PRELIMINARY OFFICIAL STATEMENT DATED APRIL 10, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: "AA-" (Stable Outlook) (Underlying)
(See Rating herein)

In the opinion of Bond Counsel, under existing statutes, regulations and judicial decisions, interest on the Notes is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59K of the Internal Revenue Code of 1986, as amended (the "Code), for tax years beginning after December 31, 2022. This opinion of Bond Counsel is subject to continuing compliance by the School District with its covenants in the Resolution and other documents to comply with requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") as presently enacted and construed, the interest on the Notes shall at all times be free from taxation for Commonwealth and local purposes within the Commonwealth, but this exemption does not extend to profits, gains or income derived from the sale, exchange or other disposition of the Notes, nor to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the interest on the Notes.

For further information concerning federal and state tax matters relating to the Notes, see "Exemption from Taxation" herein.

$26,145,000*
Palmyra Area School District

(Lebanon County, Pennsylvania)
Consisting Of:

$13,995,000* General Obligation Notes, Series of 2025
$12,150,000* General Obligation Notes, Series A of 2025

Dated Date: May 27, 2025
Interest Due: June 1 and December 1
Principal Due: June 1
First Interest Payment: December 1, 2025

The Notes described herein are in the aggregate principal amount of $26,145,000* and consist of two series, the $13,995,000* General Obligation Notes, Series of 2025 (the "2025 Notes"), and the $12,150,000* General Obligation Notes, Series A of 2025 (the "2025A Notes"). The 2025 and 2025A Notes are collectively referred to as the "Notes". The Notes will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Notes may be acquired in denominations of $5,000 and integral multiples thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Notes will not receive physical delivery of Note certificates. To purchase and own a Note, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Notes. See "**BOOK-ENTRY ONLY SYSTEM**" herein. If, under the circumstances described herein, Notes are ever issued in certificated form, the Notes will be subject to registration of transfer, exchange and payment as described herein.

The Notes are general obligations of the Palmyra Area School District, Lebanon County, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has, subject to statutory restrictions and limitations, covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Notes for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the resolution adopted by the Board of School Directors, of the School District on March 27, 2025 or any other of its revenues or funds the principal of every Note and the interest thereon on the dates, at the place and in the manner stated in the Notes, and for such budgeting, appropriation and payment the School District, subject to statutory restrictions and limitations, irrevocably has pledged its full faith, credit and available taxing power, which taxing power presently includes the power to levy ad valorem taxes on all taxable real property within the School District *(But see* **"THE NOTES - Security" and "The Taxpayer Relief Act (Act 1)"** *herein).*

Interest on the 2025 Notes is payable initially on December 1, 2025, and thereafter semiannually on June 1 and December 1 of each year until the maturity date of such Note or, if such 2025 Note 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. Interest on the 2025A Notes is payable initially on December 1, 2025, and thereafter semiannually on June 1 and December 1 of each year until the maturity date of such Note or, if such 2025A Note is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Fulton Bank, National Association of Lancaster, Pennsylvania (the "Paying Agent"), as paying agent and sinking fund depositary for the Notes. So long as Cede & Co., as nominee for DTC, is the registered owner of the Notes, payments of the principal of, redemption premium, if any, and interest on the Notes, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Notes. If the use of the Book-Entry Only System for the Notes is ever discontinued, the principal of and redemption premium, if any, on each of the Notes will be payable, when due, upon surrender of such Note to the Paying Agent at its principal corporate trust office presently located in Lancaster, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Note will be payable by check made out and mailed to the person(s) in whose name(s) such Note is registered as of the Record Date with respect to the particular interest payment date (See "THE NOTES," *infra*).

The Notes are subject to optional redemption prior to maturity as described herein.

Proceeds of the 2025 Notes will be used towards (1) currently refunding all or a portion of the School District's outstanding General Obligation Bonds, Series of 2018, (2) the payment of the costs of issuing the Notes.

Proceeds of the 2025A Notes will be used towards (1) currently refunding all or a portion of the School District's outstanding General Obligation Bonds, Series of 2017, (2) the payment of the costs of issuing the Notes.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL OFFERING YIELDS AND CUSIP
See Inside Front Cover

The Notes are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Saxton & Stump, LLC of Lancaster, Pennsylvania, Bond Counsel and Solicitor, to be furnished upon delivery of the Notes. Certain matters will be passed upon for the School District by Stevens & Lee, P.C., of Reading, Pennsylvania, Limited Scope Underwriter Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, will act as Financial Advisor to the School District. It is expected that the Notes will be available for delivery through DTC or its agent, on or about May 27, 2025.

RAYMOND JAMES®

Dated:

*Estimated, subject to change.

$26,145,000*

Palmyra Area School District

Lebanon County, Pennsylvania

$13,995,000* General Obligation Notes, Series of 2025

Dated: May 27, 2025
Interest Due: June 1 and December 1

Principal Due: June 1
First Interest Payment: December 1, 2025

NOTE MATURITY SCHEDULE:

Maturity Date (June 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields	Initial Offering Prices	CUSIP Numbers[1]
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					

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

*Estimated, subject to change.

$26,145,000*
Palmyra Area School District
Lebanon County, Pennsylvania
$12,150,000* General Obligation Notes, Series A of 2025

Dated: May 27, 2025
Interest Due: June 1 and December 1

Principal Due: June 1
First Interest Payment: December 1, 2025

NOTE MATURITY SCHEDULE:

Maturity Date (June 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields	Initial Offering Prices	CUSIP Numbers[1]
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					

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

*Estimated, subject to change.

PALMYRA AREA SCHOOL DISTRICT
Lebanon County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Mr. Mike Koval	President
Mr. Dave Laudermilch	Vice-President
Mr. Mike Frentz	Secretary*
Mrs. Mandy Braden	Treasurer
Ms. Jill Martin	Member
Mr. Larry Geib	Member
Mrs. Kayla Leiberher	Member
Mrs. Alicia Haldeman	Member
Ms. Suzan Gilligan	Member
Mr. Joshua Jones	Member

*Nonvoting member

SUPERINTENDENT
DR. BERNIE KEPLER

DIRECTOR OF BUSINESS AFFAIRS
MIKE FRENTZ

SCHOOL DISTRICT SOLICITOR
SAXTON & STUMP, LLC
Lancaster, Pennsylvania

BOND COUNSEL
SAXTON & STUMP, LLC
Lancaster, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

PAYING AGENT
FULTON BANK, NATIONAL ASSOCIATION
Lancaster, Pennsylvania

UNDERWRITER
RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL
STEVENS & LEE, P.C.
Reading Pennsylvania

SCHOOL DISTRICT ADDRESS
1125 Park Drive
Palmyra, Pennsylvania 17078

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

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

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS PRELIMINARY OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS PRELIMINARY 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.

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

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PRELIMINARY OFFICIAL STATEMENT

$26,145,000*
Palmyra Area School District
Lebanon County, Pennsylvania
Consisting of:
$13,995,000* General Obligation Notes, Series of 2025
$12,150,000* General Obligation Notes, Series A of 2025

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof, is furnished by Palmyra Area School District, Lebanon County, Pennsylvania (the "School District") in connection with the offering of $26,145,000* general obligation bonds consisting of the $13,995,000* General Obligation Notes, Series of 2025 (the “2025 Notes”) and the $12,150,000* General Obligation Notes, Series A of 2025 (the “2025A Notes”). The Notes are dated as of May 27, 2025 and are being issued pursuant to a resolution of the Board of School Directors of the School District to be adopted on March 27, 2025 (the “Resolution”), pursuant to the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the “Act”), of the Commonwealth of Pennsylvania (the “Commonwealth”).

PURPOSE OF THE ISSUE

Proceeds of the 2025 Notes will be used towards (1) currently refunding all or a portion of the School District’s outstanding General Obligation Bonds, Series of 2018 currently outstanding in the aggregate principal amount of $14,225,000 (the “Refunded 2018 Bonds”), (2) the payment of the costs of issuing the Notes.

Proceeds of the 2025A Notes will be used towards (1) currently refunding all or a portion of the School District’s outstanding General Obligation Bonds, Series of 2017 currently outstanding in the aggregate principal amount of $12,300,000 (the “Refunded 2017 Bonds”), (2) the payment of the costs of issuing the Notes.

Sources and Uses of Note Proceeds

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

Sources of Funds	2025 Notes	2025A Notes	Total
Par Amount			
Net Original Premium / Discount			
Total Sources of Funds			
Uses of Funds			
Cost to call the 2017 Bonds			
Cost to call the 2018 Bonds			
Issuance Costs[(1)]			
Total Uses of Funds			

[(1)]Includes legal, financial advisor, printing, rating, underwriter discount, CUSIP, paying agent, and miscellaneous costs.

*Estimated, subject to change.

THE NOTES

Description

The 2025 Notes will be issued in fully registered form in denominations of $5,000 and integral multiples thereof, will be in the aggregate principal amount of $13,995,000*, will be dated as of May 27, 2025, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover of this Preliminary Official Statement. Interest on the Notes will be payable initially on December 1, 2025, and thereafter, semiannually on June 1 and December 1 of each year until the maturity date of such Note or, if such Note is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

The 2025A Notes will be issued in fully registered form in denominations of $5,000 and integral multiples thereof, will be in the aggregate principal amount of $12,250,000*, will be dated as of May 27, 2025, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover of this Preliminary Official Statement. Interest on the Notes will be payable initially on December 1, 2025, and thereafter, semiannually on June 1 and December 1 of each year until the maturity date of such Note or, if such Note 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 Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Notes (the "Beneficial Owners") will not receive any physical delivery of Note certificates, and beneficial ownership of the Notes 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 Notes, payments of principal of, redemption premium, if any, and interest on the Notes, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid.

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

The principal of the Notes, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Notes, or registered assigns, upon surrender of the Notes to Fulton Bank, National Association (the "Paying Agent"), acting as paying agent and sinking fund depositary for the Notes, at its corporate trust office in Lancaster, Pennsylvania (or to any successor paying agent at its designated office(s)).

Interest on the 2025 Notes will be payable to the registered owner of a Note from the interest payment date next preceding the date of registration and authentication of the Note, unless: (a) such Note is registered and authenticated as of an interest payment date, in which event such Note shall bear interest from said interest payment date, or (b) such Note is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Note shall bear interest from such interest payment date, or (c) such Note is registered and authenticated on or prior to the Record Date preceding December 1, 2025, in which event such Note shall bear interest from May 27, 2025, or (d) as shown by the records of the Paying Agent, interest on such Note shall be in default, in which event such Note shall bear interest from the date to which interest was last paid on such Note. Interest on each Note 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 fifteenth (15th) day next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Note 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 that interest is not paid on or provided for within five (5) business days when due, such defaulted interest shall be payable to the person in whose name the Note 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 2025 Notes not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such 2025 Notes are registered at the close of business on the fifth (5th) day preceding the date of mailing.

Interest on the 2025A Notes will be payable to the registered owner of a Note from the interest payment date next preceding the date of registration and authentication of the Note, unless: (a) such Note is registered and authenticated as of an interest payment date, in which event such Note shall bear interest from said interest payment date, or (b) such Note is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Note shall bear interest from such interest payment date, or (c) such Note is registered and authenticated on or prior to the Record Date preceding December 1, 2025, in which event such Note shall bear interest from May 27, 2025, or (d) as shown by the records of the Paying Agent, interest on such Note shall be in default, in which event such Note shall bear interest from the date to which interest was last paid on such Note. Interest on each Note 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 fifteenth (15th) day next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Note 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 that interest is not paid on or provided for within five (5) business days when due, such defaulted interest shall be payable to the person in whose name the Note 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 2025A Notes not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such 2025A Notes are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Notes 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 Notes

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

The School District and the Paying Agent shall not be required (a) to register the transfer of or exchange any Notes 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 Notes to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Note selected for redemption until after the redemption date. Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations of the same series, maturity, and interest rate.

*Estimated, subject to change.

Commonwealth Enforcement of Debt Service Payments

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

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

Pennsylvania Budget Adoption

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor passed a five-month stopgap budget for the 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. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget 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 timely signed the state's 2021-2022 fiscal year budget on June 30, 2021. That budget included an increase of $300 million for basic education, with $100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a $50 million increase, boosting that budget line to $1.24 billion, while preschool and Head Start programs received a $30 million increase, to $311.5 million. All told, funding for K-12 schools reached a record high of $13.55 billion in the 2021-2022 budget.

After a week's delay, a $45.2 billion budget for the state's 2022-2023 fiscal year was signed by Governor Tom Wolf on July 8, 2022, which included $7.6 billion for the basic education funding appropriation and $225 million to supplement those school districts with a higher at-risk student population. The total amount was a $767.8 million (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 includes $8.4 billion for the basic education funding appropriation. The total amount is a $796.6 million (10.45%) increase over the 2022-2023 fiscal year appropriation. The budget also provides $50 million in additional aid to school districts for special education services for a total of $1.3 billion. Certain funds authorized within the 2023-2024 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

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

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

Act 85 of 2016

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

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

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

(1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;

(2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and

(3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated and paid to the paying agent on the day the scheduled payment for principal and interest is due on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

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

Act 85 of 2016 requires that each school district with Notes or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant Notes or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information with respect to the Notes to PDE within the prescribed timeframe following the issuance of the Notes. 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 Notes and may be amended or repealed by future legislation.

Security

The Notes will be general obligations of the School District, payable from its tax and other general revenues. The School District has, subject to statutory restrictions and limitations, covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Notes for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Notes and the interest thereon at the dates and place and in the manner stated on the Notes, and for such budgeting, appropriation and payment the School District has subject to statutory restrictions and limitations, irrevocably has pledged its full faith, credit and available taxing power. (See "The Taxpayer Relief Act

(Act 1)" herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see "Defaults and Remedies" herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see "Commonwealth Enforcement of Debt Service Payments" herein).

Sinking Fund

The sinking fund for the payment of debt service on the Notes, designated as the "Sinking Fund, General Obligation Notes, Series of 2025" has been created under the Resolution and is maintained by the Paying Agent, as sinking fund depositary. The School District shall deposit in the Sinking Fund sufficient sums not later than the date when interest and/or principal is to become due on the Notes so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Notes.

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

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

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or 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, Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to a Tender Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Tender Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender Agent's DTC account.

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

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

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE NOTES; (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 NOTES; (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 NOTEHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE NOTES; OR (6) ANY OTHER ACTION TAKEN BY DTC AS NOTEHOLDER.

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

REDEMPTION OF NOTES

Optional Redemption

The 2025 Notes stated to mature on or after June 1, _____ shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on _________ or on any date thereafter, or from time to time, in part on _________ or on any date thereafter (and if in part, if any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Notes, together with accrued interest to the redemption date.

The 2025A Notes stated to mature on or after June 1, _____ shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on _________ or on any date thereafter, or from time to time, in part on _________ or on any date thereafter (and if in part, if any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Notes, together with accrued interest to the redemption date.

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Resolution and the 2025 Notes, the following Notes are subject to mandatory redemption in direct order of maturity pursuant to operation of the Mandatory 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 June 1 of the following years and in the following principal amounts:

Notes stated to mature June 1:

*Final Maturity

In the manner and upon the terms and conditions provided in the Resolution and the 2025A Notes, the following Notes are subject to mandatory redemption in direct order of maturity pursuant to operation of the Mandatory 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 June 1 of the following years and in the following principal amounts:

Notes stated to mature June 1:

*Final Maturity

Notice of Redemption

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

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 Notes to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Notes so called for redemption as to which proper notice has been given.

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

The notice of redemption may state that it is conditional, that it is subject to the deposit of sufficient redemption money with the Paying Agent no later than a time satisfactory to the Paying Agent on the redemption date and the School District has not timely deposited with the Paying Agent money sufficient to redeem all the Notes called for redemption. Such notice shall be of no effect unless and until such money is so deposited.

Manner of Redemption

So long as Cede & Co., as nominee of DTC, is the registered owner of the Notes, however, payment of the redemption price shall be made to Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all Notes of any particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner in such Notes 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 Notes registered in the name of Cede & Co.

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

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

THE SCHOOL DISTRICT

Introduction

The Palmyra Area School District is located in southwestern Lebanon County, approximately 20 miles east of Harrisburg, 25 miles north of Lancaster, 35 miles west of Reading and 3 miles east of Hershey. The area is mainly residential in character with a sound small business base and rich agricultural resources.

