pension Plan is administered, at the State-wide level, by a 15-member board (the PSERS Board).

See also Note 9, "Pensions," for further discussion of Pensions and presentation and disclosure policies relative to the relevant account balances and amounts.

***Other Postemployment Benefit Plans (Other than Pensions):***

The District's employees and former employees, subject to eligibility requirements summarized here and detailed in the corresponding participant agreements, are provided postemployment benefits other than pensions via the PSERS Health Insurance Premium Assistance Program (the System Plan) (see Note 14 for further) and the East Lycoming School District Postemployment Benefits Plan (the District Plan) (see Note 15 for further) (OPEB Plans).

Following the scheduled adoption of GASB No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB No. 75) as of July 1, 2017, the District accounts for these OPEB plans based upon the requirements of GASB No. 75. Periods ending at July 1, 2008 through June 30, 2017 were previously accounted for based upon the requirements of GASB No. 45 (also entitled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*), which GASB No. 75 replaced (GASB No. 45 did not apply to the System Plan)).

The year-end balances of the plans were \$1,375,000 for the PSERS, State-level plan and \$4,437,442 for the District-level plan, respectively. The District recognized a total of

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

approximately \$413,000 of OPEB expense in its government-wide statement of governmental activities based upon the measurement and recognition requirements of GASB No. 75 for the year-ended June 30, 2024.

***Net Position***

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position invested in capital assets represents the costs of fixed assets net of related accumulated depreciation and related debt. Net position is reported as restricted when there are limitations imposed on their use either through restrictions imposed by creditors, grantors or laws or regulations of other governments.

***Fund Balance***

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54), the District classifies governmental fund balances as follows:

*Non-spendable* – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

*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 government through formal action of the Board of Directors, the District's highest level of decision making authority, and does not lapse at year-end.

*Assigned* – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent or Business Administrator. Authority to make such assignments is granted by the Board of Directors via District policy but not through formal action of the School Board. The following are examples of activities resulting in assignment of fund balance:

- The School Board authorizes the District Business Manager to assign funds to specific purposes;
- The School Board passes 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, should they arise, negative fund balances in other governmental funds.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

As of June 30, 2024, the District's non-spendable fund balance corresponds to the District's prepaid expense asset balance which is fund balance in non-spendable form.

The District uses restricted /committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

***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 business-type activities are labeled "internal balances" on the statement of net position.

**1. H. – Accounting Estimates:**

Preparation of the School District's financial statements requires management to make certain estimates and assumptions about the effect of future events on the valuation of certain assets or liabilities and the reported amounts of revenues and expenses during the reporting period. These include assumptions regarding an allowance for uncollectible taxes and useful lives and residual values and depreciation and amortization methods related to productive facilities of the Food Service fund. Estimates are made because the measurement of some amounts or the valuation of some accounts is uncertain, pending the outcome of future events, or relevant data concerning events that have already occurred cannot be accumulated on a timely, cost-effective basis. Actual results could differ from these estimates.

***Significant Risks and Uncertainties***

The following represent factors which could cause actual results to differ from the estimates reflected in the accompanying financial statements:

- a) *Significant Group Concentrations of Credit Risk*  
The District's operations are located in Hughesville, Lycoming County of Pennsylvania. Its service area is located within the geographic bounds of the District. The District assesses taxpayers, within its service area, based upon taxing powers at its disposal. The ability of each of the District's taxpayers to honor their assessed obligations to the District is dependent upon economic and other factors affecting the taxpayers.
- b) *Grant Programs*  
The District participates in both state and federally assisted grant programs. These

(Continued)



**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance that may result in the disallowance of program expenditures.

c) *Environmental*

The District maintains heating and other fuel storage. The District is potentially liable for any expenditure associated with compliance to mandated regulations and any assessments by regulatory authorities related to these or other similarly situated facilities. Management is not aware of any material asserted or potential assessments.

**Note 2. Budgets and Budgetary Accounting**

***Budgets and Budgetary Accounting***

In accordance with the Pennsylvania School Code of 1949, prior to June 30, the Board of Directors approve and adopt a General Fund Budget for the fiscal year beginning July 1. The General Fund Budget includes proposed expenditures and the means to finance them.

Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgeted amounts are as originally adopted, or as amended by the Board of Directors. Individual amendments are not material in relation to the original appropriations which were amended. All budgeted appropriations lapse at fiscal year end.

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

- The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The District is required to have the budget printed, or otherwise made available for public inspection, at least twenty (20) days prior to the date set for the adoption of the budget. Final action may not be taken on any proposed budget in which the estimated expenditures exceed two thousand dollars (\$2,000), until after ten (10) days public notice.
- The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action during the last nine months of the fiscal year. An affirmative vote of a majority of all members of the Board is required.
- Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board, which authorize the District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

expenditure has been committed by a purchase order, contract, or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year-end are reported as reservations of fund balances.

- Program budgets, as prescribed by the state and federal agencies funding these programs, are included in the General Fund budget. These budgets are approved on a program-by-program basis by the state or federal funding agency for the term of the program.
- Capital budgets are implemented as project budgets in connection with the issuance of debt 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.
- The District does not adopt a formal budget for the proprietary or debt service funds.

**Note 3.        Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at fiscal year end.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year- end and outstanding encumbrances at year-end are reappointed in the next fiscal year. As of June 30, 2024, the District had no outstanding encumbrances. A reserve for encumbrances is not reported on the government-wide financial statements.

**Note 4.        Deposits With Financial Institutions and Investments**

The School District's deposits and investments are potentially subject to credit and market risks. Credit risk involves the risk that another party to the deposit or investment transaction will not fulfill its obligation with respect to the deposit or investment. Credit risks include failures to perform, as agreed, on the part of the issuer of the security or the financial institution holding the deposit or the custodial agent for the security itself or supporting collateral. Market risk involves the risk that the market value of an investment itself or the supporting collateral will decline and expose the School District to a loss.

The School District's market and credit risks are reduced by legal restrictions as to the types of deposits and investments it is allowed to make under Pennsylvania law. The following information is provided to allow the reader to evaluate the market and credit risks associated with the School District's deposits and investments.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**Government-wide Statement of Net Position Breakout of Cash and Investments:**

Description	June 30, 2024 Amount
<b>Cash and cash equivalents:</b>	
<b>Governmental Activities:</b>	
Demand deposits	\$ 2,400,405
Cash on hand	250
	<u>2,400,655</u>
<b>Business-type activities:</b>	
Demand deposits	203,301
PLGIT investment pool	580,501
Cash on hand	1,434
	<u>785,236</u>
	<u>\$ 3,185,891</u>
<b>Investments:</b>	
<b>Governmental Activities:</b>	
PLGIT investment pool	6,769,208
US Treasuries-money market	142,531
US Treasuries	21,745,105
Certificates of deposit	2,074,489
	<u>\$ 30,731,333</u>
<b>Total Statement of Net Position Cash, Cash Equivalents and Investments</b>	<u><u>\$ 33,917,224</u></u>

**Types of Deposits and Investments Permitted for Pennsylvania School Districts:**

***Legal Requirements***

Section 440.1 of the Pennsylvania Public School Code of 1949 requires deposits and investments of the School District to be restricted to the following:

- United States Treasury bills;
- Short-term obligations of the United States Government or its agencies or instrumentalities;
- Deposits in institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by the Act of August 6, 1971 (P.L. 281, No. 72) is pledged by the depository; or
- Obligations of the United States of America, the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania or any of their agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania, or of any political subdivision of the Commonwealth of Pennsylvania respectively.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**Information Regarding Risks Related to Deposits and Investments:**

At June 30, 2024 the School District had the following deposits and investments with the noted related credit and custodial risks:

Cash Equivalent/Investment	June 30, 2024 Amount	Credit/Custodial Risk
<b>Governmental Activities:</b>		
Demand and investment deposits-collateralization	\$ 2,150,405	Variable rate overnight investment with a bank collateralized with pooled securities held by a third party
Demand Deposits - FDIC insurance	250,000	
Cash on hand	250	
Certificates of deposit-collateralization	2,074,489	
PLGIT investment pool	6,769,208	An investment pool for Pennsylvania local governments rated AAAM by Standard & Poor's.
US Treasuries	21,887,636	An investment held by a third party
	<u>33,131,988</u>	
<b>Business-type activities:</b>		
Demand deposits-collateralization	203,301	Variable rate overnight investment with a bank collateralized with pooled securities held by a third party
PLGIT investment pool	580,501	An investment pool for Pennsylvania school districts rated AAAM
Cash on hand	1,434	
	<u>785,236</u>	
Total Cash Equivalent/Investments	<u>\$ 33,917,224</u>	

PLGIT, the Pennsylvania Local Government Investment Trust is a pooled government investment fund which restricts its investments to those allowed for Pennsylvania school districts as outlined above.

For purposes of financial statement presentation some of the amounts classified as investments above are considered as cash equivalents. Cash equivalents are defined as short-term, highly liquid investments that are both:

- a. Readily convertible to known amounts of cash.
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less meet this definition.