The Palmyra Area School District comprises a land area of 37.3 square miles and contains within it the Borough of Palmyra and the Townships of North Londonderry and South Londonderry.

The School District is a School District of the Third Class, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth").

Administration

Under the Public School Code of 1949 (Act of June 10, 1949, P.L. 30, as amended (the "School Code"), the governing body of the School District is a board of nine school directors who are elected for either a four-year or two-year term. The daily operations and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

School Facilities

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

TABLE 1
PALMYRA AREA SCHOOL DISTRICT FACILITIES

Building	Original Construction Date	Add/Renov. Date	Grades	Rated Pupil Capacity	2024-25 Enrollment
Elementary:					
Forge Road Elementary	1958	2020	1-5	450	347
Lingle Avenue Elementary	2010		K-5	665	551
Northside Elementary	1967	2020	1-5	510	242
Pine Street Elementary	1965	2004	1-5	660	355
Secondary:					
Middle School	1936	2017	6-8	850	843
Senior High School	1972	2006	9-12	1,267	1,132

Source: School District Officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next five years.

TABLE 2
PALMYRA AREA SCHOOL DISTRICT ENROLLMENT TRENDS

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2020-21	1,507	2,033	3,540	2025-26	1,487	1,928	3,415
2021-22	1,476	2,075	3,551	2026-27	1,494	1,889	3,383
2022-23	1,452	2,098	3,550	2027-28	1,477	1,868	3,345
2023-24	1,476	2,104	3,580	2028-29	1,458	1,871	3,329
2024-25	1,495	1,975	3,470	2029-30	1,453	1,867	3,320

Source: School District Officials.

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The government wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Its financial statements are audited by an independent certified public accountant, as required by Commonwealth law. Boyer & Ritter LLP of Camp Hill, Pennsylvania, serves as the School District Auditor.

Budgeting Process as modified by Act 1 of the Special Session of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by statute and 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 adoption prior to the beginning of each fiscal year which commences 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 suggests 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 beginning of 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 no 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 next 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 adopting such a resolution.

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4 which follow. Table 5 shows revenue and expenditures for the past 5 years and the 2024-25 budget, as adopted June 13, 2024.

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

ASSETS	2020	2021	2022	2023	2024
Cash and Cash Equivalents	$4,751,014	$5,224,185	$2,720,028	$4,100,673	$6,097,578
Investments	4,384,712	4,779,931	6,850,043	7,434,564	7,545,823
Taxes Receivable	4,634,940	4,037,463	5,871,267	4,813,990	4,211,551
Due from Other Funds	134,377	108,374	51,521	132,381	171,478
Intergovernmental Receivable	168,748	632,690	523,598	544,196	558,345
Prepaid Expenses	72,988	37,634	74,231	0	0
TOTAL ASSETS	$14,146,779	$14,820,277	$16,090,688	$17,025,804	$18,584,775
LIABILITIES					
Due to Other Funds	$91,467	$19,732	$3,045,537	$1,061,595	$2,603,437
Intergovernmental Payables	226,807	194,647	0	0	0
Payroll Deductions and Withholdings	507,342	494,701	1,254,511	707,686	303,040
Accounts Payable	6,461,444	6,735,063	5,687,632	5,931,507	366,406
Accrued Salaries and Benefits	229,620	227,086	332,981	346,449	6,246,826
Unearned Revenues	128,144	75,838	4,000	3,752	13,910
TOTAL LIABILITIES	$7,644,824	$7,747,067	$10,324,661	$8,050,989	$9,533,619
DEFERRED INFLOWS OF RESOURCES	$617,393	$562,363	$515,925	$498,463	$574,804
FUND EQUITIES					
Restricted Fund Balance	$0	$45,658	$70,641	$87,577	$96,877
Committed Fund Balance	1,000,000	1,000,000	500,000	500,000	500,000
Assigned Fund Balance	1,445,125	1,364,113	1,446,368	2,767,137	2,767,137
Unassigned Fund Balance	3,439,437	4,101,076	3,233,093	5,121,638	5,112,338
TOTAL FUND EQUITIES	$5,884,562	$6,510,847	$5,250,102	$8,476,352	$8,476,352
TOTAL LIABILITIES AND FUND EQUITIES	$14,146,779	$14,820,277	$16,090,688	$17,025,804	$18,584,775

Source: School District Audits Reports and Annual Financial Reports.

TABLE 4
PALMYRA AREA SCHOOL DISTRICT GENERAL FUND*
SUMMARY OF CHANGES IN FUND BALANCE

	Actual					Budget
	2020	2021(1)	2022	2023	2024	2025(2)
Beginning Fund Balance	$6,143,392	$5,884,562	$6,510,847	$5,250,102	$8,476,352	$8,476,351
Revenues over (under) Expenditure	(258,830)	565,365	(1,260,745)	3,226,250	(1)	298,347
Chgs. in Inven./Prior Period Adj.	0	60,920	0	0	0	0
Ending Fund Balance	$5,884,562	$6,510,847	$5,250,102	$8,476,352	$8,476,351	$8,774,698

*Totals may not add due to rounding.
(1) Restatement
(2) Budget as adopted June 13, 2024.
Source: School District Annual Financial Reports, Annual Financial Statements, and Budget.

Revenue

The School District received $66,915,950 in revenue in 2023-24 and has budgeted revenue of $67,791,130 in 2024-25. Local sources have decreased as a share of total revenue in the past five years, from 68.68 percent in 2019-20 to 68.00 percent in 2023-24. Revenue from Commonwealth sources have increased as a share of total revenue from 29.14 percent to 29.49 percent over this period. Federal and other revenue increased as a share of the revenue from 2.19 percent to 2.51 percent during this period.

TABLE 5
PALMYRA AREA SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES*
(For years ending June 30)

	Actual					Budgeted
REVENUES	**2020**	**2021**	**2022**	**2023**	**2024**	**2025[2]**
Local Sources	$37,274,477	$38,620,606	$40,617,373	$42,817,777	$45,502,114	$45,958,458
State Sources	15,812,725	16,052,410	16,745,148	18,324,842	19,733,360	20,625,094
Federal Sources	1,186,419	2,317,621	2,710,423	2,508,598	1,680,476	1,157,578
Other Sources	0	0	0	0	0	50,000
TOTAL REVENUES	$54,273,621	$56,990,637	$60,072,944	$63,651,217	$66,915,950	$67,791,130
EXPENDITURES						
Instruction	$30,996,735	$32,421,965	$33,056,782	$33,915,720	$35,469,134	$38,044,253
Support Services	14,834,875	15,818,265	16,226,960	17,169,527	18,819,509	19,346,747
Non-Instructional Services	1,014,533	1,010,890	1,039,747	1,193,353	1,262,694	1,279,917
Capital Outlay	7,090	7,098	0	0	0	0
Debt Service	147,454	145,335	525,519	676,186	590,796	148,600
Leases & Other Right-to-Use Arrangements	0	0	0	0	100,550	0
Transfers & Other	37	0		18,851	0	8,723,266
TOTAL EXPENDITURES	$47,000,724	$49,403,553	$50,849,008	$52,973,637	$56,242,683	$67,542,783
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In (Out)	($7,531,727)	($7,562,148)	($11,246,550)	($8,837,258)	($11,063,020)	$0
Proceeds	0	540,429	761,869	1,372,835	389,752	50,000
Debt Service	0	0	0	0	0	0
Other	0	0	0	13,093	0	0
TOTAL OTHER SOURCES	($7,531,727)	($7,021,719)	($10,484,681)	($7,451,330)	($10,673,268)	$50,000
NET CHANGE IN FUND BALANCE	($258,830)	$565,365	($1,260,745)	$3,226,250	($1)	$298,347

*Totals may not add due to rounding.
[1]Budget as adopted June 13, 2024.
Source: School District Annual Financial Reports, Audit Reports, and Budget.

SCHOOL DISTRICT TAXING POWERS AND LIMITS

In General

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

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.

2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:

   a. for minimum salaries and increments of the teaching and supervisory staff;

   b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;

   c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and

   d. to pay for the amortization of a Note or note issue which provided a school building prior to the first Monday of July, 1959.

3. An annual per capita tax on each resident or inhabitant over 18 years of age of not less than $1.00 and not more than $10.00.

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

Limitations on Local Taxes – Taxpayer Relief Act (Act 1)

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

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

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

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

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

Fiscal Year	Index
2025-26	5.1%
2024-25	6.8%
2023-24	5.3%
2022-23	4.4%
2021-22	3.8%
2020-21	3.3%

In accordance with Act 1, the School District placed a referendum question on the May, 15, 2007, primary election ballot seeking voter approval to levy (or increase the rate of) the earned income and net profits tax ("EIT") or a new personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was **NOT** approved by the voters.

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

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

Act 1 also provides for gaming revenues received by the Commonwealth to be accumulated in the Property Tax Relief Reserve Fund ("Fund"). When the Fund has sufficient monies according to a formula, the Secretary of the Commonwealth announces that funds are available for distribution to school districts. The monies received by school districts from the Fund may only be used to provide a reduction in real estate taxes to qualified homestead/farmstead properties. To qualify for a homestead and/or farmstead tax reduction, the property must be owner-occupied and used for residential purposes. The monies received by the local school district from the Fund are offset on a dollar for dollar basis by reductions in the local real estate tax payments from owners of qualified homestead and farmstead properties.

Status of the Notes Under Act 1

The Notes described in this Official Statement do not represent debt that is eligible for an exception to the Index limits of Act 1.

The information set forth above is a summary of Act 1 and its impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor a legal interpretation of any provision of Act 1, and a prospective purchaser of the Notes should review the full text of Act 1 as a part of any decision to purchase the Notes.

Act 24 of 2001

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

The School District does not currently levy an occupation tax.

Act 48 of 2003

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2006-07 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

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

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

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Tax Levy Trends

Table 6 which follows shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, the two boroughs and three townships comprising the School District, and Lebanon County.

TABLE 6
PALMYRA AREA SCHOOL DISTRICT TAX RATES

	Real Estate (mills)	Real Estate Transfer[1] (%)	Earned Income[1] (%)	Per Capita ($)
2020-21	16.2690	1.00	1.00	10.00
2021-22	16.8520	1.00	1.00	10.00
2022-23	17.7451	1.00	1.00	10.00
2023-24	18.1532	1.00	1.00	10.00
2024-25	18.1532	1.00	1.00	10.00

[1] Subject to sharing provided the municipality levies the tax.
Source: School District officials.

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

	2021	2022	2023	2024	2025
School District	16.2690	16.8520	17.7451	18.1532	18.1532
North Londonderry Township	2.0120	2.0120	2.0120	2.0120	2.0120
Palmyra Borough	3.4500	3.9200	4.5000	4.8400	6.0300
South Londonderry Township	1.5750	1.5750	1.5750	1.5750	2.3300
Lebanon County	3.2925	3.8925	3.8925	4.3925	4.3925

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

Real Property Tax

The real property tax (excluding delinquent collections) produced $36,298,128.16 in 2023-24, or approximately 53.93 percent of total revenue. The tax is levied on July 1 of each year. Taxpayers who remit from July 1 to August 31 receive a 2 percent discount, and those who remit between September 1 and October 31 pay at the stated amount. Thereafter taxpayers are subject to a 10% penalty, and unpaid taxes are turned over to the Tax Claim Bureau after January 1. The School District has implemented installment payments for qualified homestead/farmstead residential property owners beginning with fiscal year 2007-08 with first installment due July 31.

Lebanon County changed the predetermined ratio of assessed to market value of real property for tax purposes within the County; the first year in which the School District will levy taxes based upon such revised valuation was fiscal year beginning July 1, 2005. The County has conducted a court ordered reassessment that was effective in the 2013 calendar year.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data.

TABLE 8
PALMYRA AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2019-20	$1,831,997,587	$2,066,418,700	112.80%
2020-21	1,897,646,944	2,083,175,300	109.78%
2021-22	1,919,818,381	2,105,221,700	109.66%
2022-23	2,068,717,572	2,121,356,100	102.54%
2023-24	2,076,978,379	2,128,139,500	102.46%

Source: Pennsylvania State Tax Equalization Board (STEB)/ Tax Equalization Division (TED)

TABLE 9
PALMYRA AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2022 Market Value	2022 Assessed Value	2023 Market Value	2023 Assessed Value
Palmyra Area School District	$2,068,717,572	$2,121,356,100	$2,076,978,379	$2,128,139,500
North Londonderry Township	816,862,554	854,548,100	822,373,760	859,006,700
Palmyra Borough	494,174,016	502,259,800	494,785,488	502,778,900
South Londonderry Township	757,681,002	764,548,200	759,819,131	766,353,900
Lebanon County	10,563,120,468	10,618,055,045	10,724,420,738	10,730,392,205

Source: Pennsylvania State Tax Equalization Board (STEB)/ Tax Equalization Division (TED)

TABLE 10
PALMYRA AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	2019	2020	2021	2022	2023
Residential	$1,554,964,000	$1,571,078,000	$1,587,184,700	$1,595,795,700	$1,599,756,600
Trailers	25,101,700	25,343,000	25,988,500	26,021,400	26,069,800
Seasonal	894,300	894,300	894,300	0	0
Lots	6,887,000	6,193,200	6,924,500	6,581,600	6,484,600
Industrial	21,256,700	21,256,700	20,707,000	20,707,000	20,707,000
Commercial	375,469,700	375,526,600	379,536,500	385,109,400	385,463,000
Agriculture	79,508,900	80,592,900	81,969,600	85,280,200	85,507,600
Land	2,336,400	2,290,600	2,016,600	1,860,800	4,150,900
Total	$2,066,418,700	$2,083,175,300	$2,105,221,700	$2,121,356,100	$2,128,139,500

Source: Pennsylvania State Tax Equalization Board (STEB)/ Tax Equalization Division (TED)

TABLE 11
PALMYRA AREA SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

	Assessed Valuation	Total Flat Billing(1)	Current Year Collections June-July	Current Year Collections as Percent of Total Flat Billing	Total Current Plus Delinquent(2)	Total Collections as Percent of Total Current Billing
2019-20	$2,076,593,200	$31,293,579	$30,758,915	98.29%	$31,079,520	99.32%
2020-21	2,095,888,200	32,192,199	31,648,838	98.31%	32,029,148	99.49%
2021-22	2,111,632,900	34,354,156	33,499,399	97.51%	33,932,872	98.77%
2022-23	2,122,974,900	35,776,373	34,803,466	97.28%	35,386,261	98.91%
2023-24	2,139,093,700	37,958,432	36,899,259	96.09%	37,101,213	97.74%

(1) Flat billing plus penalties, less discounts, rebates and exonerations.
(2) Includes delinquent realty taxes only.
Source: School District officials.

The ten largest real property taxpayers, together with 2024-25 assessed values, are shown on Table 12 which follows. The aggregate assessed value of these ten taxpayers' totals approximately 8.83 percent of total assessed value.

TABLE 12
PALMYRA AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2024-25

Owner	2024-25 Assessed Value
Hillwood Palmyra LP	$46,142,600
Lebanon Valley Brethren Home	31,713,800
Hershey Foods	27,920,800
Springbrook Farms	25,444,700
GAHC3 ALF LLC	14,588,000
North Londonderry Investment LP	9,524,500
North Londonderry LHC LP	9,500,000
Cedar Campbelltown LLC	7,700,000
Pennsy Supply	7,692,500
Cedar Palmyra LLC	7,617,500
Total	$187,844,400

Source: School District officials.

Other Taxes

Under Act 511, the School District collected $5,494,783.82 in other taxes in 2023-24 Among the taxes authorized by Act 511, the Real Estate Transfer Tax and the Earned Income Tax, and Per Capita Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was $24,923,740.55.

Real Estate Transfer Tax. The School District levies a tax at a rate 1% of the value of real estate transfers. In 2023-24 the collected portion of this tax yielded $787,655.52 of the School District's total revenue.

Earned Income Tax. A tax of 1% is levied on the earned income of residents. In 2023-24 the collected portion of this tax yielded $4,606,084.10 of the School District's total revenue.