Also, some of the amounts classified as deposits above are considered to be investments for financial statement presentation.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

***Fiduciary Funds – Private Purpose Trust - Investments and Credit Ratings***

As of June 30, 2024, the District's private purpose trust funds held the following investments:

	<b>Maturities</b>	<b>Fair Value</b>
Equity-based mutual funds	N/A	\$ 277,024
Equity-corporate stocks	N/A	\$ 317,216
Fixed-income mutual funds	1-5 years	73,721
Fixed-income corporate bonds	4-9 years	177,561
Certificate of deposit	0-5 years	193,041
		\$ 1,103,362

a.) *Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2024, all of the District's investments, including the additional approximately \$102,000 of investment cash, were held by three (3) various financial institutions, which are covered by SIPC insurance coverage of approximately \$500,000 per financial institution. Holdings at one of the financial institutions exceeded SIPC coverage by approximately \$168,000.

b.) *Interest Rate Risk*

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity and greater time to lapse until maturity will experience a greater degree of sensitivity in terms of its fair value relative to changes in market interest rates. The District does not have a formal policy for interest rate risk.

c.) *Foreign Currency Risk*

Foreign currency risk is the risk that changes in the foreign exchange rate will adversely affect the fair value of an investment. There are currently no investments in securities exchanged in foreign denominations. The District does not have a formal policy for foreign currency risk.

d.) *Valuation/Fair Value Measurement and Reporting Risk*

Investments are stated at fair value, which approximates market. Fair value is classified by GASB Statement No. 72 *Fair Value Measurement and Application* (GASB No. 72), into a fair value hierarchy consisting of three levels according to nature of the inputs to the fair value determination. The three levels are defined as follows:

*Level 1* Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

*Level 2* to which the District has access at the measurement date. Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 inputs include:

- i. quoted prices for similar assets or liabilities in active markets;
- ii. quoted prices for identical or similar assets in markets that are not active;
- iii. observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- iv. inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

*Level 3* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The investments held in the District's fiduciary funds are not available to the District's creditors. The District estimates, with the assistance of the advisors to those funds, that the investments are comprised primarily Level 1 investments with limited Level 2 holdings, arising primarily only when markets become less active for certain of the funds' fixed income holdings. There are no Level 3 holdings in the portfolio.

**Note 5. Intergovernmental Receivables**

Intergovernmental receivables consist of subsidies, grants and refunds due from the state and federal governments as of June 30, 2024. As discussed in Note 1, revenue of the general fund is recognized on the modified accrual basis.

**Note 6. Taxes and Taxes Receivable**

The School District levies Real Estate taxes based on valuations provided by Lycoming County, Pennsylvania. The calendar for taxes levied for the fiscal year ended June 30, 2024 was as follows:

July 1, 2023	Original levy date
July 1, - August 31, 2023	2% discount period
September 1, - October 31, 2023	Face period

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

November 1, - December 31, 2023    10% penalty period  
January 1, 2024    Lien date

Taxes receivable represents amounts due the School District as of June 30, 2024 for earned income tax, real estate transfer tax, delinquent real estate, occupational, and per capita taxes recorded at their penalty amounts. A breakout of the detail is as follows:

	<u>Amount</u>
Real estate taxes	\$ 441,738
Real estate transfer	17,317
Per capita & Occupational	106,032
Earned income tax	982,455
	<u>1,547,542</u>
Less-Allowance for	
Uncollectible Accounts	(106,032)
	<u><u>\$ 1,441,510</u></u>

As discussed in Note 1, revenue related to taxes receivable is recognized on a modified accrual basis in fund financial statements. As of June 30, 2024, approximately \$1,092,000 of the net balance of taxes receivable has been recognized as revenue in the fund financial statements. Government-wide financial statements are prepared on an accrual basis and all of the balance of taxes receivable has been recognized as revenue.

**Note 7. Fixed Assets**

The following is a summary of activity for the District's fixed assets:

**Governmental Funds Fixed Assets:**

Description	Cost June 30, 2023	Fiscal Year-ended June 30, 2024		Cost June 30, 2024	Depreciation Expense For Year-ended June 30, 2024	Accumulated Depreciation June 30, 2024	Net Asset June 30, 2024
		Additions	Retirements/ Transfers				
Land	289,959	-	-	289,959	-	-	289,959
Land improvements	4,894,479	71,652	-	4,966,131	81,869	4,405,974	560,157
Buildings & improvements	39,036,025	610,687	662,176	40,308,888	875,388	18,718,698	21,590,189
Machinery & equipment	6,082,491	368,252	223,401	6,674,144	296,687	5,740,482	933,663
Construction in Progress	2,034,205	6,377,952	(885,577)	7,526,580	-	-	7,526,580
	<u>\$ 52,337,159</u>	<u>\$ 7,428,543</u>	<u>\$ -</u>	<u>\$ 59,765,702</u>	<u>\$ 1,253,944</u>	<u>\$ 28,865,154</u>	<u>\$ 30,900,548</u>

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

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**Governmental Activities:**

<b>Function/Program</b>	<b>Amount</b>
Unallocated	\$ 648,183
Instruction	573,189
Instructional Student Support	4,823
Operation & Maintenance	18,685
Pupil Transportation	9,064
	<u>\$ 1,253,944</u>

**Food Service Fixed Assets:**

Description	Fiscal Year-ended June 30, 2024			Cost June 30, 2024	Depreciation Expense For Year-ended June 30, 2024	Accumulated Depreciation June 30, 2024	Net Asset June 30, 2024
	Cost	Retirements/					
	June 30, 2023	Additions	Transfers				
Machinery & equipment	\$ 944,319	\$ 380,218	\$ -	\$ 1,324,537	\$ 31,032	\$ 849,982	\$ 474,555
Projects in Progress	\$ -	20,443	-	20,443	-	-	20,443
	\$ 944,319	\$ 400,661	\$ -	\$ 1,344,980	\$ 31,032	\$ 849,982	\$ 494,998

See Note 1.G. for further explanation of the accounting treatment of fixed assets.

**Note 8. Unearned Revenues**

Unearned revenues at June 30, 2024 consist of the following:

**Government-Wide Statement of Net Assets:**

**Governmental Activities:**

	<b>Amount</b>
Unearned/unavailable tax revenue	\$ -
Unearned revenue-state/federal programs	167,082
	<u>\$ 167,082</u>

**Governmental Fund Statements:**

**General Fund:**

Unearned/unavailable tax revenue	\$ 349,698
Unearned revenue-state/federal programs	167,082
	<u>\$ 516,780</u>

As discussed in Note 1, the difference in measurement focus between government-wide statements and fund financial statements, results in the above difference in unearned revenue. Government-wide statements are prepared utilizing accrual basis accounting while fund financial statements utilize the modified accrual basis of accounting.

Unearned/deferred revenue represents revenue not yet recorded as revenue because of not meeting the "available" and other recognition criteria. See Note 1 for further discussion.

(Continued)



**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

The above tax revenue amounts are presented relative to the balance of Deferred Inflows of Resources, per GASB No. 62, not as a component of liabilities.

The District's current liability for amounts payable to other governments/intergovernmental payables includes an accrual for approximately \$77,000 received during the year-ended June 30, 2020 as part of a Federal disaster relief grant which was paid to the District in error. The District has been in communication with the cognizant state agency (the Pennsylvania Emergency Management Agency (PEMA)) and is awaiting further instructions from PEMA relative to returning this errant payment.

**Note 9. Pensions**

**General information about the Pension Plan:**

1. ***Plan Description:***

PSERS is a governmental cost-sharing, multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania into which more than approximately 600 reporting units contribute. The members eligible to participate in the System include 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.pa.gov](http://www.psers.pa.gov).

2. ***Benefits Provided:***

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reach (a) age 62 with at least 1 year of credit 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 T-F members must work until age 65 with a minimum of three (3) years of service to attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of credited service. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined by the Code) multiplied by the number of years of credited service. For members who membership started prior to July 1, 2011, after completion of five (5) 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 (10) years of service.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

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 on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply disability benefits.

Death benefits are payable upon death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three (3) years of credited service for Class T-E and Class T-F members) or who has at least five (5) years of credited service (ten (10) 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.

3. ***Funding Policy - Contributions:***

a. **Member Contributions:**

Member Contribution Rates				
(the contribution rates based on qualified member compensation for virtually all members are presented below):				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	Defined Contribution (DC) 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% (*)	N/A	6/30/21 & Prior: 7.50%; 7/1/21 & Later: 8.00%
T-F	On or after July 1, 2011	10.30% (*)	N/A	6/30/21 & Prior: 10.30%; 7/1/21 & Later: 10.80%
T-G	On or after July 1, 2019	5.50% (*)	2.75%	6/30/21 & Prior: 8.25%; 7/1/21 & Later: 9.00%
T-H	On or after July 1, 2019	4.50% (*)	3.00%	6/30/21 & Prior: 7.50%; 7/1/21 & Later: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

(\*) Represents a “base rate” - Membership Classes T-E, T-F, T-G, and T-H are affected by a “Shared Risk” provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class contribution rates to fluctuate.

Shared Risk Program Summary (“Shared risk,” as defined by PSERS, pertains to the risks and rewards of investment performance – potential Shared Risk-related fluctuations are summarized as follows:)				
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%

**b. Employer Contributions:**

The District’s contractually required contribution rate for fiscal year ended June 30 2024, was 33.09% of covered payroll (34.00%, net of premium assistance (0.64%) and defined contribution (0.27%) portions), 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 and received by the Pension Plan from the District were approximately \$3,873,000 for the year ended June 30, 2024.

In accordance with Act 29 of 1994, the Commonwealth of Pennsylvania is required to reimburse the School District for contributions made to the retirement plan based upon a formula provided in the Act but not less than one-half of the School District’s contributions.

**4. Pension Liability:**

At June 30, 2024, the District reported a liability of approximately \$33,899,000, for its proportionate share of the PSERS net pension liability. The net pension liability was measured as of June 30, 2023 (for 2024), and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2022 to June 30, 2023. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported contributions reported by all PSERS participating employers. At June 30, 2022 (for 2023), the District’s proportion of was 0.0762%, which was a increase of 0.0002 percentage points or an approximately 0.3% increase from its proportion measured as of June 30, 2022 (for 2023) (approximately 0.0760%).

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

For the year ended June 30, 2023, the District recognized pension expense of approximately \$2,919,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 8,000	\$ 464,000
Changes in assumptions	506,000	-
Net difference between projected and actual investment earnings	959,000	-
Changes in proportions	102,000	23,000
Contributions subsequent to the measurement date	3,872,970	-
	<u>\$ 5,447,970</u>	<u>\$ 487,000</u>

Deferred outflows resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 383,000
2026	(656,000)
2027	1,041,000
2028	320,000
	<u>\$ 1,088,000</u>

**5. *Changes in Actuarial Assumptions:***

The total pension liability as of June 30, 2023 (for 2024) was determined by rolling forward the System'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:

- (a) *Actuarial Cost Method:* Entry Age Normal – level % of pay
- (b) *Investment Return:* 7.00%, includes inflation at 2.75%
- (c) *Salary Increases* 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.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

- |     |                        |  |
|-----|------------------------|--|
| (d) | <i>Mortality rates</i> | 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. |
| (e) | <i>Discount rates</i>  | The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 (for 2024) and 2022 (for 2023).  |

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 (for the 2023) actuarial valuation:

- Salary growth rate - decreased from 5.00% to 4.50%.
- Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2023 (for 2024) valuation were based on the experience study that was performed for the five-year period ending June 30, 2020.

The long-term expected rate of return on the Pension Plan's investments was determined using a building-block method in which the 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.

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 Plan.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

The following asset allocation table 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 (for 2024):

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
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%</u>	

6. ***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.

7. ***Sensitivity to Discount Rate Changes:***

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the pension liability would be if it were calculated using discount rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate in order to demonstrate the sensitivity of the District's proportionate share of the Net Pension Liability to changes in the discount rate:

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
District's proportionate share of the net pension liability	\$ 43,942,000	\$ 33,899,000	\$ 25,425,000

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

8. ***Pension Plan Fiduciary Net Position:***

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

**Note 10. Long-term Debt**

The District's long-term debt of the as of June 30, 2024 is comprised of the following:

	Amount	Current Portion
General Obligation Bonds, Series of 2021	21,695,000	665,000
General Obligation Note, Series of 2022	126,886	126,886
	<u>\$ 21,821,886</u>	<u>\$ 791,886</u>

***General Obligation Bonds Series of 2021 (GOB 2021)***

At September 28, 2021, during its June 30, 2022 fiscal year, the District issued its General Obligation Bonds, Series of 2021, in the face amount of \$22,340,000. The District has utilized and plans to utilize the issuance proceeds (which also included approximately \$3,400,000 of issuance premiums) to: 1.) accomplish the refunding of the remaining portion of the District's GOB 2014B and 2.) fund capital improvement construction projects at the District's facilities. The GOB 2021 proceeds also provided for the costs and expenses of preparing, issuing, and marketing the Bonds.

The interest rates on the GOB 2021 vary between 1.00% and 4.00% based upon maturity. Principal maturity begins in September 2023 with full maturity in approximately September 2045. The GOB 2021 provide for an optional redemption at approximately September 2029.

A summary of future required payments for the GOB 2021 is as follows:

Fiscal Year End	2021 Series GOB	
	Principal	Interest
2025 \$	665,000	\$ 787,900
2026	695,000	760,700
2027	710,000	743,250
2028	730,000	725,100
2029	760,000	695,300
2030 & After	18,135,000	6,597,700
	<u>\$ 21,695,000</u>	<u>\$ 10,309,950</u>

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

***General Obligation Notes Series of 2022 (GON 2022)***

At May 10, 2022, the District issued its General Obligation Notes, Series of 2022, in the face amount of \$5,000,000 (at fully drawn). As of June 30, 2023, the District has drawn approximately \$50,000 to fund the issuance of the Notes and additional annual draw totals of approximately \$55,000 (FY22-23) and \$21,000 (FY23-24) to fund certain capital improvement projects. The interest rate for the first ten (10) years of the GON 2022's maturity will be fixed at 2.18% per annum.

During the District's fiscal year ending June 30, 2025, the District repaid the GON 2022 balance outstanding and closed the loan account.

***Financial Assistance***

From time to time, the School District has received financial assistance from the Commonwealth of Pennsylvania with respect to the bonds/borrowings. This assistance is in the form of a reimbursement for a portion of the bond interest and principal payments made. However, during the fiscal year ended June 30, 2024, the School District received no (\$0) such assistance. Future reimbursements are subject to changes in the applicable statutory provisions and appropriations by the Pennsylvania General Assembly. At June 30, 2024, the District does not expect significant assistance under these programs.

A summary of activity in the long-term debt for the fiscal year is as follows:

Description	Balance June 30, 2023	Additional Borrowings	Principal Reductions	Balance June 30, 2024
2021 Series GOB	\$ 22,340,000	\$ -	\$ (645,000)	\$ 21,695,000
2022 Series GON	105,595	21,291	-	126,886
Gross Bonds Payable	22,445,595	21,291	(645,000)	21,821,886
Less-				
Unamortized bond premium (discount)	3,176,426	-	(141,175)	3,035,251
Total	<u>\$ 25,622,021</u>	<u>\$ 21,291</u>	<u>\$ (786,175)</u>	<u>\$ 24,857,137</u>

Total interest expense on long-term debt for the year ended June 30, 2024 was approximately \$664,000. No interest was capitalized (i.e., added to the carrying value of capital assets) in 2024.

***Unused Lines of Credit***

The District has no unused Lines of Credit or other similar borrowings. As discussed above, the GON 2022 had additional borrowing capacity of approximately \$4,878,000 available as of June 30, 2024, to be drawn upon as the related construction project proceeds. However, as discussed above, the District closed the GON 2022 during its fiscal year ending June 30, 2025.

(Continued)



**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

***Events of Default, Collateral, and Other Matters***

Under the terms of the relevant borrowing agreements, the District's lenders may accelerate/call the District's repayment obligations in an event of default such as, but not limited to, that a payment of principal and/or interest is delinquent. No such delinquencies or accelerations have occurred.

The District's lenders' collateral for the District's borrowings includes a claim on the District's real estate and other tax receipts. Further collateral is provided by the ability for the District's lenders to intercept subsidy funding from the Commonwealth of Pennsylvania such as the Basic Education and other subsidies. Further collateral is also provided by the District's fixed and other assets.

***Aggregate Debt Service***

Aggregate debt service to maturity on the District's general obligation bonds at June 30, 2024, is summarized as follows:

Fiscal Year End	Principal	Interest	Total
2025 \$	791,886	\$ 787,900	\$ 1,579,786
2026	695,000	760,700	1,455,700
2027	710,000	743,250	1,453,250
2028	730,000	725,100	1,455,100
2029	760,000	695,300	1,455,300
2030 & After	18,135,000	6,597,700	24,732,700
	<u>\$ 21,821,886</u>	<u>\$ 10,309,950</u>	<u>\$ 30,676,536</u>

**Note 11.      Compensated Absences**

Sick and Personal Leave - District professional and administrative employees can accumulate an unlimited number of sick days which may be taken, subject to certain restrictions, or are eligible for a sick leave payout based on criteria stipulated in union and other employment contracts, prior to retirement at varying values depending on the total number of days accumulated (\$50/each for the first 50, \$55/each for days 51-100, and \$60/each for 101 and greater). At June 30, 2024, the liability for compensated absences related to accumulated sick leave was approximately \$350,000. Additionally, certain employees who had accumulated personal days through June 30, 2007 are eligible for payout of those days their then-current per diem rate. At June 30, 2024, the liability for compensated absences related to accumulated personal leave was approximately \$19,000.

Sick Leave – Certain non-professional employees, upon retirement from the District with at least 5 years of services, are paid \$20 for each unused sick day the employee has accumulated,

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

up to a maximum of 150 days. At June 30, 2024, the estimated liability for accumulated sick leave due upon retirement for non-professional employees was approximately \$33,000 (comprised of \$25,000 within the Governmental Activities and \$8,000 within the Business-Type Activity). In addition, professional employees are also

The changes in the District's compensated absences in 2024 are summarized as follows:

Governmental Activities:

Balance June 30, 2023	Fiscal Year-ended June 30, 2024		Balance June 30, 2024
	Additions	Reductions	
\$ 369,326	\$ 133,419	\$ (108,024)	\$ 394,721
<u>\$ 369,326</u>	<u>\$ 133,419</u>	<u>\$ (108,024)</u>	<u>\$ 394,721</u>

Business-Type Activities:

Balance June 30, 2023	Fiscal Year-ended June 30, 2024		Balance June 30, 2024
	Additions	Reductions	
\$ 4,919	\$ 3,922	\$ (1,168)	\$ 7,673
<u>\$ 4,919</u>	<u>\$ 3,922</u>	<u>\$ (1,168)</u>	<u>\$ 7,673</u>

**Note 12. Contingencies-Public Entity Risk Pools**

The School District is a member of the Lycoming County Insurance Consortium Pooled Trust, "the Trust", which provides group health benefits to employees of the district. The District made payments for health care benefit claims coverage of approximately \$3,100,000 to the Trust for the fiscal year ended June 30, 2024. Audited financial statements of the Trust are available in the District's Business Office.