Per Capita Tax. A flat rate tax of $10.00 ($5.00 Section 679 and $5.00 Act 511) is levied on each adult resident within the taxing district. In 2023-24 the collected portion of this tax yielded $101,044.20 of the School District's total revenue.

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 2014-15 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.

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 may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Notes following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Notes by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (46.38%) or the wealth based Market Value Aid Ratio ("MVAR") currently (54.12%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District estimates the 2025 Notes will not be subject to reimbursement by the Commonwealth.

Based on the current PlanCon program, School District officials have estimated that the Reimbursable Percentage of the 2025A Notes will be 13.46% (there has been no determination by the PDE). The School District's MVAR (which is higher than the CARF) is 54.12%. The product of these two factors is 7.29%, which is the estimated percentage of debt service which may be reimbursed by the Commonwealth, subject to annual appropriation. In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to $2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued $1,903,065,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Notes, Series A of 2016 (Federally Taxable) in the principal amount of $758,185,000 issued on October 31, 2016, its Revenue Notes, Series A of 2018 (Federally Taxable) in the total amount of $412,520,000 issued on January 18, 2018, its Revenues Notes (Federally Taxable), Series A of 2019 in the total amount of $388,975,000 issued on May 9, 2019, as well as its Revenue Notes (Federally Taxable), Series A of 2021 in the total amount of $343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional Notes 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.

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 Notes.

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

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DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the debt of the Palmyra Area School District as of February 10, 2025, including the issuance of the Notes.

TABLE 13

PALMYRA AREA SCHOOL DISTRICT
DEBT STATEMENT
(As of February 10, 2025)*

NONELECTORAL DEBT	**Gross Outstanding**
General Obligation Notes, Series of 2025 (last maturity 2035)	$13,995,000*
General Obligation Notes, Series A of 2025 (last maturity 2032)	12,150,000*
General Obligation Bonds, Series of 2024 (last maturity 2049)	18,720,000
General Obligation Bonds, Series of 2019 (last maturity 2025)	4,860,000
General Obligation Note, Series of 2016 (last maturity 2026)	270,000
General Obligation Bonds, (SPSBA – QSCB), Series of 2010 (last maturity 2027)	10,605,000
TOTAL NONELECTORAL DEBT	$60,600,000
LEASE RENTAL DEBT	
Total Lease Rental Debt	$0
TOTAL PRINCIPAL OF DIRECT DEBT	$60,600,000

*Includes the estimated Notes offered through this Preliminary Official Statement. Does not include the Refunded 2018 Bonds being refunded by the 2025 Notes or the Refunded 2017 Bonds being refunded by the 2025A Notes.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Notes, the principal of direct debt of the School District will total $60,600,000. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total $57,851,904.

TABLE 14
PALMYRA AREA SCHOOL DISTRICT
NOTEED INDEBTEDNESS AND DEBT RATIOS
(As of February 10, 2025)*

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated Commonwealth Aid[1]
DIRECT DEBT		
Nonelectoral Debt	$60,600,000	$57,851,904
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	$60,600,000	$57,851,904
OVERLAPPING DEBT		
Lebanon County, General Obligation[2]	$8,602,738	$8,602,738
Municipal Debt	29,257,000	29,257,000
TOTAL OVERLAPPING DEBT	$37,859,738	$37,859,738
TOTAL DIRECT AND OVERLAPPING DEBT	$98,459,738	$95,711,642
DEBT RATIOS		
Per Capita	$3,878.81	$3,770.55
Percent 2023-24 Assessed Value	4.63%	4.50%
Percent 2023-24 Market Value	4.74%	4.61%

*Includes the estimated Notes offered through this Preliminary Official Statement. Does not include the Refunded 2018 Bonds being refunded by the 2025 Notes or the Refunded 2017 Bonds being refunded by the 2025A Notes.

(1) Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current CARF. See "Commonwealth Aid to School Districts". The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount of principal to be reimbursed by the Commonwealth.

(2) Pro rata 19.40% share of $44,420,000 of estimated principal outstanding.

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2021-22	$57,035,832
Total Revenues for 2022-23	60,820,145
Total Revenues for 2023-24	64,960,728
Total Revenues, Past Three Years	$182,816,705
Annual Arithmetic Average (Borrowing Base)	$60,938,901

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

	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base	$137,112,529	$60,600,000	$76,512,529

*Includes the estimated Notes as described herein; does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth Aid.

Debt Service Requirements

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

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

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

TABLE 15
PALMYRA AREA SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

	Other General Obligation	Series of 2025			Series A of 2025			Total
Year	Debt	Principal	Interest	Subtotal	Principal	Interest	Subtotal	Requirements
2024-25	$7,705,760							
2025-26	7,530,731							
2026-27	7,384,113							
2027-28	7,387,794							
2028-29	7,089,475							
2029-30	7,088,944							
2030-31	7,092,744							
2031-32	6,728,125							
2032-33	1,628,000							
2033-34	1,627,500							
2034-35	1,630,250							
2035-36	1,631,000							
2036-37	1,629,750							
2037-38	1,626,500							
2038-39	1,631,250							
2039-40	1,628,500							
2040-41	1,628,500							
2041-42	1,631,000							
2042-43	1,625,750							
2043-44	1,628,000							
2044-45	1,627,250							
2045-46	1,628,500							
2046-47	1,626,500							
2047-48	1,626,250							
2048-49	1,627,500							
Total	$85,689,685							

*Totals may not add due to rounding.

TABLE 16
PALMYRA AREA SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY COMMONWEALTH AID*

2023-24 Commonwealth Aid Received	$19,733,360
2023-24 Debt Service Requirements	$8,323,344
Maximum Future Debt Service Requirements after Issuance of Notes	
Coverage of 2023-24 Debt Service Requirements	2.37 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Notes	times

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

Future Financing

The District is currently in the process of evaluating a Feasibility Study and may have additional new money needs over the next 1-3 years.

LABOR RELATIONS

School District Employees

There are presently 672 employees of the School District, including 300 teachers and administrators, and 152 support personnel. The support personnel include secretaries, custodial, cafeteria employees, maintenance, and teacher's aides.

The School District's teachers are represented by the Palmyra Area Education Association, an affiliate of the Pennsylvania State Education Association, under a contract with the School District, which expires on August 31, 2026. Non-teaching employees (secretaries, custodial, maintenance, technology assistants, health room aides, and teacher's aides) are represented by the Bakery, Confectionary, Tobacco Workers, and Grain Millers Union - Local 464 and have an agreement that will expire on June 30, 2027. No other non-teaching employees are represented by a bargaining unit.

Pension Program

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

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 33.9% for the fiscal year 2024-25.

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

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

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

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period.

Annual School District contributions have been as follows:

2019-20	$7,683,043
2020-21	7,834,984
2021-22	8,356,760
2022-23	8,628,538
2023-24	8,809,000
2024-25 (budgeted)	9,581,135

At June 30, 2024, the School District reported a liability of $70,778,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2022 to June 30, 2023. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2024, the School District's proportion was 0.1591% which was a decrease of 0.0076% from its proportion measured as of June 30, 2023.

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

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits (OPEB)

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District has become subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2008.

For additional information regarding the School District's Other Post-Employment Benefits, refer to Note 10 of the Audit.

Source: School District's Audited Financial Statement – June 30, 2024.

NOTEHOLDER CONSIDERATIONS

The Notes, 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 Notes; 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 Notes should consult their own legal and tax advisors as to the risks associated with an investment in the Notes, their ability to bear a loss from an investment in the Notes and the suitability of investing in the Notes, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire official Statement inclusive of its Appendices.

Cybersecurity

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

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District, including the possibility of impacting the timely payments of debt service on the Notes 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 Notes. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Note 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 Notes on behalf of the Note purchasers, nor to pay or reimburse the cost of any Note purchaser with respect to any audit or litigation relating to the Notes. See "**TAX MATTERS**" herein.

LITIGATION

At the time of settlement, the School District will deliver a certificate stating that there is no material litigation pending with respect to the Notes, the Resolution or the right of the School District to issue the Notes.

DEFAULTS AND REMEDIES

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

EXEMPTION FROM TAXATION

In the opinion of Saxton & Stump, Lancaster, Pennsylvania, Bond Counsel, under the provisions of the Act, the interest on the Notes is free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but such exemption does not extend to profits, gains or income derived from the sale, exchange or other disposition of the Notes, nor to gift, estate, succession, or inheritance taxes or any other taxes not levied or assessed directly on the interest on the Notes.

In the opinion of Bond Counsel, the interest on the Notes is excluded from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59K of the Internal Revenue Code of 1986, as amended (the "Code"), for tax years beginning after December 31, 2022. Bond Counsel's opinions as set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Code, including, without limitation the requirements of Section 148 (f) of the Code relating to the rebate of arbitrage profits, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The School District has covenanted to comply with all such requirements.

Except as stated above, Bond Counsel has expressed no opinion regarding other Federal tax consequences arising with respect to the Notes.

The School District will issue its certificate setting forth certain facts, estimates and circumstances in existence on the date of delivery of the Notes, and stating that, on the basis thereof, it is not expected that the proceeds of the Notes will be used in a manner that would cause the Notes to be "arbitrage Notes" within the meaning of Section 103 (b) (2) and 148 of the Code. Such certificate will be accompanied by an opinion of Bond Counsel, based upon the facts, estimates and circumstances set forth in said certificate that the Notes are not "arbitrage Notes".

Prospective purchasers of the Notes should be aware that (i) Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Notes or, in the case of a financial institution, that portion of holder's interest expense allocated to interest on the Notes, (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, for taxable years beginning after December 31, 1986, Section 832(b) (5) (B) (i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Notes, (iii) for taxable years beginning after December 31, 1986, interest on the Notes earned by some corporations could be subject to the environmental tax imposed by Section 59A of the Code, (iv) for taxable years beginning after December 31, 1986, interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profit tax imposed by Section 884 of the Code, (v) passive investment income including interest on the Notes, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (vi) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Notes.

The Notes have **not** been designated, as "qualified tax-exempt obligations'' for purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the School District (being an "obligated person" with respect to the Notes, within the meaning of the Rule), will execute a Continuing Disclosure Certificate. See Appendix C for the proposed form of Continuing Disclosure Certificate.

With respect to the filing of annual financial and operating information, the School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as 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 acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Notes and shall be enforceable by the holders and beneficial owners of the Notes, but the right of the holders and beneficial owners of the Notes 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 Notes.

The School District's obligations with respect to continuing disclosure described herein shall terminate upon the prior redemption or payment in full of all of the Notes or if and when the School District is no longer an "obligated person" with respect to the Notes, 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 "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.

Some operating data of the School District may be inherently included in the annual filings of audited financial statements, the summary of the budget, contents of Official Statements prepared by the School District for Note issues as well as other publically available information. In connection with the Continuing Disclosure Certificate associated with the Notes, the School District may not be filing this information separately, but it may be available in the other annual filings of the School District or publically available elsewhere.

Continuing Disclosure Filing History

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued Note issues that are currently outstanding. The School District's filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

Fiscal Year Ending	Filing Due Date	Filing Date: Audit	Filing Date: Operating Data	Filing Date: Budget
6/30/2024	12/31/2024	12/26//2024	12/26/2024	12/26/2024
6/30/2023	12/31/2023	12/22/2023	12/22/2023	12/22/2023
6/30/2022	12/31/2022	12/27/2022	12/27/2022	09/09/2022
6/30/2021	12/31/2021	12/22/2021	12/22/2021	12/22/2021
6/30/2020	12/31/2020	12/29/2020	12/29/2020	12/29/2020

For fiscal year's ending June 30, 2020 through and including June 30, 2024 the School District has had timely filings to EMMA.

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

RATING

S&P Global Ratings has assigned its underlying rating of "AA-" (Stable Outlook) to this issue of Notes. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, New York, New York 10041-0003. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

UNDERWRITING

The underwriter of the Notes is Raymond James & Associates, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Notes from the School District, subject to certain conditions precedent, and will purchase all of the Notes, if any of such Notes are purchased. The aggregate purchase price of the 2025 Notes is $______________(representing the principal amount of $_____________, less an underwriter's discount of $_____________, and plus/less a net original issue premium/discount of $_____________). The aggregate purchase price of the 2025A Notes is $______________(representing the principal amount of $_____________, less an underwriter's discount of $_____________, and plus/less a net original issue premium/discount of $_____________). The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing Notes into investment trusts) and others at prices lower than the initial public offering prices stated on the inside cover page hereof. After the Notes are released, the public offering prices and other selling terms may be changed from time to time by the Underwriter.

The Underwriter has provided the following information for inclusion in this Preliminary Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. 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 Issuer. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

LEGAL OPINION

The Notes are offered with the approving legal opinion of Saxton & Stump, LLC, of Lancaster, Pennsylvania, Bond Counsel and Solicitor to the School District. Certain matters will be passed upon for the School District by Stevens & Lee, P.C., of Reading, Pennsylvania, Limited Scope Underwriter Counsel.

FINANCIAL ADVISOR

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

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MISCELLANEOUS

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

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

PALMYRA AREA SCHOOL DISTRICT
Lebanon County, Pennsylvania

By: ________________________________
President, Board of School Directors

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

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Population

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

TABLE A-1
RECENT POPULATION TRENDS

	2010	2020	Compound Average Annual Percentage Change 2010-2020
School District	22,379	25,517	1.32%
Lebanon County	133,568	143,257	0.70%
Pennsylvania	12,702,379	13,002,700	0.23%

Source: U.S. Census Bureau, 2010 Census and U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates.

TABLE A-2
AGE COMPOSITION

	0-19 Years	20-64 Years	65+ Years	Persons Per Household
Lebanon County	25.0%	57.0%	18.0%	2.54
Pennsylvania	24.0%	59.0%	16.0%	2.49

Source: U.S. Census Bureau, 2020 American Community Survey 5-Year Estimates

Employment

Overall Non-farm Jobs data is not compiled for the School District or municipalities within it, but such data is compiled for the Lebanon Metropolitan Statistical Area (the "MSA") an area which includes the School District).

TABLE A-3
LEBANON METROPOLITAN STATISTICAL AREA
(Lebanon County)
November 2024
NONFARM JOBS – NOT SEASONALLY ADJUSTED

	Industry Employment				Net Change From:	
ESTABLISHMENT DATA	Nov 2024	Oct 2024	Sep 2024	Nov 2023	Oct 2024	Nov 2023
Total Nonfarm	**58,500**	58,400	58,200	57,100	100	1,400
Total Private	**49,400**	49,300	49,100	48,100	100	1,300
Goods Producing	**12,300**	12,400	12,300	11,800	-100	500
Manufacturing	**9,600**	9,700	9,700	9,400	-100	200
SERVICE-PROVIDING	**46,200**	46,000	45,900	45,300	200	900
PRIVATE SERVICE-PROVIDING	**37,100**	36,900	36,800	36,300	200	800
Trade, Transportation, and Utilities	**14,700**	14,600	14,600	14,400	100	300
Retail trade	**6,800**	6,700	6,700	6,900	100	-100
Educational and Health Services	**9,000**	8,900	8,900	8,900	100	100
Government	**9,100**	9,100	9,100	9,000	0	100
Federal Government	**3,900**	3,900	4,000	4,000	0	-100
State Government	**800**	800	800	800	0	0
Local Government	**4,400**	4,400	4,300	4,200	0	200
Data benchmarked to March 2023	***Data changes of 100 may be due to rounding***					

Source: Department of Labor and Industry.

While the School District is not a major employment center, major employers within or near the School District include:

Name
Federal Government
Farmers Pride Inc.
Wal-Mart Associates Inc
The Good Samaritan Hospital
State Government
Cornwall-Lebanon School District
Lebanon School District
Bayer US LLC
Mastronardi Produce USA Inc
WellSpan Health

Source: Quarterly Census of Employment & Wages, Q2 of 2024

Table A-4 shows recent trends in labor force, employment, and unemployment for Lebanon County and the Commonwealth. The unemployment rate for Lebanon County has been slightly lower than the statewide average.

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

	2020	2021	2022	2023	2024[1]	Compound Average Annual % Change
Lebanon County						
Civilian Labor Force (000)	70.5	71.1	74.5	75.4	74.6	1.14%
Employment (000)	66.7	66.2	72.2	73.7	72.6	1.71%
Unemployment (000)............	3.8	4.9	2.4	1.7	2.0	-12.05%
Unemployment Rate	5.5%	6.9%	3.2%	2.3%	2.7%	
Pennsylvania						
Civilian Labor Force (000)	6,483.0	6,406.0	6,479.0	6,550.0	6426.0	-0.18%
Employment (000)	5,894.0	5,999.0	6,196.0	6,357.0	6215.0	1.07%
Unemployment (000)............	589.0	407.0	283.0	193.0	211.0	-18.56%
Unemployment Rate	9.10%	6.30%	4.40%	2.90%	3.30%	

[1]As of November 2024.
Source: Pennsylvania Department of Labor & Industry - Center for Workforce & Information Analysis website.

Income

The data on Table A-5 shows trends in per capita income for the County and Pennsylvania over the 2010-2020 period.

TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME*

	2010	2020	Percentage Change 2010-2020
Lebanon County	25,525	45,803	3.60%
Pennsylvania	26,678	54,279	3.16%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.
Source: 2020: U.S. Census Bureau

Commercial Activity

Table A-6 shows recent trends for retail sales in Lebanon County and for the Commonwealth.

TABLE A-6
TOTAL RETAIL SALES
(000)

	2019	2020	2021	2022	2023
Lebanon County....	$2,356,220	$2,361,679	$2,010,642	$2,137,002	$2,359,606
Pennsylvania	244,709,540	251,185,116	274,685,600	297,770,326	310,912,244

Source: The Nielsen Company.

Medical Facilities

Serving the Lebanon County area are several major medical institutions.

The Good Samaritan Hospital
Penn State Health, Milton S. Hershey Medical Center
Veterans Administration Medical Center
Cedar Haven

Educational Institutions

Located within the School District is the Lebanon Campus of Harrisburg Area Community College, a two year community college. Lebanon Valley College (the "College"), located within the County, is a private, undergraduate, coeducational, not-for-profit, liberal arts college. The College is located in Annville, Lebanon County, Pennsylvania. Also located within the County is the Evangelical School of Theology, located in Myerstown.

Transportation Facilities

Transportation facilities are one of the reasons new residents and industries have located in the School District. U.S. Route 422, the major thoroughfare between Harrisburg, Lebanon, and Reading, passes through the School District, Interstates 78 and 81 intersect in northern Lebanon County within twelve (12) miles of the School District, and the Pennsylvania Turnpike passes through southern Lebanon County where there is an exit. The Harrisburg to Philadelphia line of the Norfolk Southern Railroad runs through the School District and provides freight service to the industrial residents of the School District.

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APPENDIX B
Opinion of Bond Counsel

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SAXTON & STUMP
LAWYERS AND CONSULTANTS

280 Granite Run Drive, Suite 300 • Lancaster, PA 17601
P: (717) 556-1000 • F: (717) 441-3810

DRAFT

PALMYRA AREA SCHOOL DISTRICT
LEBANON COUNTY, PENNSYLVANIA
$_________________ GENERAL OBLIGATION BONDS, SERIES OF 2025

____

OPINION

We have acted as Bond Counsel in connection with the issuance by the Palmyra Area School District, Lebanon County, Pennsylvania (the "School District"), of the $_________________ General Obligation Bonds, Series of 2025 (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are issued in accordance and in compliance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996 (53 Pa. Cons. Stat. Chs. 80-82), ("the Act"), without the assent of the electors, and pursuant to two resolutions adopted by the Board of School Directors of the School District on March 27, 2025.

2. The Bonds are a valid and binding obligation of the School District.

3. The School District has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund in which it has covenanted to deposit amounts sufficient to pay the principal of and interest on the Bonds as the same become due and payable and, to the extent required, to apply such amounts to such purposes.

4. The School District has further covenanted that, subject to statutory restrictions and limitations, it will include in its budget for each fiscal year in which the Bonds are outstanding, and will appropriate in each such fiscal year, the amount of the debt service on the Bonds for such year, that it will duly and punctually pay or cause to be paid, the principal of and interest on the Bonds at the dates and place and in the manner stated on the Bonds; and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power. For purposes of such payments, the School District has covenanted that it will exercise its ad valorem taxing power, within limitations provided by law, upon all taxable property within the School District. The Bonds are additionally secured by the

"state aid intercept" provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder, that must be satisfied subsequent to the issuance of the Bonds, in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds and the interest thereon will be free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of certain government obligations, including the Bonds, may be subject to state and local taxation within the Commonwealth of Pennsylvania.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Very truly yours,

SAXTON & STUMP, LLC

____________, 2025

APPENDIX C
Continuing Disclosure Agreement

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DRAFT

PALMYRA AREA SCHOOL DISTRICT
LEBANON COUNTY, PENNSYLVANIA

$_________________ GENERAL OBLIGATION BONDS, SERIES OF 2025
DATED, ISSUED AND DELIVERED _________________, 2025

CONTINUING DISCLOSURE AGREEMENT

This agreement (the "Agreement") is executed as one of the closing documents for the $_________________ General Obligation Bonds, Series of 2025 (the "Bonds") in accordance with the provisions of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934.

The undersigned are officers of the Board of School Directors of Palmyra Area School District (the "School District"), a Pennsylvania governmental unit, and hereby certify on behalf of the School District as follows:

Section 1. **Undertaking to file current information with MSRB**. The School District agrees, in accordance with the Rule, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") as designated by the Commission in accordance with the Rule, the following annual financial information and operating data commencing with the fiscal year ended June 30, 2025:

a. A copy of its budget and audited financial statements, prepared in accordance with the guidelines adopted by the Governmental Accounting Standard Board and the American Institute of Certified Public Accountants' Audit Guide, Audits of State and Local Government, containing the:

(i) Combined balance sheet of all fund types and account groups; and

(ii) Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types and expendable trust funds.

b. An update of the following information in the Official Statement for the Bonds dated __________________:

(i) Tax Rates (Table 6) - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(ii) Real Property Assessment Data (Table 8) - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iii) Real Property Tax Collection Data (Table 11) - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iv) Ten Largest Real Property Taxpayers, 2024-25 (Table 12) - (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and.

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

Section 2. Modification of types of information and format of information permitted. The School District reserves the right to modify from time to time the specific types of information provided, the time period within which the information must be filed, the format of the presentation of such information, or any other requirements hereunder, in its sole discretion, so long as such modification or amendment would have been allowed under the Rule at the time of the undertaking. Any such modification will be done in a manner consistent with the Rule at the time of the undertaking, and will not substantially impair the interest of the holders of the Bonds.

Section 3. Time period within which annual information must be filed. The annual information and operating data described above in Section 1 must be provided within 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2025. Such information shall be made available, in addition to the MSRB, to the Paying Agent for the Bonds and to each holder of Bonds who makes request for such information. In the event that no such audited financial statement is available within 270 days of the close of the fiscal year, the School District shall provide an unaudited statement, and shall thereafter provide an audited financial statement for the same period as soon as available. Upon receipt of the audited financial statement, the School District will promptly file it.

Section 4. Notice of failure to comply with annual information updates. The School District agrees to provide or cause to be provided, in a timely manner, to the Paying Agent for the Bonds, and to the MSRB, notice of a failure by the School District to provide the annual financial information described in Section 1 above on or prior to the date set forth in Section 3 above.

Section 5. Event disclosure. The School District agrees to provide or cause to be provided to the MSRB, in a timely manner, not to exceed ten (10) days after occurrence, notice of the occurrence of any of the following events with respect to the Bonds:

a. Principal and interest payment delinquencies;

b. Non-payment related defaults, if material;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of any credit or liquidity providers, or their failure to perform;

f. Adverse tax opinions, IRS notices or material events affecting the tax status of the Bonds;

g. Modifications to rights of holders of the Bonds, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution, or sale of property securing repayment of the Bonds, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the School District (which is considered to occur when any of the following occur: 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 any 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);

m. Merger, consolidation or acquisition involving the School District, if material; or

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

o. 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

p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the School District, any of which reflect financial difficulties.

For purposes of this Section, the term financial obligation shall mean a (i) debt obligation; (ii) derivative instrument entered onto in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

Section 6. **Termination of reporting obligation**. The School District's obligations under this Agreement shall terminate upon the redemption or payment in full of all of the Bonds.

Section 7. **Enforcement**. The School District agrees that its undertakings pursuant to this Agreement are intended to be for the benefit of the holders of the Bonds (including beneficial owners thereof) and shall be enforceable by the holders of the Bonds or the Paying Agent for the Bonds on behalf of such holders; provided that the holders of the Bonds, or in lieu thereof, the Paying Agent's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the School District's obligations hereunder, and any failure by the School District to comply with the provisions of this undertaking shall not be an event of default, with respect to the Bonds.

Section 8. **Amendment; waiver**. Notwithstanding any other provision of this Agreement, the School District may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of Bond Counsel, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

IN WITNESS WHEREOF, the undersigned officers of the School District, being duly authorized, have executed this certificate in the name of and on behalf of the School District and in our own names and on our own behalf, the day and year of the issuance and delivery of the Bonds set forth above.

PALMYRA AREA SCHOOL DISTRICT

By:____
(Vice) President

Attest:______________________________________
Secretary

(SEAL)

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APPENDIX D
Audited Financial Statement

PALMYRA AREA SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2024

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CONTENTS

CONTENTS (Continued)

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Palmyra Area School District
Palmyra, Pennsylvania

Report on the Audit of the Financial Statements

Opinions
We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Palmyra Area School District (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 Contents.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events considered in the aggregate, which raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards,* in considering District's internal control over financial reporting and compliance.

Boyer & Ritter

Camp Hill, Pennsylvania
December 16, 2024

This discussion and analysis of Palmyra Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the basic financial statements and notes to the financial statements.

Financial Highlights

- The liabilities of Palmyra Area School District exceeded its assets at the close of the most recent fiscal year by $14.53 million (*net position*). The government's total net position increased by $4,319,000. The major reason for this increase was due to increased revenues. The increases in revenue were a result of a strong local and national economy. Revenues for Earned Income Tax and Interest were much higher than in past years. The District also saw increases in State revenue for 2023-2024.

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $5,112,338 or 7.6% of budgeted expenditures for 2024-2025. Unassigned fund balance is the term for unreserved, undesignated fund balance under Governmental Accounting Standards Board (GASB) Statement No. 54. The adoption of this statement on fund-balance classifications is explained further in the section on Governmental Funds. The policy of the Board of Directors and management is to maintain an unassigned fund balance of 4-8% of budgeted general fund expenditures. Act 48 of 2003 places limits on unassigned fund balance. A school district may not approve an increase in real property taxes unless it has adopted a budget that includes an estimated ending unassigned fund balance of less than or equal to 8% of its total budgeted expenditures (for total budgets of $19 million or more).

- Total revenues for the School District's General Fund equaled expenditures. This included $3,525,841 in transfers from the General Fund to the Capital Projects fund, for Capital Projects. As noted earlier, the increased revenue was due to increased local and state revenue.

- The actual revenues were approximately $2.59 million or about 4% percent higher than budgeted. The state budget was passed after June 30, 2023, which is a normal process for the Pennsylvania State Budget over the past decade. While historic revenue increases were provided by the state, the information came later than the District's deadline for budget passage of June 30.

- The actual expenditures were approximately $3,246,924 higher than budgeted due to transfers to the Capital Projects fund.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Palmyra Area School District. The School District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Palmyra Area School District is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Palmyra Area School District include most of the School District's basic services, such as regular and special education, administration, and transportation. Property taxes and formula-based state aid finance most of these activities. The Food Service Fund is the sole business-type activity for Palmyra Area School District.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Palmyra Area School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide reconciliations to facilitate this comparison between *governmental funds* and *governmental activities.*

***Proprietary funds*. ** Palmyra Area School District maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Palmyra Area School District uses an enterprise fund to account for its Food Service Fund. *Internal service funds* (the other type of proprietary fund) are used to report activities that provide supplies and services for the government's other programs and activities. The School District currently does not have any internal service funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Food Service Fund, which is considered to be a major fund of the School District.

***Fiduciary funds*.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the operations of Palmyra Area School District. The accounting used for fiduciary funds is much like that used for proprietary funds.

Palmyra Area School District maintains two fiduciary funds, a Consolidated Scholarship Trust Fund and a Student Activities Fund.

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

***Other information*.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information.*

Government-wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Palmyra Area School District, liabilities exceeded assets by $14,529,000 at the close of the most recent fiscal year. The government's total net position increased by $4,319,000. Implementation of GASB No. 68 in 2014-15 required the District to recognize the obligation and deferred inflows and outflows resulting from the proportionate share of the PSERS net pension liability. 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. This is described in more detail in Note 8 of the financial statements. Implementation of GASB No. 75 in 2017-18 required the District to recognize the obligation and deferred inflows and outflows resulting from the proportional share of the total OPEB (Other Post-Employment Benefits) liability. This is described in more detail in Footnotes 9 and 10 of the financial statements.

By far the largest portion of the School District's assets reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, construction in progress). Palmyra Area School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The largest portion of the School District's liabilities is the net pension liability recorded with the implementation of GASB No. 68 and more fully described in Note 9 in the financial statements. The second largest liability is its long-term debt for general obligation bonds used to finance building improvements and other capital projects It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Capital Projects Funds Balance is restricted to pay for capital improvements.

An additional portion of the School District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations.

The Net Position as of June 30, 2023, and June 30, 2024, for Palmyra Area School District is summarized below in Table 1. Capital assets decreased due to depreciation on existing fixed assets. Current liabilities decreased due to lower accounts payable. Long-term liabilities increased due to the decrease in PSERS net pension liability. Footnotes 8-10 detail changes in Deferred Outflows and Inflows of resources for pension and OPEB (other post-employment benefits) liabilities.

Table 1
Palmyra Area School District
Net Position
(in thousands of dollars)
June 30, 2023 and 2024

	Governmental Activities		Business-Type Activities		Total School District		
	2023	2024	2023	2024	2023	2024	Percentage Change
Current and other assets	$ 19,331	$ 21,262	$ 1,375	$ 1,627	$ 20,706	$ 22,889	10.5%
Capital assets	89,536	83,681	99	141	89,635	83,822	(6.5%)
Total assets	$ 108,867	$ 104,943	$ 1,474	$ 1,768	$ 110,341	$ 106,711	(3.3%)
Deferred outflows of resources	$ 15,107	$ 14,430	$ 60	$ 58	$ 15,167	$ 14,488	(4.5%)
Current and other liabilities	$ 7,674	$ 7,433	$ 181	$ 195	$ 7,855	$ 7,628	(2.9%)
Long-term liabilities	131,862	122,006	316	303	132,178	122,309	(7.5%)
Total liabilities	$ 139,536	$ 129,439	$ 497	$ 498	$ 140,033	$ 129,937	(7.2%)
Deferred inflows of resources	$ 4,307	$ 5,768	$ 17	$ 23	$ 4,324	$ 5,791	33.9%
Net Position							
Net investment in capital assets	$ 40,495	$ 42,836	$ 99	$ 141	$ 40,594	$ 42,977	5.9%
Restricted	88	97	-	-	88	97	0.0%
Unrestricted	(60,452)	(58,767)	921	1,164	(59,531)	(57,603)	(3.2%)
Total net position (deficit)	$ (19,869)	$ (15,834)	$ 1,020	$ 1,305	$ (18,849)	$ (14,529)	(22.9%)

Changes in Net Position. Comparative results of two years' operations as a whole are reported in the Statement of Activities in the basic financial statements. Table 2 takes the information from that Statement and rearranges it slightly so you can see total revenues for the year. The two largest general revenues are the formula-based state aid received from the Commonwealth of Pennsylvania and the local taxes assessed to property owners. Total revenues increased by 5.4% due to a real estate tax increase, increases in State Revenues, and natural growth in local taxes collected. Total expenditures increased by 5.3% from 2023-2024 due to increases in staffing and a full return to regular/normal education after the COVID-19 pandemic.