Public entity risk pools consist of groups of governmental entities joining together to finance an exposure, liability, or risk. Such risk pools may involve a transfer or pooling of the risk among the participating members or it may involve retention of a portion of or all of the risk by the individual members incurring the losses. Such pools may also involve the transfer of a portion or all of the risk of loss to another entity outside the pool by purchase of insurance.

The School District participates in the following programs of the Trust:

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

***Health Benefits***

The Trust provides health benefits to members under a pooling of risk concept. Required contributions by members are determined on an annual basis by the Trust.

Under the terms of membership in the Trust, should the School District decide to withdraw from the Trust, it would be required to give 180-days prior written notice, pay any deficit generated by its claims experience or from non-payment of premiums or contributions to the trust, as calculated by the Trust at the time of notification of the intent to withdraw. Any deficit repayment relative to claims would be based upon claims incurred by the District prior to the effective date of the withdrawal from the Trust. Additionally, the District would be required to pay a termination fee to the trust of the greater 25% of the District's net interest in the Trust's operating surplus from the year in which the withdrawal would occur, which is calculated based upon a formula and takes into consideration payment status of any other District specific claims incurred or premium deficits, if any, or \$50,000.

***Stop-Loss Insurance***

The School District participates in stop-loss excess insurance which the Trust has purchased on-behalf of the pooled group which covers employee health benefit claims in excess of a \$375,000 specific deductible.

**Note 13.      Non-monetary Transactions**

The School District's Food Service fund received Donated Commodities from the U. S. Department of Agriculture (USDA). The receipt of these commodities is recorded at values provided by the USDA. For the fiscal year ended June 30, 2024, the School District received approximately \$53,000 of USDA commodities.

**Note 14.      Postemployment Benefits Other Than Pensions – Multi-employer/Cost Sharing**

**PSERS Health Insurance Premium Assistance Program (the PSERS Plan)**

***General Information about the PSERS Plan:***

***1.      Health Insurance Premium Assistance Program***

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) 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

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

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

***Premium Assistance Eligibility Criteria***

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

- i. Have 24 ½ or more years of service, or
- ii. Are a disability retiree, or
- iii. Have 15 or more years of service and retired after reaching superannuation age, and
- iv. Participate in the HOP or employer-sponsored health insurance program.

***Pension Plan description***

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 the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

***Benefits provided***

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. As of June 30, 2023 (for 2024), there were no assumed future benefit increases to participating eligible retirees

***Employer Contributions:***

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 (for 2024) was 0.64% 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 approximately \$75,000 for the year ended June 30, 2024.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**2. 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 \$1,375,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022 (for 2023), and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. 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, 2023 (for 2024), the District's proportion of was 0.0760% (0.0001 percentage points and 0.1312% lower) as compared to 0.0761% at June 30, 2022 (for 2023).

For the year ended June 30, 2024, the District recognized OPEB expense of approximately \$32,000. At June 30, 2023, 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>
Difference between expected and actual experience	\$ 9,000	\$ 14,000
Changes in assumptions	119,000	260,000
Net difference between projected and actual investment earnings	3,000	-
Changes in proportions	2,000	12,000
Contributions subsequent to the measurement date	74,908	-
	<u>\$ 207,908</u>	<u>\$ 286,000</u>

Deferred outflows resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the following year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (31,000)
2026	(34,000)
2027	(41,000)
2028	(44,000)
2029	(3,000)
	<u>\$ (153,000)</u>

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**3. *Actuarial Assumptions***

The Total OPEB Liability as of June 30, 2023 (for 2024), was determined by rolling forward the System'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:

- (a) *Actuarial cost method:* Entry Age Normal - level % of pay
- (b) *Investment return:* 4.13% (was 4.09%) - S&P 20 Year Municipal Bond Rate
- (c) *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
- (d) *Mortality rates:* 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.
- (e) *Participation rate:* Eligible retirees will elect to participate Pre age 65 at 50%  
Eligible retirees will elect to participate Post age 65 at 70%
- (f) *Employer contribution rate ((f)(i – iv)):* The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023 (for 2024)
- (i) *Cost Method:* Amount necessary to assure solvency of  
(*employer contribution*) Premium Assistance through the third fiscal year after the valuation date
- (ii) *Asset valuation method:* Market Value
- (iii) *Participation rate:* The actual data for retirees benefiting under  
(*employer contribution*) the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- (iv) *Mortality rates* Mortality Tables for Males and Females,

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

(*employer contribution*) adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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 the period ending June 30, 2020.

***Investments***

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

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

<u>OPEB Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	100.00%	1.20%
	<u>100.00%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 (for 2024).

***Discount rate***

The discount rate used to measure the Total OPEB Liability was 4.13% (was 4.09%). 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 (for 2024), was applied to all projected benefit payments to measure the total OPEB liability.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

***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:

	<b>1% Decrease 3.13%</b>	<b>Current Discount Rate 4.13%</b>	<b>1% Increase 5.13%</b>
PSERS Plan			
net OPEB liability	\$ 1,555,000	\$ 1,375,000	\$ 1,225,000

***Sensitivity of the System 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 (for 2024), retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023 (for 2024), 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023 (for 2024), 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2023 (for 2024), calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate Current Rate</b>	<b>1% Increase</b>
PSERS Plan			
net OPEB liability	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000

***OPEB plan fiduciary net position***

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

(Continued)



**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**Note 15. Postemployment Benefits Other Than Pensions – Single Employer**

**East Lycoming School District Postemployment Benefits Plan (the District Plan)**

***General Information About the District Plan:***

The District Plan, which is a District-specific, employer-sponsored OPEB plan for all eligible retirees who qualify and elect to participate.

***1. Plan Descriptions***

The District Plan provides the following postemployment health care plans which provide health insurance for qualified retirees:

The District Plan is a single-employer defined benefit plan administered by the District. The Plan provides postemployment benefits to eligible retirees. The Plan is unfunded and no financial report is prepared. The Plan is authorized and under the control, maintenance and operation of the District's School Board. The benefits provided by the Plan are defined by the terms of the corresponding employment contract and/or collective bargaining agreement and typically include medical, prescription drug, dental and life insurance provided to certain eligible individuals and their spouses less the PSERS supplement (typically \$100 per month for benefit-eligible retirees (as discussed above), if applicable.

The District accounts for all of its OPEB activity within its governmental activities; the amount attributable to its business-type activity is not material.

The District provides the following post employment health care plans which provide health insurance for qualified retirees:

1. *Current and Certain Retired Administrators*- Benefit is coverage for medical, prescription drug, and dental, and, in some cases, life insurance. Subject to years of service and, in some cases PSERS eligibility requirements, the retired employee and, in some cases, spouse and/or family are covered until Medicare age or death. Life insurance expires at age 70.
2. *Retirees – Retired prior to 7/1/2007* - Benefit is coverage for medical, prescription drug, and dental. The retired employee and spouse are covered. The retiree and spouse are eligible for this coverage until eligible for Medicare or death.
3. *Retirees – Retired 7/1/2007-to-6/30/2008* - Benefit is coverage for medical, prescription drug, and dental in a specified PPO benefit plan. The retired employee and spouse are covered. The retiree and spouse are eligible for this coverage until eligible for Medicare or death.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

4. *Support Staff - Retiring on/after 7/1/2007 & Professional Staff-Retirees – retired 7/1/2008-to-6/30/2012* - Benefit is coverage for medical, prescription drug, and dental in a specified PPO benefit plan. Subject to age, years of service and PSERS eligibility requirements the retired employee and spouse are covered. The retiree and spouse are eligible for this coverage until eligible for Medicare or death. Coverage is paid by the District based upon an allocation calculation taking into account number of years of and the retiree's highest salary during PSERS eligible service. To the extent coverage costs exceed the District's contribution prior to covered persons attaining Medicare eligibility, the covered person(s) pay full COBRA premium. Excess contributions are refunded to the District.
5. *Professional Staff-retiring after 7/1/2012* - Benefit is coverage for medical, prescription drug, and dental for single coverage in a specified benefit plan(s). Subject to age, years of service, and PSERS eligibility requirements the retired employee and spouse are covered. The retiree and spouse are eligible for this coverage until eligible for Medicare or death. Coverage is subsidized by the District based upon the single plan premium per month based upon a negotiated eligible amount per year based upon year of retirement.
6. *Act 110/43 COBRA Benefit Plan*- In accordance with 24 Pa. C.S.A. 8701 et seq, referred to as the "Public School Retirees' Health Insurance Act", qualified retired employees are permitted to purchase insurance coverage for themselves and their dependents in the District's group health plan at the COBRA rate until the retired employee reaches Medicare age. This program is administered through a combination of the District and an outside agency.
7. *Premium Assistance through the Pennsylvania School Employee Retirement System*- In accordance legislation enacted by the Commonwealth of Pennsylvania, eligible retirees may receive up to \$100 per month in reimbursement to assist in the payment for basic health insurance. The Plan is administered by PSERS and funded by contributions from the school districts and the Commonwealth of Pennsylvania.

PSERS issues a comprehensive annual financial report that includes financial statements and required supplemental information on the plan. That report may be obtained by:

Telephone request at 1-888-773-7748

Email: See [www.psers.pa.gov](http://www.psers.pa.gov)

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**2. 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 \$4,437,442 for its net OPEB liability under the District Plan. 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 the District Plan's total OPEB liability as of June 30, 2022 to June 30, 2023 (for 2024). The District is the only employer sponsoring the District Plan (i.e. proportion of the overall net OPEB liability attributable to the District is 100%).

For the year ended June 30, 2024, the District recognized OPEB expense of \$381,185. The OPEB expense is comprised of \$157,351 of service cost, \$155,783 of interest on the OPEB liability, \$84,928 recognized change in benefit terms, and (\$16,877), of net amortization of deferred (inflows)/outflows of resources.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 505,462	\$ 360,204
Changes in assumptions	377,114	924,357
Contributions subsequent to the measurement date	316,425	-
	<u>\$ 1,199,001</u>	<u>\$ 1,284,561</u>

Deferred outflows resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the following year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2025	\$ (16,877)
2026	(16,877)
2027	(16,883)
2028	(80,996)
2029	(83,056)
Thereafter	(187,296)
	<u>\$ (401,985)</u>

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

**3. *Actuarial Assumptions***

The Total OPEB Liability as of June 30, 2023/July 1, 2023, was determined by rolling forward the District'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:

- (a) *Actuarial cost method:* Entry Age Normal - level % of pay
- (b) *Interest rate:* 4.13% (was 4.06%) - S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.
- (c) *Salary growth:* An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of 2.5% cost of living adjustment, 1% real wage growth, and, for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.  
  
Premium Assistance reimbursement is capped at \$1,200 per year.
- (d) *Mortality rates:* Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation  
  
Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.  
  
No disability was assumed
- (e) *Participation rate:* Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender; 100% of members eligible to receive subsidized benefits and 50% of members eligible for ACT 110/43 benefits are assumed to elect coverage.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

***Actuarial Cost Method – Entry Age Normal***

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

The OPEB liability includes the amounts due retired employees under retiree health insurance plans, the amount determined as the implicit subsidy included in active employee insurance premiums for retirees purchasing health insurance through the District health plan, and amounts actuarially determined to be earned by current employees.

***Funding Policy***

The plans for medical coverage for employees and the Act 110/43 COBRA Benefit Plans are funded by the District on a pay as you go basis to meet the obligations of the Plans. As summarized in these Notes to the Financial Statements the Premium Assistance Plan is funded in accordance with legislation as enacted by the Commonwealth of Pennsylvania with school districts and the Commonwealth sharing in the funding of the Plan at rates of 0.75% and 0.64% of eligible wages in the fiscal year ended June 30, 2023 and 2024, respectively. Such rate is subject to change. Refer to the PSERS information cited above for information as to the funding policies and status of this Plan.

***Funded Status***

The District Plan is funded on a “pay as you go” basis as of July 1, 2023, the most recent actuarial valuation date. As described, the Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. The Actuarial Value of Assets is \$0 for this purpose at June 30, 2023 and 2024, respectively.

The actuarial assumptions included a 4.13% interest rate, which is the expected rate to be earned on the District's deposits.

***Actuarial Methods and Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

revision as actual results are compared with past expectations and new estimates are made about the future.

The calculations are based on the types of benefits provided under the terms of the substantive plan at the time of valuation and on the pattern of cost sharing between the employer and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

***Discount rate***

The discount rate used to measure the Total OPEB Liability was 4.13% (was 4.06%). 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 July 1, 2023 (for 2024), was applied to all projected benefit payments to measure the total OPEB liability.

***Sensitivity of the District's proportionate share of the District 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:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District Plan			
net OPEB liability	\$ 4,695,632	\$ 4,437,442	\$ 4,191,433

***Sensitivity of the District Net OPEB Liability to Change in Healthcare Cost Trend Rates***

The health care cost trend rate is assumed at 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later, based upon the Society of Actuaries Long-Run Medical Cost Trend Model.

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

The following presents the District Plan net OPEB liability at June 30, 2023 (for 2024), calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate Current Rate	1% Increase
District Plan net OPEB liability	\$ 4,207,424	\$ 4,437,442	\$ 4,699,470

**Note 16. Fund Balance**

The District's accounting policies are discussed further per note 1.G. – *Summary of Significant Accounting Policies – Assets, Liabilities and Net Position/Fund Balance*. The following is a schedule of fund balances:

	General Fund	Construction Projects Fund	Student Activities Fund	Total
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Prepaid expenses	\$ 25,496	\$ -	\$ -	\$ 25,496
<b>Restricted for:</b>				
Unspecified capital projects	-	-	-	-
Specific capital projects	-	18,930,095	-	18,930,095
Student sponsored activities	-	-	137,978	137,978
<b>Committed to:</b>				
Future retirement & healthcare funding rate changes	2,488,645	-	-	2,488,645
Unspecified capital projects	2,328,937	-	-	2,328,937
Technology replacement	135,306	-	-	135,306
<b>Assigned to:</b>	-	-	-	-
<b>Unassigned:</b>	4,717,760	-	-	4,717,760
Total fund balances	<u>\$ 9,696,144</u>	<u>\$ 18,930,095</u>	<u>\$ 137,978</u>	<u>\$ 28,764,217</u>

**Note 17. Joint Ventures**

The District and other surrounding educational agencies created a jointly governed organization, the Lycoming Career and Technology Center (the "Center"), to provide vocational and technical education for students in participating school districts. The governing board of the Center is comprised of a director from each participating school district. For the year-ended June 30, 2024, the District paid approximately \$455,000 (including capital reserve contributions (\$6,000)) to the Center for District students to attend vocational and technical education courses that the Center provides. During the year-ended June 30, 2024, the Center

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

remitted approximately \$123,000 of state vocational education subsidy funds received by the Center on the District's behalf as well as approximately \$114,000 of the Center's funds on hand in excess of the maximum balance per the Center's joint operating agreement by and among the Center and its six member districts.

In addition, the District leases facilities to the Center on an annual basis. Such lease payments received by the District amounted to approximately \$296,000 during the year ended June 30, 2024. The District also provides business office and technical support services to the Center on an annual basis pursuant to annual lease agreements. Such leased professional services payments received by the District amounted to \$23,000, during the year ended June 30, 2024. The Center's audited financial statements are available from the Center and at the District Office.

**Note 18. Leases**

During the fiscal year ended June 30, 2024, the District adopted GASB Statement No. 87 *Leases* (GASB No. 87).

***Center Leases***

As of the July 1, 2021, effective date of adoption, the District has identified the aforementioned (see Note 17) facilities leases and has recognized a corresponding Lease Receivable and related Deferred Inflow of Resources relative to the two interrelated leases with the Center. The leases include a multi-year lease of a fixed area of space for the Center's main facility and a year-to-year lease for a generally fixed, but permitted to be variable area of instructional space in a separate building (i.e. flexible based upon instructional space needs). For purposes of GASB No. 87 evaluation, the year-to-year/variable lease has been evaluated to be interrelated with the multi-year lease for purposes of evaluating the likelihood of renewal in consideration of, among other matters, past renewal history and the assumed to be prohibitive costs of relocating portions of Center instructional activities and other operations. The fixed lease includes an annual rent escalator of 3% and runs through the District's 2025-2026 fiscal year. For GASB No. 87 implementation purposes, the variable lease is assumed to extend over the same lease term. The leases do not transfer ownership of the underlying facilities from the District to the Center at the end of either the fixed or variable terms

The Center leases have been measured and the lease receivable and deferred inflow of resources have been valued/recognized at the present value of the lease payments assuming an implicit, incremental borrowing rate of 3.50%.

The initial recognition and measurement are dated to July 1, 2021, per the adoption and implementation requirements of GASB No. 87. The District recognized a Lease Receivable and related Deferred Inflow of Resources in equal amounts (\$1,351,229, respectively) (as

(Continued)



**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

there were no related payments received at or before the commencement of the lease term that related to future periods). As a result, no retro-active restatement of previously reported Net Position (Deficit) or Fund Balance values (per the Government-wide or Governmental Fund financial statements, respectively) was required as of the beginning of the period.

During the fiscal year ended June 30, 2024, the District received \$296,000 of lease payments from the Center comprised of approximately \$26,000 of interest and \$269,000 in lease revenue as relieved (recognized) in corresponding amounts from the Lease Receivable and Lease-related Deferred Inflow of Resources. The remaining balance of the Lease Receivable and lease-related Deferred Inflow of Resources at June 30, 2024 was \$591,924, which the District expects to earn and collect from the Center, with associated interest thereon, over the course of the fiscal years ending June 30, 2025 and 2026.

***Other Leases***

The District has also identified additional agreements for which District management has evaluated the commitments under the terms of the respective agreements to be immaterial individually, and in the aggregate relative to the financial statements taken as a whole and in the context of the District's other long term, debt and debt service commitments. The agreements, which are primarily for copying, scanning, printing, mailing/postage, and other related document management equipment, cover supplies and maintenance as well as, in some cases, staff training and support activities (including timely replacement of any equipment found to be faulty) in addition to the equipment itself. The District has not recognized a GASB No. 87 lease asset or liability relative to these immaterial items in the accompanying financial statements.

**Note 19.      Software Subscriptions**

During the fiscal year ended June 30, 2023, the District adopted GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* (GASB No. 96). The District has identified certain agreements within the scope of GASB No. 96. The agreements, which are primarily for financial and operational support and include student information and classroom materials. District management has evaluated the commitments under the terms of the respective agreements to be immaterial individually, and in the aggregate, relative to the financial statements taken as a whole and in the context of the District's other long term, debt and debt service commitments. The District has not recognized a GASB No. 96 subscription-based information technology arrangement-related asset or liability relative to these immaterial items in the accompanying financial statements.