Table 2
Palmyra Area School District
Changes in Net Position
(in thousands of dollars)
June 30, 2023 and 2024

	Governmental Activities		Business-Type Activity		Total School District		
	2023	2024	2023	2024	2023	2024	Percentage Change
Revenues							
Program revenues							
Charges for services	$ 354	$ 277	$ 785	$ 825	$ 1,139	$ 1,102	(3.2%)
Operating grants and contributions	13,117	12,614	1,145	1,214	14,262	13,828	(3.0%)
General revenues							
Property taxes	34,920	37,120	-	-	34,920	37,120	6.3%
Formula-based state aid	8,780	9,872	-	-	8,780	9,872	12.4%
Other	6,583	7,300	41	70	6,624	7,370	11.3%
Total revenues	63,754	67,183	1,971	2,109	65,725	69,292	5.4%
Expenses							
Instruction	39,144	39,767	-	-	39,144	39,767	1.6%
Instructional student support	6,095	6,691	1,207	1,825	7,302	8,516	16.6%
Admin. and financial support	5,813	6,246	-	-	5,813	6,246	7.4%
Operations and maint. of plant svcs.	4,583	4,976	-	-	4,583	4,976	8.6%
Pupil transportation	1,526	2,243	-	-	1,526	2,243	47.0%
Interest on long-term debt	1,960	1,813	-	-	1,960	1,813	(7.5%)
Other	1,377	1,412	-	-	1,377	1,412	2.5%
Total expenses	60,498	63,148	1,207	1,825	61,705	64,973	5.3%
Changes in net position	$ 3,256	$ 4,035	$ 764	$ 284	$ 4,020	$ 4,319	

Financial Analysis of the Government's Funds

As noted earlier, Palmyra Area School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined ending fund balances of $13,334,903, an increase of $2,064,726 in comparison with the prior year. The increase was planned due to higher than anticipated revenues. Approximately 38% of this total amount ($5,112,338) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *restricted, committed or assigned* based on the applicable spending constraints under GASB Statement No. 54.

The District changed its presentation of governmental funds and fund balance classifications to adopt GASB Statement No. 54*, Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010. The Statement enhances the usefulness of fund balance information by providing clearer fund balance classifications and clarifies the existing governmental-fund type definitions. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources. The fund types and fund balance classifications being used by the District are described in Note 1 to the Financial Statements.

The restricted fund balance of $4,858,551 in the Capital Projects Funds is designated for specified capital improvement projects. This includes replacement of fire panels at the High School and Pine Street Elementary as well as tennis court renovations at the high school. An assigned fund balance in the amount of $252,390 is the remainder of a rate stabilization fund established to phase in the impact of tax appeals following the County-wide reassessment completed in 2014. As of June 30, 2024, an assigned fund balance was recorded in the amount of $1,495,000 as a reserve for medical insurance claims and $1,000,000 as reserved for future technology needs. Beginning July 1, 2016, the District entered into an agreement for self-insurance of its medical benefits. A reserve fund is necessary to provide stabilization for the anticipated fluctuation in claims expense (See Footnote 14).

The General Fund is the chief operating fund of the Palmyra Area School District and provides 100% of the unassigned fund balance.

Proprietary funds. The School District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As of the end of the current fiscal year, the net position of the proprietary fund - Food Service was $1,304,630, an increase of $283,677. Due to reductions in staffing within the cafeteria over the past few years, the overall net pension liability and other post-employment benefits (OPEB) liability allocated to the Food Service fund was reduced to align with the historic salary and employer contribution rates within that fund. These obligations are estimates based on the District's total Net Pension and OPEB liability, the remaining obligation is accounted for in the governmental funds. This is anticipated to continue in future years.

Management continually reviews the operations of the Food Service Fund and the user charges (lunch prices) to ensure that there are adequate cash reserves to meet operating needs and that the Food Service Fund is a break-even operation. Type A lunches were free for all children during the 20-21 and 21-22 school years, regardless of income, and fully funded by government subsidies. Due to uncertainties with returning to normal operations, i.e., meals not being free for all students, lunch prices were increased slightly for 2022-2023. After passage of this increase the state determined that they would subsidies free breakfasts for all students in 2022-2023, which increased participation in that area and overall revenue of the program. Due to a continued strong fund balance in the Food Service Fund, meal prices were not increased for the 2023-2024 school year.

Beginning with the 2017-18 school year, the District outsourced its cafeteria employees to Nutrition, Inc., as a means to save labor expenses and sustain break even operations.

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. All adjustments are again confirmed at the time the annual audit is accepted.

Departmental differences between the revised, budgeted revenues and expenses and the final financial statements can be briefly summarized as follows:

- Total revenues for the School District's General Fund equaled expenditures. This included $3,525,841 in transfers from the General Fund to the Capital Projects fund, for Capital Projects. As noted earlier, the increased revenue was due to increased local and state revenue.

- The actual revenues were approximately $2.59 million or about 4% percent higher than budgeted. The state budget was passed after June 30, 2023, which is a normal process for the Pennsylvania State Budget over the past decade. While revenue increases were provided by the state, the information came later than the District's deadline for budget passage of June 30.

Maintenance of a healthy fund balance is especially important during periods of enrollment growth and for bond ratings. The policy of the Board of Directors and management is to maintain an unassigned fund balance of 4-8% of budgeted General Fund expenditures. As of June 30, 2024, the unassigned fund balance was $5,112,338 or 7.6% of General Fund expenditures budgeted for 2024-2025.

The committed fund balance for future retirement contributions is $500,000. As of June 30, 2024, the assigned fund balance for tax appeals is $252,390 for outstanding appeals following the countywide reassessment. As of June 30, 2024, an assigned fund balance was recorded in the amount of $1,495,000 as a reserve for medical insurance claims. The Board also approved, starting in 2023-24, an assigned fund balance of $1,000,000 for future technology needs. Beginning July 1, 2016, the District entered into an agreement for self-insurance of its medical benefits. A reserve fund is necessary to provide stabilization for the anticipated fluctuation in claims expense (See Footnote 13). The reserve represents approximately three months of claims, stop loss insurance, and administrative expenses.

Capital Asset and Debt Administration

Capital assets. The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2023 and 2024, is summarized in Table 3 below. The District's total capital assets, net of depreciation, decreased by 6.4% from 2023 due to depreciation.

The District entered into a Guaranteed Energy Savings Agreement (GESA) for Natatorium renovations at the High School at a cost of $2.6 million. In addition to the $2.6 million project the District also approved approximately $500,000 in repairs completed in September and October of 2022 so the pool could be used for the 2022-23 swim season. The District funded the project with a total of $3,500,000 along with existing funds in the Capital Projects Fund. The project was completed in October of 2023.

The District entered into a GESA with Reynolds Building Solutions for Phase I of a Middle School renovations project including infrastructure improvements and a new roof for $9.8 million with completion in August of 2017. Phase II included a 12-classroom addition and an expansion of the cafeteria to address existing enrollment growth with a total contract of $6.7 million. A GESA contract for renovations of Forge Road Elementary School was an additional $6.8 million. Both projects were substantially completed and ready for occupancy for the start of the 2018-19 school year.

Significant savings were realized by using a hybrid construction approach combining guaranteed energy savings agreements (GESAs) and a traditional bid project for the addition. The District attributes the savings to a compacted design-build schedule and a scope for existing renovations that retained fixtures that were well maintained, rather than replacing everything.

On September 30, 2009, the School District purchased 21 acres of land on Lingle Avenue in North and South Londonderry Townships for the construction of a fourth elementary school and kindergarten center at an estimated total cost of $24 million. Lingle Avenue Elementary School was occupied for the start of the 2011-12 school year. The School District received LEED (Leadership in Energy and Environmental Design) silver certification from the U.S. Green Building Council for the project, which was estimated to increase state reimbursement by $420,000.

Renovations to the Palmyra High School in the amount of $33 million were completed in 2007. The project included the addition of a two-story classroom wing resulting in 60 new or renovated classrooms, a net addition of 20 classrooms to address enrollment growth. Other key features are new site circulation, expanded parking, a renovated auditorium, a new and enlarged media center, a new kitchen and cafeteria for seating 400 students, upgraded Administration areas, more secure entryways, new electrical, plumbing and HVAC systems, and a new and enlarged maintenance building.

Renovations to the Pine Street Elementary School in the amount of $12.1 million were completed in 2004. The project included the addition of five regular classrooms to accommodate growth, three additional special education classrooms and offices for the Special Education Administrative staff, a separate full-size gymnasium, and a new media center.

Through long-term planning, Palmyra Area School District has demonstrated its commitment to maintaining functional educational facilities that meet the needs of today's students, while also considering what is affordable for the community.

Long-Term Debt. At the end of the current fiscal year, Palmyra Area School District had total bonds payable outstanding of $42,640,000.

Table 3
Palmyra Area School District
Capital Assets - Net of Depreciation
(in thousands of dollars)
June 30, 2023 and 2024

	Governmental Activities		Business-Type Activities		Total School District		
	2023	2024	2023	2024	2023	2024	Percentage Change
Land and improvements	$ 10,141	$ 8,594	$ -	$ -	$ 10,141	$ 8,594	(15.3%)
Buildings and building improvements	74,125	72,041	-	-	74,125	72,041	(2.8%)
Furniture and equipment	2,619	2,103	99	141	2,718	2,244	(17.4%)
Construction-in-progress	2,160	540	-	-	2,160	540	(75.0%)
Leases and subscriptions	491	403	-	-	491	403	(17.9%)
Total capital assets - net of depreciation/amortization	$ 89,536	$ 83,681	$ 99	$ 141	$ 89,144	$ 83,419	(6.4%)

Economic Factors

The Standard and Poor's Rating Services has assigned the Palmyra Area School District an AA- underlying rating. Standard and Poor's cited that the AA- rating reflects the District's stable economy and strong incomes; maintenance of consistently strong fund balances; good financial management practices and policies; and moderate debt profile with no immediate plan to issue additional debt." Additional security for bonds is provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

The School District's overall debt burden is considered moderate by Standard and Poor's. This has resulted from carefully planned construction projects needed to keep up with growing enrollments. More data is provided on this topic in the Enrollment Trends section below. In tandem, Palmyra Area School District has demonstrated its commitment to controlling spending.

In the last five years, the assessed value of real estate has grown by an average of 0.76% annually. This is a result of steady residential growth in the School District.

The Lebanon County Tax Assessment Office conducted a County-wide reassessment and adjusted assessed property values for the 2013-14 fiscal year. An assigned fund balance of $252,390 as of June 30, 2024, was recorded to maintain a rate stabilization fund for anticipated tax appeals.

Impact of Pandemic

The economic uncertainty schools were experiencing three years ago has significantly lessened. Cash flow was monitored aggressively. As noted in the General Fund Budgetary highlights, the District did not experience a decline in local collections. Federal stimulus packages are coming to an end, final stimulus funding needs to be completed by September 2024. The District's use of long-range projections and fund balance management strategies in an Act 1 environment are vital to good decision-making about future tax increases. Finding ways to control healthcare costs and inflation will continue to be a challenge.

Act 1

Special Session Act 1 of 2006, the "Taxpayer Relief Act", approved by state legislators and signed into law by Governor Rendell on June 27, 2006, created a state-wide, property tax reduction program. Act 1 enacted sweeping changes to the way school taxes are imposed and how annual school budgets are adopted.

As required by Act 1, the Palmyra Area School District placed a question on the Spring of 2007 primary-election ballot asking voters if they wanted to increase the School District Earned Income Tax (EIT) for the purpose of generating revenues that would be used to reduce property tax rates for those who own eligible, homestead or farmstead property. This tax shift was overwhelmingly rejected by the voters.

Under Act 1, school districts have a new cap on any increase in the millage rate for property taxes. School districts must obtain voter approval, known as a back-end referendum, for millage rate increases that exceed the Act 1 Index. The indices for the Palmyra Area School District for its 2023-24 and 2024-25 budgets are 5.3% and 6.8%, respectively. Act 1, as revised by Act 25 of 2011, contains three exceptions to the back-end referendum for extraordinary costs or circumstances that are beyond the School District's control. The District did not seek any exceptions for the 2023-2024 fiscal year.

To accommodate the exception process and the potential for back-end referendum, an accelerated budget timetable is required by Act 1. The earlier budget schedule increases the complexity of school districts' budgets since there is less actual data on which to base next year's costs, and state revenues have not been announced in the Governor's Budget.

2024-25 Budget and Tax Rates

A two-year comparison of the General Fund Budget is provided in Table 4 below. The 2024-25 Budget reflects an increase in the real estate tax from 17.7451 mills to 18.1532, an increase of 2.3%.

The 2024-25 Budget is balanced. Management projects that at the end of the 2024-25 fiscal year, the unassigned fund balance will be $5.12 million or 8% of General Fund budgeted expenditures.

2024-25 Budget and Tax Rates (Continued)

Highlights of the 2024-25 General Fund Budget are as follows:

Revenues

- Local revenues increased by $1.84 million mostly due to increased real estate taxes.
- State revenues were increased. Federal revenues decreased due to reduced stimulus funding targeted to meet Covid-19 needs.

Expenditures

- Total expenditure increased by 5.44%, due mainly to increased wages/personnel costs.
- Total salaries increased by 4.77% due to provisions for contractual increases in collective bargaining agreements.
- Self-insured Medical claims were increased by $421,510, or 8.7%, to provide for inflationary increases and a trend to more high dollar claims.

Table 4
Palmyra Area School District
General Fund Budget Summary
(in thousands of dollars)

	Approved Budget 2023-24	Approved Budget 2024-25	% Change
Revenues			
Local	$ 44,117	$ 45,958	4.17%
State	18,759	20,625	9.95%
Federal	1,452	1,158	(20.25%)
Other	96	50	(47.92%)
Total revenues	$ 64,424	$ 67,791	5.23%
Expenditures			
Instructional	$ 38,946	$ 38,044	(2.32%)
Support services	16,613	19,347	16.46%
Operation of noninstructional services	469	1,280	172.92%
Operating transfers out and debt service	8,030	8,872	10.49%
Total expenditures	$ 64,058	$ 67,543	5.44%
Budgeted Use of Fund Balance	$ (366)	$ (248)	

Enrollment Trends

Palmyra Area School District enrollment levels have been steadily climbing since 2002-03. Enrollment flattened from 2007-08 through 2011-12, likely due to the economy. Prior to 2020-21, 2012-13 and ongoing enrollment figures indicated signs of accelerated growth, averaging 1.5% annually over the past five years.

Enrollment Trends (Continued)

In 2020-21, the movement of 100 students to external cyber charter schools and home schooling accounts for most of the decline in total enrollment at the beginning of the school year. A return to more normal education has increased enrollment slightly.

Year	Total Enrollment	Projected Enrollment
2004-2005	2,955	
2005-2006	3,057	
2006-2007	3,142	
2007-2008	3,214	
2008-2009	3,173	
2009-2010	3,245	
2010-2011	3,248	
2011-2012	3,263	
2012-2013	3,344	
2013-2014	3,367	
2014-2015	3,437	
2015-2016	3,515	
2016-2017	3,593	
2017-2018	3,601	3,652
2018-2019	3,624	3,696
2019-2020	3,662	3,736
2020-2021	3,540	3,771
2021-2022	3,540	3,801
2022-2023	3,550	3,548
2023-2024	3,580	3,542
2024-2025	3,530	3,457

The School District has routinely commissioned the Pennsylvania Economy League (PEL) to prepare an extensive study of demographics and community growth patterns in order to project enrollments with the most recent update completed in February 2022. To date, the projected enrollments have proven to be a reliable planning tool. This report does suggest however that the population growth has slowed.

Addressing the projected enrollment growth has been one of the most significant challenges facing Palmyra Area School District. The District has completed renovations projects at the Middle School, which resulted in an additional 12 secondary classrooms to address overcrowding, and renovations at Forge Road and Northside Elementary Schools. All projects included infrastructure upgrades, addressed safety and ADA compliance and provided guaranteed energy savings. A new Athletic complex with two turf fields was completed at the High School for the start of the 20-21 school year. Significant sponsorships were secured to offset the increase in debt service for the borrowing for the athletic complex.

In 2023 the District contracted with Reese, Lower, Patrick and Scott architects to complete a District wide feasibility study, the results of this study will greatly impact the District’s borrowing needs over the next five (5) years.

Request for Information

This financial report is designed to provide a general overview of the finances of Palmyra Area School District for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mike Frentz, Director of Business Affairs, 1125 Park Drive, Palmyra, Pennsylvania, 17078.

PALMYRA AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activity	Total
Assets			
Cash and cash equivalents	$ 8,628,902	$ 1,604,975	$ 10,233,877
Investments	7,545,823	-	7,545,823
Receivables	5,087,257	693	5,087,950
Inventories	-	20,887	20,887
Capital and right-to-use assets			
Land and construction-in-progress	2,883,972	-	2,883,972
Other capital and right-to-use assets, net of depreciation/amortization	80,797,412	141,363	80,938,775
Total capital and right-to-use assets	83,681,384	141,363	83,822,747
Total assets	$ 104,943,366	$ 1,767,918	$ 106,711,284
Deferred Outflows of Resources			
Deferred amounts on pension liability	$ 13,398,000	$ 54,000	$ 13,452,000
Deferred amounts on OPEB liabilities	1,004,689	4,071	1,008,760
Deferred amounts on refunding debt	27,569	-	27,569
Total deferred outflows of resources	$ 14,430,258	$ 58,071	$ 14,488,329
Liabilities			
Internal balances	$ (93,881)	$ 93,881	$ -
Accounts payable and accrued expenses	7,512,582	34,763	7,547,345
Unearned revenues	13,910	66,218	80,128
Long-term liabilities			
Due within one year	6,078,377	-	6,078,377
Due in more than one year	40,493,082	-	40,493,082
Net pension liability	70,495,000	283,000	70,778,000
Other post-employment benefits (OPEB) liabilities	4,940,750	20,292	4,961,042
Total long-term liabilities	122,007,209	303,292	122,310,501
Total liabilities	$ 129,439,820	$ 498,154	$ 129,937,974
Deferred Inflows of Resources			
Deferred amounts on pension liability	$ 3,477,000	$ 14,000	$ 3,491,000
Deferred amounts on OPEB liabilities	2,291,144	9,205	2,300,349
Total deferred inflows of resources	$ 5,768,144	$ 23,205	$ 5,791,349
Net Position (Deficit)			
Net investment in capital assets	$ 42,836,239	$ 141,363	$ 42,977,602
Restricted for student activities	96,877	-	96,877
Unrestricted (deficit)	(58,767,456)	1,163,267	(57,604,189)
Total net position (deficit)	$ (15,834,340)	$ 1,304,630	$ (14,529,710)

See Notes to Financial Statements.

PALMYRA AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activity	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:							
Instruction	$ 39,767,029	$ 61,467	$ 9,125,383	$ -	$ (30,580,179)	$ -	$ (30,580,179)
Instructional student support	6,691,400	-	1,244,340	-	(5,447,060)	-	(5,447,060)
Administration and financial support	6,246,469	-	672,815	-	(5,573,654)	-	(5,573,654)
Operation and maintenance of plant services	4,975,728	48,678	398,062	-	(4,528,988)	-	(4,528,988)
Pupil transportation	2,243,394	-	778,323	-	(1,465,071)	-	(1,465,071)
Student activities	1,412,096	166,879	150,197	-	(1,095,020)	-	(1,095,020)
Interest on long-term debt	1,813,094	-	245,191	-	(1,567,903)	-	(1,567,903)
Total governmental activities	63,149,210	277,024	12,614,311	-	(50,257,875)	-	(50,257,875)
Business-type activity:							
Food Service	1,825,236	824,959	1,214,217	-	-	213,940	213,940
Total School District	$ 64,974,446	$ 1,101,983	$ 13,828,528	$ -	$ (50,257,875)	$ 213,940	$ (50,043,935)
General Revenues and Transfers:							
Property taxes, levied for general purposes, net					$ 37,120,232	$ -	$ 37,120,232
Public utility, realty transfer, earned income and per capita for general purposes, net					5,633,767	-	5,633,767
Grants, subsidies, and contributions not restricted					9,872,155	-	9,872,155
Investment earnings					1,427,496	69,424	1,496,920
Miscellaneous income					238,824	313	239,137
Total general revenues and transfers					54,292,474	69,737	54,362,211
Changes in net position					4,034,599	283,677	4,318,276
Net Position (Deficit) - July 1, 2023					(19,868,939)	1,020,953	(18,847,986)
Net Position (Deficit) - June 30, 2024					$ (15,834,340)	$ 1,304,630	$ (14,529,710)

See Notes to Financial Statements.

PALMYRA AREA SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Capital Projects Funds	Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 6,097,578	$ 2,531,324	$ -	$ 8,628,902
Investments	7,545,823	-	-	7,545,823
Receivables				
Taxes - net	1,663,415	-	-	1,663,415
Federal subsidies	105,902	-	-	105,902
State subsidies	2,316,818	-	-	2,316,818
Other	125,416	-	-	125,416
Intergovernmental receivables	558,345	-	-	558,345
Due from other funds	171,478	2,525,841	-	2,697,319
Total assets	$ 18,584,775	$ 5,057,165	$ -	$ 23,641,940
Liabilities				
Due to other funds	$ 2,603,437	$ -	$ -	$ 2,603,437
Accounts payable	366,406	198,614	-	565,020
Accrued salaries and benefits	6,246,826	-	-	6,246,826
Payroll deductions and withholdings	303,040	-	-	303,040
Unearned revenues	13,910	-	-	13,910
Total liabilities	9,533,619	198,614	-	9,732,233
Deferred Inflows of Resources				
Delinquent property taxes	574,804	-	-	574,804
Fund Balances				
Restricted for:				
Capital projects	-	4,858,551	-	4,858,551
Student activities	96,877	-	-	96,877
Committed for:				
Retirement	500,000	-	-	500,000
Assigned for:				
Dental claims	19,747	-	-	19,747
Self-insurance medical claims	1,495,000	-	-	1,495,000
Technology needs	1,000,000	-	-	1,000,000
Tax appeals	252,390	-	-	252,390
Unassigned	5,112,338	-	-	5,112,338
Total fund balances	8,476,352	4,858,551	-	13,334,903
Total liabilities, deferred inflows of resources and fund balances	$ 18,584,775	$ 5,057,165	$ -	$ 23,641,940

See Notes to Financial Statements.

PALMYRA AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2024

Total fund balances - governmental funds		$ 13,334,903
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital and right-to-use assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is $173,794,765, and the accumulated depreciation/amortization is $90,113,381.		83,681,384
Federal subsidy for reimbursement of bond interest on qualified school construction bonds is not due to be received in the current period.		241,500
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore, are deferred inflows of resources in the funds.		574,804
Taxes receivable from Lebanon County EIT that are not to be received in the current period.		75,861
The difference between the reacquisition price and the net carrying amount of the refunded debt is a deferred outflow of resources, which is not reported in the funds.		27,569
Deferred inflows and outflows or resources related to pensions are applicable to future periods and, therefore are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnote for detail):		
Deferred inflows		(3,477,000)
Deferred outflows		13,398,000
Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnote for detail):		
Deferred inflows		(2,291,144)
Deferred outflows		1,004,689
Long-term liabilities, including bonds payable, accrued interest payable, other post-employment benefits, net pension liability, financed purchase agreements payable leases payable, subscriptions payable, and compensated absences; 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	(42,640,000)	
Accrued interest	(397,697)	
Bond-issuance premium	(1,713,559)	
Other post-employment benefits	(4,940,750)	
Pension liability	(70,495,000)	
Financed purchase agreements payable	(973,535)	
Lease payable	(68,105)	
Subscription liability	(336,066)	
Compensated absences	(840,194)	
		(122,404,906)
Total net deficit - governmental activities		$ (15,834,340)

See Notes to Financial Statements.

PALMYRA AREA SCHOOL DISTRICT

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

Year Ended June 30, 2024

	General Fund	Capital Projects Funds	Debt Service Fund	Total Governmental Funds
Revenues				
Local sources	$ 45,502,115	$ 56,683	$ 94,819	$ 45,653,617
State sources	19,733,360	-	-	19,733,360
Federal sources	1,680,476	-	-	1,680,476
Total revenues	66,915,951	56,683	94,819	67,067,453
Expenditures				
Instructional	35,469,134	-	-	35,469,134
Support services	18,818,009	30,172	-	18,848,181
Operation of noninstructional services	1,262,694	-	-	1,262,694
Capital outlay	-	1,487,626	-	1,487,626
Debt service				
Principal	673,136	-	5,295,000	5,968,136
Interest	18,210	-	2,336,998	2,355,208
Other	1,500	-	-	1,500
Total expenditures	56,242,683	1,517,798	7,631,998	65,392,479
Excess (deficiency) of revenues over expenditures	10,673,268	(1,461,115)	(7,537,179)	1,674,974
Other Financing Sources (Uses)				
Operating transfers in	-	3,525,841	7,537,179	11,063,020
Operating transfers out	(11,063,020)	-	-	(11,063,020)
Proceeds from sale of assets	51,652	-	-	51,652
Proceeds from finance purchase agreements	338,100	-	-	338,100
Total other financing sources (uses)	(10,673,268)	3,525,841	7,537,179	389,752
Net change in fund balances	-	2,064,726	-	2,064,726
Fund Balances:				
July 1, 2023	8,476,352	2,793,825	-	11,270,177
June 30, 2024	$ 8,476,352	$ 4,858,551	$ -	$ 13,334,903

See Notes to Financial Statements.

PALMYRA AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Net change in fund balances - all governmental funds		$ 2,064,726
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays and right-to-use assets are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation/amortization expense. This is the amount by which capital outlays exceed depreciation/amortization in the period.		
Capital outlays and right-to-use assets	1,990,894	
Less depreciation/amortization expense	(7,845,908)	(5,855,014)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.		76,341
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, bond premiums, discounts, and refunding losses are recognized as interest throughout the lives of the loans rather than at the issuance of the bonds. The effects of the modifications for accrued interest and bond-issuance discounts and premiums are shown here.		542,114
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.		
District pension and OPEB contributions (PSERS)		8,809,000
Cost of benefits earned net of employee contributions (PSERS)		(7,405,000)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. This amount represents the change in the sum of compensated absences and other post-employment benefits (District's Plan).		183,233
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued; these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Intermunicipal-agreement receivable	(10,837)	
Issuance of financed purchase agreements payable	(338,100)	
Repayment of financed purchase agreements payable	590,796	
Repayment of long-term debt	5,295,000	
Repayment of lease payable	66,095	
Repayment of subscription liability	16,245	5,619,199
Change in net position of governmental activities		$ 4,034,599

See Notes to Financial Statements.

PALMYRA AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Local sources	$ 44,117,387	$ 44,120,541	$ 45,502,115	$ 1,381,574
State sources	18,758,892	18,755,738	19,733,360	977,622
Federal sources	1,452,578	1,452,578	1,680,476	227,898
Total revenues	64,328,857	64,328,857	66,915,951	2,587,094
Expenditures				
Instructional	38,946,008	38,188,907	35,469,134	2,719,773
Support services	16,612,816	17,019,917	18,818,009	(1,798,092)
Operation of noninstructional services	469,357	819,357	1,262,694	(443,337)
Debt service	148,600	148,600	692,846	(544,246)
Total expenditures	56,176,781	56,176,781	56,242,683	(65,902)
Excess of revenues over expenditures	8,152,076	8,152,076	10,673,268	2,521,192
Other Financing Sources (Uses)				
Operating transfers - net	(7,881,998)	(7,881,998)	(11,063,020)	(3,181,022)
Proceeds for sales of assets	96,000	96,000	51,652	(44,348)
Proceeds from finance purchase agreements	-	-	338,100	338,100
Total other financing uses	(7,785,998)	(7,785,998)	(10,673,268)	(2,887,270)
Net change in fund balance	$ 366,078	$ 366,078	-	$ (366,078)
Fund Balance:				
July 1, 2023			8,476,352	
June 30, 2024			$ 8,476,352	

See Notes to Financial Statements.

PALMYRA AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND - FOOD SERVICE
June 30, 2024

Assets		
Cash and cash equivalents	$	1,604,975
Receivables		
Intergovernmental receivables		693
Inventories		20,887
Other capital assets, net of depreciation		141,363
Total assets	$	1,767,918
Deferred Outflows of Resources		
Deferred amounts on pension liability	$	54,000
Deferred amounts on OPEB liability		4,071
Total deferred outflows of resources	$	58,071
Liabilities		
Internal balances	$	93,881
Accounts payable		34,763
Unearned revenues		66,218
Long-term liabilities		
Net pension liability		283,000
OPEB liabilities		20,292
Total long-term liabilities		303,292
Total liabilities	$	498,154
Deferred Inflows of Resources		
Deferred amounts on pension liability	$	14,000
Deferred amounts on OPEB liability		9,205
Total deferred inflows of resources	$	23,205
Net Position		
Invested in capital assets	$	141,363
Unrestricted		1,163,267
Total net position	$	1,304,630

See Notes to Financial Statements.

PALMYRA AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND - FOOD SERVICE
Year Ended June 30, 2024

Operating Revenues	
Sales	$ 824,959
Operating Expenses	
Purchased services - food management	726,123
Supplies	185,132
Labor, taxes and benefits	123,158
Purchased professional, technical and other services	746,139
Depreciation	20,255
Due and fees	24,429
Total operating expenses	1,825,236
Operating loss	(1,000,277)
Nonoperating Revenues	
Investment earnings	69,424
Other income	313
Federal and state subsidies	1,214,217
Total nonoperating revenues	1,283,954
Changes in net position	283,677
Net Position:	
July 1, 2023	1,020,953
June 30, 2024	$ 1,304,630

See Notes to Financial Statements.

PALMYRA AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - FOOD SERVICE
Year Ended June 30, 2024

Cash Flows From Operating Activities	
Cash received from meal sales	$ 814,982
Cash payments for goods and services	(1,508,529)
Cash payments to employees for services	(127,558)
Net cash used in operating activities	(821,105)
Cash Flows From Noncapital Financing Activities	
Federal, State, and other sources	1,087,399
Net cash provided by noncapital financing activities	1,087,399
Cash Flows From Capital and Related Financing Activities	
Capital outlay	(62,491)
Cash Flows From Investing Activities	
Investment earnings	69,424
Net change in cash and cash equivalents	273,227
Cash and Cash Equivalents:	
July 1, 2023	1,331,748
June 30, 2024	$ 1,604,975
Reconciliation of Operating Loss to Net Cash used in Operating Activities	
Operating loss	$ (1,000,277)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	20,255
Value of donated commodities used	152,684
Changes in assets and liabilities:	
(Increase) decrease in:	
Inventories	(3,577)
Deferred outflow resources	2,800
(Decrease) increase in:	
Internal balances	23,095
Accounts payable	1,092
Unearned revenues	(9,977)
Pension liability	(13,000)
Deferred inflow of resources	5,800
Net cash used in operating activities	$ (821,105)
Supplemental Disclosure	
Noncash noncapital financing activity	
USDA donated commodities	$ 152,684

See Notes to Financial Statements.

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2024

	Consolidated Scholarship Trust Fund	Custodial Fund Student Activities
Assets		
Cash	$ 31,656	$ 52,023
Total assets	$ 31,656	$ 52,023
Net Position		
Restricted for		
Individuals, organizations and other governments	$ 31,656	$ 52,023
Total net position	$ 31,656	$ 52,023

See Notes to Financial Statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
Year Ended June 30, 2024

	Consolidated Scholarship Trust Fund	Custodial Fund Student Activities
Additions		
Investment earnings	$ 285	$ -
Other additions	-	108,084
Total additions	285	108,084
Deductions		
Scholarship awards	1,400	-
Other deductions	-	103,381
Total deductions	1,400	103,381
Changes in net position	(1,115)	4,703
Net Position:		
July 1, 2023	32,771	47,320
June 30, 2024	$ 31,656	$ 52,023

See Notes to Financial Statements.

Note 1. Summary of Significant Accounting Policies

Palmyra Area School District operates four elementary schools, one middle school and one high school in Lebanon County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The District operates under a locally elected, nine-member Board form of government.