**Note 20.      Transactions With Other LEAs**

The District is a member of BLaST Intermediate Unit 17 (IU 17). Through this membership, the District is able to secure various special services, including special education. During

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

2024, the District purchased approximately \$900,000 of goods and services from and through BLaST IU comprised primarily of special education support and other contracted services. The District also received and expended approximately \$361,000 of federal IDEA and related special education funding which passed through IU 17.

**Note 21. Tax Abatements**

During the fiscal year ended June 30, 2017, the District adopted GASB Statement No. 77 *Tax Abatements* (GASB No. 77). The following is a corresponding disclosure of the District's applicable participation in various tax abatement programs:

***Homestead Tax Exemption***

The District enters into property tax abatement agreements with local residents under the state's Taxpayer Relief Act, Act 1 of Special Session 1 of 2006 (The Taxpayer Relief Act). The Taxpayer Relief Act provides for property tax reduction allocations to be distributed by the Commonwealth to each school district. Property tax reduction will be through a "homestead or farmstead exclusion." Generally, most owner-occupied homes and farms are eligible for property tax reduction. Only a primary residence is eligible for property tax relief.

During the year ended June 30, 2024, the District abated and received corresponding funding from the Commonwealth property taxes levied in the amount of approximately \$672,000.

***Other Tax Abatement Programs***

The District does not have any property or other taxes abated under significant Commonwealth of Pennsylvania economic development programs such as Keystone Opportunity Zones (KOZ) or Local Economic Revitalization Tax Assistance (LERTA).

From time-to-time, individuals or organizations may qualify for a tax abatement, such as for a disability, veteran status, first responder, or a combination of these and/or similar preferences. Such abatements are typically short in duration and are not significant individually or in the aggregate.

**Note 22. Subsequent Events**

Subsequent events have been evaluated through March 27, 2025, which is the date the financial statements were available to be issued. No reportable subsequent events were identified other than those accrued in the accompanying statement of net position and/or governmental funds balance sheet and the following:

***Coronavirus – COVID-19 Pandemic Funding:***

During March 2020, the pandemic outbreak of the COVID-19 strain of coronavirus resulted in the declaration of national and Commonwealth of Pennsylvania states of emergency. The District continues to explore and has identified certain operational adaptations to allow for the

(Continued)

**East Lycoming School District**  
Notes to Financial Statements  
June 30, 2024

continued delivery of educational and other services. Additionally, the District and most, if not all, other School Districts in the Commonwealth have received appropriations of significant federal and state grant funding in support of pandemic mitigation, re-opening, and operating efforts. Certain current year expenditures of those grant amounts, generally identified with “COVID-19” in the grant descriptions and identifier information, and other related information are summarized per Supplementary Information accompanying these financial statements and notes.

The District’s fiscal year ending June 30, 2025 is the last year in which the District expects any significant realization or recognition relative to COVID-19-related amounts pertaining to the aforementioned federal and state grant funding streams.

***Related Party Borrowing:***

The District, as the lessor of the building and site of the Lycoming Career and Technology Center joint venture (see notes 17 (“Joint Venture”) and 18 (“Leases – Center Leases”) above), has announced, in coordination with the Center and the other joint venture participant school districts, the intention to borrow approximately \$5,000,000 to support expansion and renovation of the Center’s educational facilities.

The District expects the borrowing to be completed in the fourth quarter of its 2024-2025 fiscal year ending June 30, 2025, or early in the 2025-2026 fiscal year. Under the proposed borrowing plan, the District expects that the repayment obligation will be shared among the six (6) participating school districts (at approximately \$833,333 per District) over a maturity period of approximately 15 years.

The District expects to satisfy its commitment for one-sixth of the borrowing (principal and interest at a rate to be determined upon completion of the borrowing transaction) through additional budgetary appropriations for vocational education costs and, for the remaining Districts’, via similar means through special assessments through their tuition and costs of attendance paid to the Center. The Center, in turn, will make increased lease payments to the District for use of the improved District-owned facilities.

**East Lycoming School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

***Schedule of the District's Proportionate Share of the Net Pension Liability***

<b>Fiscal Year Ended</b>	<b>District's proportion of the net pension liability (asset)</b>	<b>District's proportionate share of the net pension liability (asset)</b>	<b>District's covered- employee Payroll</b>	<b>District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll</b>	<b>Plan fiduciary net position as a percentage of the total pension liability</b>
June 30, 2024	0.0762%	\$ 33,899,000	\$ 11,704,352	289.63%	61.85%
June 30, 2023	0.0760%	\$ 33,789,000	\$ 11,134,762	303.46%	61.34%
June 30, 2022	0.0761%	\$ 31,244,000	\$ 10,968,461	284.85%	63.67%
June 30, 2021	0.0758%	\$ 37,323,000	\$ 10,958,624	340.58%	54.32%
June 30, 2020	0.0768%	\$ 35,929,000	\$ 10,594,230	339.14%	55.66%
June 30, 2019	0.0765%	\$ 36,724,000	\$ 10,453,525	351.31%	54.00%
June 30, 2018	0.0775%	\$ 38,276,000	\$ 10,212,574	374.79%	51.84%
June 30, 2017	0.0778%	\$ 38,555,000	\$ 10,165,757	379.26%	50.14%
June 30, 2016	0.0768%	\$ 33,266,000	\$ 9,847,948	337.80%	54.36%
June 30, 2015	0.0754%	\$ 29,844,000	\$ 9,727,666	306.80%	57.24%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 68, to show certain pension related information for 10 years. Previously, prior to the compilation of a full 10-year trend, governments/the District presented information for those years for which information was available.

The District adopted the provisions of GASB No. 68, for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting and is/was not presented.

Unaudited - Required Supplementary Information  
*See accompanying Independent Auditor's Report*

**East Lycoming School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

***Schedule of the District's Pension Contributions***

<u>Fiscal Year Ended</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee Payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
June 30, 2024	\$ 3,872,970	\$ 3,872,970	\$ -	\$ 11,704,352	33.09%
June 30, 2023	\$ 3,820,337	\$ 3,820,337	\$ -	\$ 11,134,762	34.31%
June 30, 2022	\$ 3,728,180	\$ 3,728,180	\$ -	\$ 10,968,461	33.99%
June 30, 2021	\$ 3,672,235	\$ 3,672,235	\$ -	\$ 10,958,624	33.51%
June 30, 2020	\$ 3,534,235	\$ 3,534,235	\$ -	\$ 10,594,230	33.36%
June 30, 2019	\$ 3,407,849	\$ 3,407,849	\$ -	\$ 10,453,525	32.60%
June 30, 2018	\$ 3,241,471	\$ 3,241,471	\$ -	\$ 10,212,574	31.74%
June 30, 2017	\$ 2,968,401	\$ 2,968,401	\$ -	\$ 10,165,757	29.20%
June 30, 2016	\$ 2,461,987	\$ 2,461,987	\$ -	\$ 9,847,948	25.00%
June 30, 2015	\$ 1,973,642	\$ 1,973,642	\$ -	\$ 9,727,666	20.29%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 68, to show certain pension related information for 10 years. Previously, prior to the compilation of a full 10-year trend, governments/the District presented information for those years for which information was available.

The District adopted the provisions of GASB No. 68, for the year ended June 30, 2015 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2015 is not available for reporting and is/was not presented.

Unaudited - Required Supplementary Information  
*See accompanying Independent Auditor's Report*

**East Lycoming School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

*Schedules of Changes in the District's Total OPEB Liability and Related Ratios*  
*East Lycoming School District Postemployment Benefits Plan*

	Fiscal Year ending June 30,						
	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>							
Service Cost	\$ 157,351	\$ 232,237	\$ 281,778	\$ 209,189	\$ 228,315	\$ 213,459	\$ 179,049
Interest	155,783	108,662	97,327	152,482	137,057	141,526	97,048
Changes of benefit terms	84,928	-	-	-	-	-	(6,073)
Differences between expected and actual experience	382,403	-	(478,443)	-	(50,583)	-	537,668
Changes of assumptions or other inputs	72,925	(984,765)	(118,384)	453,674	(107,351)	20,605	103,466
Benefit Payments	(208,630)	(211,843)	(184,935)	(203,542)	(303,530)	(323,790)	(318,763)
Net change in total OPEB liability	644,760	(855,709)	(402,657)	611,803	(96,092)	51,800	592,395
Total OPEB liability-beginning	3,792,682	4,648,391	5,051,048	4,439,245	4,535,337	4,483,537	3,891,142
Total OPEB liability-ending	4,437,442	3,792,682	4,648,391	5,051,048	4,439,245	4,535,337	4,483,537
Covered employee payroll	10,184,446	9,555,770	9,555,770	9,668,997	9,668,997	9,481,569	9,481,569
Total OPEB liability as a percentage of covered-employee payroll	43.57%	39.69%	48.64%	52.24%	45.91%	47.83%	47.29%

**Notes to Schedule:**

**Presentation:** This schedule is presented using the optional format of combining schedules in paragraphs 170a and 170b of GASB No. 75.