The financial statements of Palmyra Area School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative, standard setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these principles are as follows:

A. Reporting Entity

Palmyra Area School District's financial statements include the operations of all entities for which the School Board exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Palmyra Area School District is the lowest level of government which has oversight responsibility and control over all activities related to public school education in the Commonwealth of Pennsylvania. The District receives funding from local, state and Federal government sources and must comply with the requirements of these sources. However, the District is not included in any other governmental "reporting entity" since the School Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. Additionally, the District does not exercise oversight responsibility over any other entities, and consequently, no other entities have been included in the accompanying financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Separate fund financial statements are provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the School District, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District complies with accounting principles generally accepted in the United States of America (GAAP) and applies all relevant Governmental Accounting Standards Board (GASB) Pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged against current operations, and accumulated depreciation is reported in the Statement of Net Position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from Federal, state and other grants designated for payment of specific District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as unearned revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

When both restricted and unrestricted (including committed, assigned and unassigned) resources are available for use, it is the District's policy to use the resources with the most stringent restrictions first, followed by resources in decreasing order of restriction, as funds are needed.

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through governmental funds.

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

> The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be in another fund. Revenues are primarily derived from local property, earned income, per capita and occupational taxes, and state and Federal distributions. Many of the more important activities of the District, including instruction, administration of the District, and certain non-instructional services are accounted for in this fund.
>
> The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds).
>
> The Debt Service Fund accounts for the accumulation of resources for, and the payment of long-term debt principal, interest and related costs.
>
> The District operates one enterprise fund, the Food Service Fund. This fund accounts for the activities of the District's food service program.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal, ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs and depreciation on capital assets. All revenues or expenses not meeting these classifications are reported as non-operating revenues and expenses.

The District does not attempt to allocate "building-wide costs" to the Food Service Fund. Thus, General Fund expenditures which partially benefit the Food Service Fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the Food Service Fund; similarly, the Food Service Fund does not recognize a cost for the building space it occupies (no rental of facilities expense).

The District maintains the following fiduciary fund types:

The District accounts for assets held by the District in a trustee capacity in a private-purpose trust fund. This fund accounts for activities in the various scholarship accounts, the sole purpose of which is to provide annual scholarships to particular students as prescribed by donor stipulations.

Student Activity Custodial Funds - This fund is set up in accordance with Section 511 of the PA School Code for student sponsored school organizations and publications which meets the criteria to be reported as custodial funds per GASB Statement No. 84.

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budget and Budgetary Accounting

The District follows the procedures below in establishing the budgetary data reflected in the Financial Statements:

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified-accrual basis of accounting. The General Fund is the only fund for which a budget is legally required. 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 publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within 15 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District;
>
> Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effects of approved budget amendments.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows presented for the proprietary fund, the School District considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments: Investments are stated at fair value or at amortized costs, depending on the investment type, consistent with generally accepted accounting principles.

Allowances for Estimated Uncollectible Taxes and Unearned Revenues: The allowance for estimated uncollectible taxes is based upon an historical estimate of delinquent taxes that will not be received within one year of the fiscal year-end. Delinquent property taxes in the deferred inflows section are based upon an historical estimate of delinquent taxes expected to be received within one year of the fiscal year-end.

The portion of taxes receivable which is expected to be received within 60 days of June 30 is recorded as revenue in the current year. The remaining amount of taxes receivable which is expected to be received within one year from June 30 is recorded as delinquent property taxes in the deferred inflows section. All other amounts in taxes receivable are written off as estimated uncollectible taxes.

Inventories: On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

A physical inventory of the Food Service Fund’s food and supplies was taken as of June 30, 2024. The inventory consisted of government donated commodities which were valued at estimated, fair-market value. The District has adopted a single inventory, recordkeeping system which does not distinguish between donated and purchased commodities. Accordingly, no unearned revenues for donated commodities have been recorded.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both the government-wide and fund financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Capital Assets and Depreciation: Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized at the discretion of management, unless the assets are acquired by debt proceeds, in which case the assets must be capitalized. Management considers various factors in the capitalization of assets, including the assets' estimated useful lives, costs, and the extent to which the assets are parts of larger capital projects. The District's capitalization policy excludes library books, classroom texts, computer equipment, classroom furniture, and other instructional equipment, subject to the ongoing discretion of management.

The costs of normal maintenance and repairs that do not add to the values of the assets or materially extend their economic useful lives are not capitalized.

Depreciation of individual capital assets or groups of such assets is provided on the straight-line basis over the assets' estimated useful lives as determined by management.

Deferred Outflows of Resources - Deferred Amounts on Refunding Debt: The District recognizes the difference between the re-acquisition price and the net carrying amount of the old debt as a deferred outflow and recognizing it as a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Deferred Outflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has identified these items in subsequent notes to the financial statements.

Long-Term Obligations: In the government-wide financial statements, and in those of proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable reflect the effects of applicable bond premiums or discounts. Other issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Lease and Subscription Based Information Technology Arrangement (SBITA) Liabilities: The District enters into non-cancellable arrangements for the leasing of buildings and equipment and for subscription-based information technology. Lease and SBITA that are significant, either individually or in the aggregate, are recognized as a liability and an intangible right-to-use asset in the government-wide financial statements.

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

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) contract term, and (3) contract payments. The District uses the interest rate charged by the lessor as the discount rate for lease and SBITA liabilities, if provided. When the interest rate charged is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases and SBITA liabilities.

The term includes the non-cancellable period of the lease or SBITA. Payments included in the measurement of the liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise.

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

Right-to-use assets are reported with other capital assets and lease and SBITA liabilities are reported with long-term debt on the Statement of Net Position.

Compensated Absences: According to the system of financial accounting and reporting for Pennsylvania School Systems, the District accrues certain accumulated employee benefits such as unpaid sick pay and vested bonus based on years of service. Calculations of these amounts are determined by the appropriate sick, and retirement lump-sum payments which would be available to employees if they left or retired from the District; the calculations are adjusted for expected employee turnover rates. Accrued benefit days, multiplied by appropriate salary amounts, are reflected as long-term liabilities unless retirements are likely within the upcoming fiscal year. In the governmental funds, the cost of sick leave is recognized when payments are made to employees.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans. The first is a single employer plan administered by the District. The plan provides retiree health, vision, dental care, and prescription drug benefits for eligible, retired employees and their qualified spouses/beneficiaries. The District estimates the cost of providing these benefits through an actuarial valuation.

The District also participates in a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2024, are as follows:

OPEB Liabilities	Governmental Activities	Business-Type Activities	Total
PSERS Cost Sharing Plan	$ 2,876,000	$ 12,000	$ 2,888,000
District Plan	2,064,750	8,292	2,073,042
Total	$ 4,940,750	$ 20,292	$ 4,961,042
Deferred Outflows of Resources			
PSERS Cost Sharing Plan	$ 638,400	$ 2,600	$ 641,000
District OPEB Plan	366,289	1,471	367,760
Total	$ 1,004,689	$ 4,071	$ 1,008,760
Deferred Inflows of Resources			
PSERS Cost Sharing Plan	$ 696,200	$ 2,800	$ 699,000
District OPEB Plan	1,594,944	6,405	1,601,349
Total	$ 2,291,144	$ 9,205	$ 2,300,349

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan are in Notes 9 and 10, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

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

Interfund Transfers: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases, in which repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts. On fund financial statements, short-term, interfund loans are classified as interfund balances. These amounts are eliminated in the Statement of Net Position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

Deferred Inflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has identified these items in subsequent notes to the financial statements.

Deferred Inflows of Resources - Unearned Revenues: The District recognizes the property tax revenues when they become available. Available includes those property tax receivables expected to be collected within 60 days after year-end. Those property tax receivables expected to be collected after 60 days after year-end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity (Continued)

Fund Balance:

The School District's fund balances are classified as follows:

> Non-spendable: Represents amounts that cannot be spent because they are not in a spendable form or are contractually required to be maintained intact.
>
> Restricted: Represents amounts that are constrained for a specific purpose through restrictions by external parties, through constitutional provisions, or by enabling legislation.
>
> Committed: Represents amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of School Directors, the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes the constraints or changes the specified purposes through the same action it used to commit the funds.
>
> Assigned: Represents amounts that are constrained by the government's intentions for them to be used for specific purposes, but such amounts are neither restricted nor committed. The Board has delegated the authority to establish intent to the District's Director of Business Affairs.
>
> Unassigned: Represents amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The District has a Board policy which prescribes fund balance guidelines. The District will strive to maintain the assigned and unassigned fund balances of the General Fund at no less than 4% and at no more than 8% of budgeted annual expenditures.

Note 1. Summary of Significant Accounting Policies (Continued)

F. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which, based on our review, may be applicable to the District's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years, with modified effective dates as established by GASB Statement No. 95:

GASB Statement No. 101, *Compensated Absences*, will be effective for the District beginning with its year ending June 30, 2025, (fiscal years beginning after December 15, 2023). This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

GASB Statement No. 102, Certain Risk Disclosures, will be effective for the District beginning with its year ending June 30, 2025 (fiscal year beginning after June 15, 2024). This Statement establishes financial reporting requirements to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement addresses requirements relating to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information.

Note 1. Summary of Significant Accounting Policies (Continued)

F. New Accounting Pronouncements (Continued)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets, subscription assets, intangible right-to-use assets and intangible assets should be disclosed separately by major class of underlying asset within the note disclosures. This Statement also requires additional disclosures for capital assets held for sale.

The effects of implementation of these standards have not yet been determined.

G. Other

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 16, 2024, the date the financial statements were available to be issued.

Note 2. Deposits and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds consistent with sound business practices in the following types of investments:

- U.S. Treasury Bills.
- Short-term obligations of the U.S. Government or its agencies or its instrumentalities.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by either:
    1. The Federal Deposit Insurance Corporation (FDIC), or
    2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
    3. The National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral, as provided by law, shall be pledged by the depository.
- Obligations of (a) the United States of America or its agencies or instrumentalities backed by the full faith and credit of the United States of America, and (b) the Commonwealth of Pennsylvania or instrumentalities thereof, backed by the full faith and credit of these political subdivisions.
- Shares of investment companies whose investments are restricted to the above categories.

The deposit and investment policies of the District adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that were in violation of either state statutes or District policies.

Note 2. Deposits and Investments (Continued)

Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's investments may not be returned to it. A summary of the District's deposits at June 30, 2024, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	$ 250,000	$ 250,000	Fulton Bank
Uninsured and collateralized by assets maintained in conformity with Act 72	3,321,383	3,724,261	Fulton Bank
	$ 3,571,383	$ 3,974,261	

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds, permitting assets to be pledged against deposits on a pooled basis, and authorizing the appointment of custodians to act as the pledgers of the assets.

Investments

As of June 30, 2024, the District had the following investments:

Investments	Weighted Avg. Maturity in Years	Credit Rating	Carrying Value
Pennsylvania School District Liquid Asset Fund			
PSDMAX	0.144	AAAm	6,746,125
PSDLAF Full Flex Pool	Various	N/A	7,545,823
			$ 14,291,948

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Certain external pool investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The District measures those investments, which include PSDMAX, at amortized cost.

The PSDMAX fund invests in U.S. Treasury securities, U.S. Government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

The PSDLAF Full Flex Pool, as part of the Fixed-Term Series at PSDLAF, are fixed-term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed-Term Series are fixed-term investment vehicles with maturities depending upon the maturity date of each particular Fixed-Term Series. All investments in a Fixed-Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed-Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed-Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed-Term Series are invested is registered in the name of that particular Fixed-Term Series. Certificates of Deposit used for Fixed-Term Series (i) are normally in principal amounts in excess of the FDIC insurance limit of $250,000, (ii) are collateralized in accordance with law and (iii) the collateral is held by a third party custodian pursuant to a custody agreement among the Fund, the bank that issues the Certificate of Deposit and the third party custodian. In some instances, the collateral consists of an Irrevocable Letter of Credit issued by the applicable Federal Home Loan Bank. At present, The Bank of New York serves as the third-party custodian with respect to all such collateralized Certificates of Deposit. Permitted Investments (other than Certificates of Deposit) such as US Treasury or Agency securities in which monies in which a Fixed-Term Series are invested are registered in the name or names of the Settlor or Settlors for which the Fixed-Term Series was created, and the security is held in custody by a third party custodian pursuant to a custody agreement between the Investment Adviser and the third party custodian. At present, U.S. Bank National Association, Minneapolis, Minnesota serves as the third-party custodian with respect to all such securities. The District reports these non-participating contracts, as non-negotiable Certificates of Deposit with redemption terms that do not consider market rates, using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors consistent with GASB Statement No. 31.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Presently, the investments currently held by the District are valued at amortized cost and are not subject to the fair value categorization disclosures.

Note 2. Deposits and Investments (Continued)

Weighted Average Maturity

The weighted average maturity (WAM) method expresses investment time horizons - the time when investments become due and payable - in years or months, weighted to reflect the dollar-size of individual investments within an investment type. WAMs are computed for each investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As indicated above, Section 440.1 of the Public School Code of 1949, as amended, limits the composition of the District's investments, and the District has no investment policy that would further limit its investment choices.

Concentrations-of-Credit Risk

The District places no limit on the amounts invested in any one issuer. The concentration percentages of the District's investments at June 30, 2024, are as follows:

Investment	Percent of Portfolio
PSDMAX	47.20%
PSDLAF Full Flex Pool	52.80%
	100.00%

Note 3. Taxes Receivable, Unearned Revenues and Estimated Uncollectible Taxes

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

	Amount
Uncollected taxes	$ 1,913,723
Estimated uncollectible taxes	(250,308)
Taxes Receivable - Net	$ 1,663,415
Taxes to be collected within 60 days	$ 1,088,611
Deferred inflows of resources - delinquent property taxes	574,804
Taxes Receivable - Net	$ 1,663,415
Deferred Inflows of Resources	
Delinquent taxes	$ 574,804
Total Deferred Inflows of Resources	$ 574,804

Note 4. Property Taxes

Based upon assessed valuations provided by the County, the municipal tax collector bills and collects property taxes on behalf of the School District. The schedule for property taxes levied for 2023-2024 is as follows:

July 1, 2023	Tax levy date
Through August 31, 2023	2%-discount period
Through October 31, 2023	Face-payment period
November 1, 2023	10%-penalty period
4th Monday, 2023	Lien filing date
January 1, 2024	Interim tax levy date

The District's tax rate for all purposes in 2023-24 was 17.7451 mills ($17.7451 per $1,000 assessed valuation). Refunds on payments of prior year taxes are classified as Other Debt Service under the Commonwealth of Pennsylvania accounting system. Current tax collections for the District approximated 99% of the total tax levy.

Note 5. Interfund Balances and Transfers

Individual fund level receivables and payables at June 30, 2024, are as follows:

	Interfund Receivables	Interfund Payables
Governmental Fund Types		
General	$ 171,478	$ 2,603,437
Capital Projects	2,525,841	-
Total Governmental Fund Types	2,697,318	2,603,437
Proprietary Fund Type - Food Service	77,597	171,478
	$ 2,774,915	$ 2,774,915

All interfund receivable/payable balances resulted from time lags between the dates that (1) interfund goods and services were provided or expenditures/expenses were reimbursed, (2) transactions were recorded in the accounting system, and (3) payments between funds were made. All balances are expected to be repaid within the following year.