**Changes of Assumptions:**

**For each of the following – discount rate changes are in reference to updated PSERS rate assumptions and the initial recognition period has been 9-years:**

**2023-2024:** The discount rate changed from 4.06% to 4.13%.

**2022-2023:** The discount rate changed from 2.28% to 4.06%.

**2021-2022:** The discount rate changed from 1.86% to 2.28%.

**2020-2021:** The discount rate changed from 3.36% to 1.86%.

**2019-2020:** The discount rate changed from 2.98% to 3.36%.

**2018-2019:** The discount rate changed from 3.13% to 2.98%.

**2017-2018:** The discount rate changed from 2.49% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based upon new PSERS assumptions.

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 75, to show certain pension related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 75, for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting and is not presented.

**East Lycoming School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

*Schedule of the District's Proportionate Share of the Net OPEB Liability*  
*PSERS Health Insurance Premium Assistance Program*

Fiscal Year Ended	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered- employee Payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
June 30, 2024	0.0760%	\$ 1,375,000	\$ 11,704,352	11.75%	7.22%
June 30, 2023	0.0761%	\$ 1,401,000	\$ 11,134,762	12.58%	6.86%
June 30, 2022	0.0762%	\$ 1,806,000	\$ 10,968,461	16.47%	5.30%
June 30, 2021	0.0762%	\$ 1,646,000	\$ 10,958,624	15.02%	5.69%
June 30, 2020	0.0768%	\$ 1,633,000	\$ 10,594,230	15.41%	5.56%
June 30, 2019	0.0765%	\$ 1,595,000	\$ 10,453,425	15.26%	5.56%
June 30, 2018	0.0775%	\$ 1,579,000	\$ 10,212,574	15.46%	5.73%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 75, to show certain OPEB related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 75, for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting and is not presented.

Unaudited - Supplementary Information  
*See accompanying Independent Auditor's Report*

**East Lycoming School District**  
**Required Supplementary Information**  
**June 30, 2024**  
**(UNAUDITED)**

*Schedule of the District's OPEB Contributions*  
*PSERS Health Insurance Premium Assistance Program*

<u>Fiscal Year Ended</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered- employee Payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
June 30, 2024	\$ 74,908	\$ 74,908	\$ -	\$ 11,704,352	0.64%
June 30, 2023	\$ 83,511	\$ 83,511	\$ -	\$ 11,134,762	0.75%
June 30, 2022	\$ 87,747	\$ 87,747	\$ -	\$ 10,968,461	0.80%
June 30, 2021	\$ 89,861	\$ 89,861	\$ -	\$ 10,958,624	0.82%
June 30, 2020	\$ 88,992	\$ 88,992	\$ -	\$ 10,594,230	0.84%
June 30, 2019	\$ 86,764	\$ 86,764	\$ -	\$ 10,453,425	0.83%
June 30, 2018	\$ 84,764	\$ 84,764	\$ -	\$ 10,212,574	0.83%

This schedule is presented to fulfill the requirement, upon the adoption of GASB No. 75, to show certain OPEB related information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The District adopted the provisions of GASB No. 75, for the year ended June 30, 2018 in accordance with accounting principles generally accepted in the United States of America. Therefore, information for years prior to 2018 is not available for reporting and is not presented.

Unaudited - Supplementary Information  
*See accompanying Independent Auditor's Report*



**Richard B. Snodgrass & Co.**

*Audit, Tax, and Advisory*  
1117 Cemetery Road  
Montoursville, Pennsylvania 17754

570-220-4990  
FAX 570-433-4728  
email-dsnodgrass@snodgrass-co.com

**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**

Board of Directors  
East Lycoming School District  
349 Cemetery Street  
Hughesville, Pennsylvania 17737

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the East Lycoming School District (the District) 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 March 27, 2025.

***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the District'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.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Richard B. Snodgrass & Co.  
Montoursville, Pennsylvania  
March 27, 2025

**East Lycoming School District**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2024**

Program Title	PAL Number	Funding Code	Grantor's Pass Thru Number	Grant Period Beginning/ Ending Date	Source Code	Program or Award Amt.	Total Received For Year	Accrued or (Deferred) 7/1/2023	Revenue Recognized	Expenditures	Accrued or (Deferred) 6/30/2024	Passed thru to sub-recipients For year ended 6/30/2024
<b>U.S. Department of Agriculture-</b>												
<b>Passed Through the Pennsylvania Department of Education-</b>												
COVID-19-P-EBT Local Admin Funds	10.649	I	N/A	7/1/21-6/30/22	F	\$ 653.00	\$ 653.00	\$ -	\$ 653.00	\$ 653.00	\$ -	\$ -
<b>Nutrition Cluster-</b>												
National School Lunch	10.555	I	N/A	7/1/23-6/30/24	F	N/A	415,874.65	-	421,989.43	421,989.43	6,114.78	-
COVID-19-Supply Chain Assistance	10.555	I	N/A	7/1/23-6/30/24	F	42,113.13	42,113.13	-	42,113.13	42,113.13	-	-
Total-National School Lunch Program							457,987.78	-	464,102.56	464,102.56	6,114.78	-
National Breakfast	10.553	I	N/A	7/1/22-6/30/23	F	N/A	143,199.28	-	146,084.20	146,084.20	2,884.92	-
Total-National School Breakfast Program							143,199.28	-	146,084.20	146,084.20	2,884.92	-
Totals-Child Nutrition Cluster-Cash Assistance							\$ 601,187.06	\$ -	\$ 610,186.76	\$ 610,186.76	\$ 8,999.70	\$ -
<b>Passed Through the Pennsylvania Department of Agriculture-</b>												
National School Lunch Commodities	10.555	I	N/A	7/1/22-6/30/23	F	N/A	54,018.37	(650.56)	53,123.55	53,123.55	(1,545.38) 1.	-
Totals-Child Nutrition Cluster-Non-Cash Assistance							54,018.37	(650.56)	53,123.55	53,123.55	(1,545.38)	-
Totals-Child Nutrition Cluster							\$ 655,205.43	\$ (650.56)	\$ 663,310.31	\$ 663,310.31	\$ 7,454.32	\$ -
<b>Total U.S. Department of Agriculture</b>							655,858.43	(650.56)	663,963.31	663,963.31	7,454.32	-
<b>Non-Federal Funds - Passed Through the Pennsylvania Department of Education-</b>												
State Lunch Program	N/A	N/A	N/A	7/1/23-6/30/24	S	N/A	23,113.82	-	23,642.22	23,642.22	528.40	-
State Breakfast	N/A	N/A	N/A	7/1/23-6/30/24	S	N/A	8,645.10	-	8,966.70	8,966.70	321.60	-
State Breakfast Initiative	N/A	N/A	N/A	7/1/23-6/30/24	S	N/A	88,495.20	-	89,951.25	89,951.25	1,456.05	-
							\$ 120,254.12	\$ -	\$ 122,560.17	\$ 122,560.17	\$ 2,306.05	\$ -
<b>U.S. Department of Education-</b>												
<b>Passed Through the Pennsylvania Department of Education-</b>												
Title I	84.010	I	013-230126	7/14/22-9/30/23	F	310,907.00	64,238.96	64,238.96	0.00	0.00	-	-
Title I	84.010	I	013-240126	7/24/23-9/30/24	F	304,494.00	245,262.00	-	304,494.00	304,494.00	59,232.00	-
Total-Title I Program (PAL # 84.010)							\$ 309,500.96	\$ 64,238.96	\$ 304,494.00	\$ 304,494.00	\$ 59,232.00	\$ -
Title IIA Improv Teacher	84.367	I	020-230126	7/14/22-9/30/23	F	48,003.00	(292.00)	(292.00)	-	-	-	-
Title IIA Improv Teacher	84.367	I	020-240126	7/24/23-9/30/24	F	39,349.00	39,879.00	-	39,349.00	39,349.00	(530.00)	-
Total-Title II Program (PAL # 84.367)							\$ 39,587.00	\$ (292.00)	\$ 39,349.00	\$ 39,349.00	\$ (530.00)	\$ -
Title IV Student Support & Academic Enrichment	84.424	I	144-230126	7/14/22-9/30/23	F	24,087.00	13,379.31	13,379.31	-	-	-	-
Title IV Student Support & Academic Enrichment	84.424	I	144-240126	7/24/23-9/30/24	F	24,339.00	24,339.00	-	24,339.00	24,339.00	-	-
Total-Title IV Program (PAL # 84.424)							\$ 37,718.31	\$ 13,379.31	\$ 24,339.00	\$ 24,339.00	\$ -	\$ -
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	I	200-210126	3/13/20-9/30/23	F	1,120,739.00	417,019.10	181,857.10	235,162.00	235,162.00	-	-
COVID-19 American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief Fund	84.425U	I	223-210126	3/13/20-9/30/24	F	2,266,930.00	494,602.92	(149,438.52)	489,127.63	489,127.63	(154,913.81)	-
COVID-19 American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief Fund (7%)	84.425U	I	225-210126	3/13/20-9/30/24	F	176,191.00	35,238.28	24,399.29	27,313.74	27,313.74	16,474.75	-
Total-ESSER/PAL# 84.425D Program							\$ 946,860.30	\$ 56,817.87	\$ 751,603.37	\$ 751,603.37	\$ (138,439.06)	\$ -

The accompanying notes are an integral part of this Schedule.

**East Lycoming School District**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2024**  
**(Continued)**

Program Title	PAL Number	Funding Code	Grantor's Pass Thru Number	Grant Period Beginning/ Ending Date	Source Code	Program or Award Amt.	Total Received For Year	Accrued or (Deferred) 7/1/2023	Revenue Recognized	Expenditures	Accrued or (Deferred) 6/30/2024	Passed thru to sub-recipients For year ended 6/30/2024
<b>Passed Through the Pennsylvania Department of Education-</b>												
<b>Passed Through BLAST Intermediate Unit #17 -</b>												
<b>Special Education Cluster-</b>												
IDEA B	84.027	I	062-23-0017	7/1/22-9/30/23	F	\$ 310,061.07	\$ 309,485.57	\$ 309,485.57	\$ -	\$ -	\$ -	\$ -
IDEA B	84.027	I	062-24-0017	7/1/23-9/30/24	F	360,854.47	154,337.64	-	360,854.47	360,854.47	206,516.83	-
Total-IDEA B (PAL# 84.027/84.027X) Program - BLAST Pass-through							\$ 463,823.21	\$ 309,485.57	\$ 360,854.47	\$ 360,854.47	\$ 206,516.83	\$ -
IDEA B - Preschool	84.173	I	FA 131-220017	7/1/22-6/30/23	F	1,672.00	1,672.00	1,672.00	-	-	-	-
IDEA B - Preschool	84.173	I	FA 131-230017	7/1/23-6/30/24	F	3,429.00	1,714.50	-	3,429.00	3,429.00	1,714.50	-
Totals-Special Education Cluster							\$ 467,209.71	\$ 311,157.57	\$ 364,283.47	\$ 364,283.47	\$ 208,231.33	\$ -
<b>Total U.S. Department of Education</b>							\$ 1,800,876.28	\$ 445,301.71	\$ 1,484,068.84	\$ 1,484,068.84	\$ 128,494.27	\$ -
<b>U.S. Department of Homeland Security-Federal Emergency Management Agency-</b>												
<b>Passed Through the Pennsylvania Emergency Management Agency-</b>												
Disaster Grants-Public Assistance	97.036	I	PW-131-DR4408	7/1/17-6/30/19	F	\$ 1,319.86	\$ -	\$ (76,760.80)	\$ -	\$ -	\$ (76,760.80)	\$ -
<b>Totals</b>							<b>\$ 2,456,734.71</b>	<b>\$ 367,890.35</b>	<b>\$ 2,270,592.32</b>	<b>\$ 2,270,592.32</b>	<b>\$ 61,493.84</b>	<b>\$ -</b>

NOTES:

1. USDA donated commodities valued at USDA prices.

2. None (\$0.00) of the District's expenditures of federal awards represent amounts passed through the District to sub-recipients .

Funding Codes-

D = Direct Funding  
I = Indirect Funding

Source Codes-

F = Federal Funding  
S = State Funding

The accompanying notes are an integral part of this Schedule.

**East Lycoming School District**  
Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

**A. Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and certain related state grant activity of the East Lycoming School District (the District). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the District's operations, it is not intended to and does not present the District's financial position, changes in net assets/fund balance, or cash flows.

**B. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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 the amounts of expenditures reported and deferred amounts.

**C. USDA Donated Commodities**

Deferred balances at the beginning and end of the fiscal year represent inventories of USDA donated commodities. Such commodity inventories are valued at USDA provided unit values.

**D. Indirect Cost Rate**

The accompanying Schedule does not include indirect costs related to the operation of the District's federal and related state grant programs. The District has utilized neither a federally negotiated rate nor the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance to capture and include any such indirect costs associated with federal awards.

**E. Subrecipient Status**

The District is a subrecipient of federal awards, does not function as a pass-through to other subrecipients, and \$0 of the District's grant awards have been passed-through.

**Richard B. Snodgrass & Co.**

*Audit, Tax, and Advisory*  
1117 Cemetery Road  
Montoursville, Pennsylvania 17754

570-220-4990  
FAX 570-433-4728  
email-dsnodgrass@snodgrass-co.com

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

Board of Directors  
East Lycoming School District  
349 Cemetery Street  
Hughesville, Pennsylvania 17737

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

We have audited the East Lycoming School District's (the District) compliance of with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Guidance*). Our responsibilities under those standards and the *Uniform Guidance* are further described in the 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 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 opinion on compliance for each

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

### ***Management's Responsibility for Compliance***

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

### ***Auditor's Responsibility 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 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 and *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 one 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 substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with GAAS and GAS 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, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent,

or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of control 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 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 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 described 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, we do not express an opinion on the effectiveness of the District's internal control over compliance.

***Purpose of this Report***

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



Richard B. Snodgrass & Co.  
Montoursville, Pennsylvania  
March 27, 2025



June 30, 2024

<b>Financial Statements</b>			
Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:			
<i>The auditors' report on the basic financial statements is <b>unmodified</b>.</i>			
• Material weakness(es) identified?	___ Yes	<u>  X  </u> No	
• Significant deficiency(ies) identified?	___ Yes	<u>  X  </u> No	
Noncompliance material to financial statements noted?	___ Yes	<u>  X  </u> No	
<b>Federal Awards</b>			
Internal control over major federal programs:			
• Material weakness(es) identified?	___ Yes	<u>  X  </u> No	
• Significant deficiency(ies) identified?	___ Yes	<u>  X  </u> No	
Type of auditors' report issued on compliance for major federal programs:			
<i>The auditors' report on compliance for major programs is <b>unmodified</b>.</i>			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	<u>  X  </u> No	
Identification of major federal programs:			
PAL Number(s):		Name of Federal Program or Cluster:	
PAL 84.425		Education Stabilization Fund	
(PAL 84.425D / PAL 84.425U)			
Dollar threshold used to distinguish between type A and type B programs:	\$750,000		
Auditee qualified as low- risk auditee?	<u>  X  </u> Yes	___ No	

-71-

**East Lycoming School District**  
Single Audit Report  
Schedule of Findings and Questioned Costs

June 30, 2024  
(Continued)

**Section II      Financial Statement Findings**

Financial statement Findings which are required to be reported under generally accepted government auditing standards:

There were **no** such findings/matters reported.

**Section III      Federal Award Findings and Questioned Costs:**

There were **no** such findings/matters reported.

See also the accompanying notes to this Schedule

**East Lycoming School District**  
**Single Audit Report**  
Notes to the Schedule of Findings and Questioned Costs

June 30, 2024

**Note A. Calculation of the 40%/20% Rule**

Major programs were evaluated/selected representing the following percentages of total Federal Expenditures:

Major Programs	PAL#	%	Expenditures	Single Audit Treatment
COVID-19-ESSER/Education Stabilization Fund	84.425D/U	35.0%	\$ 751,603.37	Type A-Major
Totals		35.0%	\$ 751,603.37	
Other Programs		65.0%	\$ 1,396,428.78	
Total Federal Expenditures		100.0%	\$ 2,148,032.15	(Note B.)

**Note B. Reconciliation of Total Federal Expenditures**

Total Federal Expenditures per Note A above are total expenditures per the Schedule of Expenditures of Federal (and State) awards as follows:

Total Federal Expenditures are total expenditures per Schedule of:	\$ 2,270,592.32
<i>less</i> State lunch reimbursements of:	(23,642.22)
<i>less</i> State breakfast reimbursements of:	(98,917.95)
	<u>\$ 2,148,032.15</u>

**Note C. Selection of Major Programs**

The selection of major programs was done utilizing a risk-based approach in accordance with Title 2 U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The District has one Type A program, the Education Stabilization Fund (PAL 84.425 (D/U)). This program(s) has been audited as a Type A program has been evaluated / identified a non-low risk program (applicable threshold of \$750,000 based upon Federal Expenditure level).

**East Lycoming School District**  
Single Audit Report  
Schedule of Prior Findings and Questioned Costs

June 30, 2024

There are no prior findings or questioned costs required to be reported under OMB A-133 (prior periods)/the Uniform Guidance.

**East Lycoming School District**  
Financial Statements and  
Supplementary Information  
(With Independent Single Audit Reports Thereon)

June 30, 2024

**LIST OF REPORT DISTRIBUTION**

Filed Electronically to:

Bureau of Audits  
Special Audit Services Division  
Forum Place—8<sup>th</sup> Floor  
555 Walnut Street  
Harrisburg, PA 17101

Filed Electronically to:

Federal Audit Clearinghouse  
General Services Administration  
Washington, DC 20405

Attention: Single Audit Clearing House

Filed Electronically to:

Municipal Securities Rulemaking Board  
Electronic Municipal Market Access (EMMA system)  
c/o EMMA Dataport  
[www.msrb.org](http://www.msrb.org)

**East Lycoming School District**  
Financial Statements and  
Supplementary Information  
(With Independent Single Audit Reports Thereon)

Lead Auditor Information

June 30, 2024

Lead Auditor:

David D. Snodgrass  
*Certified Public Accountant*  
Richard B. Snodgrass & Co.  
1117 Cemetery Road  
Montoursville, Pennsylvania 17754

Phone: (570) 220-4990  
Fax: (570) 433-4728  
E-mail: [dsnodgrass@snodgrass-co.com](mailto:dsnodgrass@snodgrass-co.com)

Licensing:

Richard B. Snodgrass & Co. is a Pennsylvania sole proprietorship which is owned and operated by David D. Snodgrass, CPA.

David D. Snodgrass, CPA, is licensed to do business in the Commonwealth of Pennsylvania (PA License No. CA-051085) where the District is located and where the accounting records are maintained.

**APPENDIX F**  
**BOND AMORTIZATION SCHEDULE**

**APPENDIX G –**  
**SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY**





## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$        in aggregate principal amount of

Effective Date:

Premium: \$

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

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

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

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

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By \_\_\_\_\_  
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)