Operating transfers between funds during the year ended June 30, 2024, are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	$ -	$ 11,063,020
Capital Projects	3,525,841	-
Debt Service	7,537,179	-
Total governmental funds	$ 11,063,020	$ 11,063,020

Transfers and payments within the District are substantially for purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

Note 6. Capital and Right-To-Use Assets

Capital and right-to-use asset activity for the year ended June 30, 2024, was as follows:

	July 1, 2023 (Restated)	Increases	Decreases	June 30, 2024
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 2,344,447	$ -	$ -	$ 2,344,447
Construction-in-progress	2,160,135	468,075	(2,088,685)	539,525
Total capital assets not being depreciated	4,504,582	468,075	(2,088,685)	2,883,972
Capital and right-to-use assets being depreciated/amortization				
Land improvements	13,206,638	-	-	13,206,638
Buildings and building improvements	136,975,810	3,170,660	(348,400)	139,798,070
Furniture and equipment	16,899,795	440,844	(12,376)	17,328,263
Right-to-use leased equipment	198,840	-	-	198,840
Right-to-use subscription assets	378,982	-	-	378,982
Total capital and right-to-use assets being depreciated/amortization	167,660,065	3,611,504	(360,776)	170,910,793
Less accumulated depreciation/amortization				
Land improvements	6,418,423	538,164	-	6,956,587
Buildings and building improvements	61,850,309	6,255,516	(348,400)	67,757,425
Furniture and equipment	14,272,183	964,894	(12,376)	15,224,701
Right-to-use leased equipment	66,280	66,280	-	132,560
Right-to-use subscription assets	21,054	21,054	-	42,108
Total accumulated depreciation/amortization	82,628,249	7,845,908	(360,776)	90,113,381
Total capital and right-to-use assets being depreciated/amortized, net	85,031,816	(4,234,404)	-	80,797,412
Governmental Activities Capital and Right to Use Assets - Net	$ 89,536,398	$ (3,766,329)	$ (2,088,685)	$ 83,681,384
Business-Type Activity				
Capital assets being depreciated				
Buildings and building improvements	$ 150,000	$ -	$ -	$ 150,000
Furniture and equipment	456,445	62,491	-	518,936
Total Business-Type Activity - Capital Assets	606,445	62,491	-	668,936
Less accumulated depreciation				
Buildings and building improvements	150,000	-	-	150,000
Furniture and equipment	357,318	20,255	-	377,573
Total accumulated depreciation	507,318	20,255	-	527,573
Total Business-Type Activities, Capital Assets - Net	$ 99,127	$ 42,236	$ -	$ 141,363

Note 6. Capital and Right-To-Use Assets (Continued)

Depreciation and amortization expenses were charged to the functions/programs of the District as follows:

	Amount
Governmental Activities:	
Instruction	$ 5,402,882
Instructional student support	904,354
Administrative and financial support	861,045
Operation and maintenance of plant services	486,960
Pupil transportation	6,926
Student activities	183,741
Total governmental activities	7,845,908
Business-Type Activities:	
Food service	20,255
Total School District	$ 7,866,163

Note 7. Long-Term Obligations

During the fiscal year ended June 30, 2024, general long-term debt changed as follows:

	June 30, 2023	Increases	Decreases	June 30, 2024	Due Within one year
Bonds and Notes Payable					
Qualified School Construction Bonds Series of 2010	$ 11,365,000	$ -	$ (380,000)	$ 10,985,000	$ 380,000
General Obligation Note - Series of 2016*	400,000	-	(130,000)	270,000	130,000
General Obligation Bonds - Series of 2017	12,325,000	-	(25,000)	12,300,000	50,000
General Obligation Bonds - Series of 2018	14,230,000	-	(5,000)	14,225,000	25,000
General Obligation Bonds - Series of 2019	9,615,000	-	(4,755,000)	4,860,000	4,860,000
Total General Obligation Bonds and Notes	47,935,000	-	(5,295,000)	42,640,000	5,445,000
Bond-issuance premium - net	2,251,414	-	(537,855)	1,713,559	-
Total Bonds and Notes Payable	50,186,414	-	(5,832,855)	44,353,559	5,445,000
Other Long-Term Obligations					
Financed purchase agreements payable	1,226,231	338,100	(590,796)	973,535	548,546
Leases payable	134,200	-	(66,095)	68,105	68,105
Subscription liability	352,311	-	(16,245)	336,066	16,726
Compensated absences	1,023,417	-	(183,223)	840,194	-
Total Other Long-Term Obligations	2,736,159	338,100	(856,359)	2,217,900	633,377
Total Long-Term Debt	$ 52,922,573	$ 338,100	$ (6,689,214)	$ 46,571,459	$ 6,078,377

*Direct Borrowing

Qualified School Construction Bonds - Series of 2010

During 2010-2011, the District was awarded participation in the Qualified School Construction Bonds Program, a Federally subsidized loan. These taxable bonds, in the amount of $15,000,000, are financed through the State Public Schools Building Authority. The majority of the interest will be reimbursed through Federal subsidies, resulting in a net interest rate of 0.17%.

General Obligation Note - Series of 2016

During 2015-2016, the Board of Directors of Palmyra Area School Board issued General Obligation Note - Series of 2016, in an aggregate principal amount of $1,265,000. The proceeds were used to provide funding towards the costs of capital projects of the District and to pay the costs of issuing and insuring the note. The interest rate is fixed at 2.10% for seven years and then at 4.00% for the remaining three years.

Note 7. Long-Term Obligations (Continued)

General Obligation Bonds - Series of 2017

During 2016-2017, the Board of Directors of Palmyra Area School Board issued General Obligation Bonds - Series of 2017, in an aggregate principal amount of $12,370,000. The proceeds of the Bonds were used to fund various capital projects in the District and to pay the costs of issuing and insuring the bonds. Interest rates range from 1.00% to 5.00%.

General Obligation Bonds - Series of 2018

During 2017-2018, the Board of Directors of Palmyra Area School Board issued General Obligation Bonds - Series of 2018, in an aggregate principal amount of $14,255,000. The proceeds of the Bonds were used to provide funding towards various capital projects of the District and to pay the costs of issuing and insuring the bonds. Interest rates range from 1.70% to 5.00%.

General Obligation Bonds - Series of 2019

During 2019-2020, the Board of Directors of Palmyra Area School Board issued General Obligation Bonds - Series of 2019, in an aggregate principal amount of $26,620,000. The proceeds were used to (1) currently refund the outstanding General Obligation Bonds, Series of 2014; (2) currently refund the outstanding General Obligation Bonds, Series A of 2014; (3) currently refund the outstanding General Obligation Bonds, Series B of 2015; and (4) pay the costs of issuing the bonds. The economic gain on the refunding of the 2014, 2014A, and 2015 Bonds was $394,121. Interest rates range from 2.00% to 4.00%.

Note 7. Long-Term Obligations (Continued)

Annual and aggregate maturities of the long-term debt issues are as follows:

	General Obligation Debt		Direct Borrowings				
Year	Principal	Interest	Principal	Interest	Total	Federal Reim.	Net Interest
2025	$ 5,315,000	$ 2,158,163	$ 130,000	$ 10,800	$ 7,613,963	$ (724,500)	$ 1,444,463
2026	5,195,000	1,979,650	140,000	5,600	7,320,250	(724,500)	1,260,750
2027	5,245,000	1,928,800	-	-	7,173,800	(724,500)	1,204,300
2028	5,330,000	1,485,400	-	-	6,815,400	(362,250)	1,123,150
2029	5,045,000	1,040,000	-	-	6,085,000	-	1,040,000
2030-2032	16,240,000	1,632,250	-	-	17,872,250	-	1,632,250
	$ 42,370,000	$ 10,224,263	$ 270,000	$ 16,400	$ 52,880,663	$ (2,535,750)	$ 7,704,913

The District will receive Federal reimbursement for the majority of interest paid on the Qualified School Construction Bonds - Series of 2010. The table above presents the total reimbursement due. The District is in compliance with all debt covenants. Those covenants include the following: the School District shall include the annual debt service in its budget for the fiscal year; shall appropriate these amounts from its general revenues; and shall punctually cause the payment of the principal and interest of each of the Bonds.

Financed Purchase Agreements Payable

The District finances computer equipment which is located throughout the District. The related finance purchase agreements are recorded at the present values of related future, minimum payments as of the inception date. All financed purchase agreements are funded by the General Fund.

The assets acquired through the financed purchase agreements are as follows:

	Amount
Assets	
Computer equipment	$ 3,495,535
Less accumulated depreciation	(2,079,345)
Total computer equipment - net book value	$ 1,416,190

Scheduled minimum payments due under financed purchased agreements are as follows:

Years	Amount
2024-2025	$ 549,625
2025-2026	425,238
Total minimum lease payments	974,863
Less amount representing interest	(1,316)
Total present value of net minimum lease payments	$ 973,547

Note 7. Long-Term Obligations (Continued)

Compensated Absences

Under the terms of the District's employment policies, employees are reimbursed for accrued sick days upon retirement or termination of employment. Employees are granted sick days per school year and any unused sick days may be carried over to future years. Upon retirement from the District, employees are reimbursed for accumulated sick days equal to the number of unused days multiplied by a pre-established, contractual amount. The employees are also offered options regarding retirement payouts as prescribed in the contract if certain conditions are met. The total liability for accrued sick leave and retirement bonuses is presented in the Statement of Net Position.

Leases

The District leases equipment for certain offices and buildings. The term of the lease is three years.

The District’s equipment lease contains scheduled monthly payments with expiration dates extending through 2025. Lease and finance purchase obligations are fully funded by the general fund.

The following is a schedule of future minimum lease payments for leases with initial or remaining terms in excess of one year as of June 30, 2024:

Year	Principal	Interest	Total
2025	$ 68,105	$ 1,112	$ 69,217
	$ 68,105	$ 1,112	$ 69,217

Note 7. Long-Term Obligations (Continued)

Subscription Based Information Technology Arrangements

The District enters into various arrangements for administrative and educational software. Many of the software and subscription arrangements are one year or less, however, the District enters into longer term arrangements that required right-to use subscription asset and liability accounting. These terms range from two to five years.

The District's subscription based information technology arrangements contain scheduled monthly or annual payments with expiration dates extending through 2043. Subscription liability obligations are primarily funded by the general fund.

The following is a schedule of future minimum subscription liability payments for agreements with initial or remaining terms in excess of one year as of June 30, 2024:

Year	Principal	Interest	Total
2025	$ 16,726	9,946	$ 26,672
2026	17,221	9,451	26,672
2027	17,731	8,941	26,672
2028	18,255	8,416	26,671
2029	18,796	7,876	26,672
2030 - 2034	102,658	30,699	133,357
2035 - 2039	118,774	14,583	133,357
2040 - 2043	25,905	767	26,672
	$ 336,066	$ 90,679	$ 426,745

Note 8. Defined-Benefit Pension Plan

Plan Description

PSERS (Pennsylvania Public School Employee's Retirement System or the System) 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.

Benefits Provided

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

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

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

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

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

Note 8. Defined-Benefit Pension Plan (Continued)

Contributions

Member Contributions:

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

Member Contribution Rates				
Membership Class	**Continuous Employment Since**	**Defined Benefit (DB) Contribution Rate**	**DC Contribution Rate**	**Total Contribution Rate**
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Included in the District's contractually required contribution rate is the Act 5 contribution rate totaling an estimated .27 percent.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2024, was $8,668,475 and is equal to the required contribution for the year. For the year ended June 30, 2024, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of $4,758,434.

Note 8. Defined-Benefit Pension Plan (Continued)

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

At June 30, 2024, the District reported a liability of $70,778,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the 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 covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's reported proportion was .1591 percent, which was a decrease of .0076 percent from its proportion reported as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of $7,302,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 16,000	$ 969,000
Changes in assumptions	1,056,000	-
Net difference between projected and actual investment earnings	2,002,000	-
Changes in proportions	1,709,000	2,522,000
Contributions subsequent to the measurement date	8,669,000	-
	$ 13,452,000	$ 3,491,000

$8,669,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. 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:	Amount
2025	$ 753,000
2026	(1,414,000)
2027	1,286,000
2028	667,000
	$ 1,292,000

Note 8. Defined-Benefit Pension Plan (Continued)

Actuarial Assumptions

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

- Valuation Date – June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

Investments

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

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

For the year ended June 30, 2023, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 8. Defined-Benefit Pension Plan (Continued)

Investments (Continued)

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

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.

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.

Note 8. Defined-Benefit Pension Plan (Continued)

Sensitivity of the District's Total Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1- percentage-point higher (8.00%) than the current discount rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 91,748,000	$ 70,778,000	$ 53,086,000

Pension Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2024, the District reported a payable to PSERS of $3,289,527, which represents the employer contributions owed to the pension plan.

Note 9 Other Post-Employment Benefits - District's Single Employer Plan

Plan Description and Benefits Provided

The District provides access to retiree health, vision, dental care and prescription drug benefits to eligible, retired employees and their qualified spouses/beneficiaries. The plan also provides retirement benefits outlined in employment contracts. This is a single employer, defined-benefit plan administered by the District. Benefits are provided to all academic and support staff who meet the following requirements. Administrative personnel must retire into PSERS. Teaching and support personnel are required to have ten years with the District or 30 years of PSERS service. Currently, the plan has 340 active participants and 14 retired participants. The plan does not issue a separate stand-alone set of financial statements.

Funding Policy

The District's medical plans are self-funded, and each plan's premiums are updated annually based on actual claims. Participating employees are responsible for paying the full premiums. The District funds OPEB on a pay-as-you-go basis, and there is no obligation to make contributions in advance of when insurance premiums or claims are due for payment. The District does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB No. 75.

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

At June 30, 2024, the District reported a liability of $2,073,052, for the total OPEB liability. The total OPEB liability was measured as of July 1, 2023, and was determined by an actuarial valuation as of July 1, 2022. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	$ 1,900,701
Changes for the year	
Service cost	146,816
Interest	81,294
Changes in assumptions	28,127
Estimated Benefit payments	(83,886)
Net Changes in total OPEB liability	172,351
Total OPEB Liability, ending	$ 2,073,052

Note 9. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of $110,737. At June 30, 2024, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 924,368
Changes in assumptions	285,642	676,981
Benefit payments subsequent to the measurement date	82,118	-
	$ 367,760	$ 1,601,349

Of the total amount reported as deferred outflows of resources related to OPEB, $82,118, resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ending June 30:	Amount
2025	$ (117,363)
2026	(117,363)
2027	(117,363)
2028	(117,363)
2029	(117,363)
Thereafter	(728,892)
	$ (1,315,707)

Note 9. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%
- Salary Increases - 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase, which varies by age from 2.75% to 0%.
- Discount Rate – 4.13%. Based on S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2023.
- Actuarial Cost Method: Entry Age Normal, Level Percent of Pay
- Health care cost trend rate – 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 on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees' Share of Benefit-Related Costs - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality rates are PubT-2010 headcount-weighted mortality table including rate for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rate for contingent survivors for all other employees. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Sensitivity of the District's Total OPEB liability to Changes in Discount Rate

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

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Total OPEB liability	$ 2,250,097	$ 2,073,042	$ 1,906,712

The discount rate used to measure the total OPEB liability increased from 4.06% as of July 1, 2022 to 4.13% as of July 1, 2023.

Note 9. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the district calculated using the health care cost trend rates of (7.0% in 2023 decreasing to 4.1%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 1,805,875	$ 2,073,042	$ 2,391,855

Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan

Plan Description

PSERS administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The System provides Premium Assistance, which is a governmental cost sharing, multiple-employer other post-employment 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 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, there were no assumed future benefit increases to participating eligible retirees.

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

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

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

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

Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

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.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 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 $166,302 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $2,888,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's reported proportion was .1596 percent, which was a decrease of .0072 percent from its proportion reported as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of $123,600. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,000	$ 29,000
Changes in assumptions	249,000	546,000
Net difference between projected and actual investment earnings	7,000	-
Changes in proportion	200,000	124,000
Contributions subsequent to the measurement date	166,000	-
	$ 641,000	$ 699,000

Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

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

$166,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:		Amount
2025	$	(8,000)
2026		(30,000)
2027		(66,000)
2028		(90,000)
2029		(30,000)
	$	(224,000)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2023, 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:

- Valuation Date –June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
    - Eligible retirees will elect to participate Pre age 65 at 50%
    - Eligible retirees will elect to participate Post age 65 at 70%
- The discount rate used to measure the total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13%, as of June 30, 2023.

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

Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Actuarial Assumptions (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021, determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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 in place 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.2%
	100.0%	

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

Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.13%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

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

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

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	$ 3,265,000	$ 2,888,000	$ 2,572,000

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

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,887,000	$ 2,888,000	$ 2,888,000

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.

Note 10. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Plan Payables

At June 30, 2024, the District reported a payable to PSERS of $63,108, which represents the employer contributions owed to the OPEB plan.

Note 11. Intermunicipal - Agreement Receivable

During the years 2004-2007, the Lebanon County Earned Income Tax Bureau underpaid earned income tax to the District. In 2011, the District entered into an agreement to settle disputes resulting from the underpayment. The District will receive, by agreement, $512,129 interest free. Districts and Townships agreed between 10- and 20-year payment periods. The District received the thirteenth payment in the total of $10,837, in the 2023-2024 year.

Note 12. Joint Venture

Lebanon County Career and Technology Center (LCCTC)

Lebanon County Career and Technology Center is a separate legal entity. LCCTC provides vocational-technical training and education to participating students of the member districts. The District is one of six member school districts of LCCTC. LCCTC is controlled and governed by the Area Vocational-Technical Board for Lebanon County (Vo-Tech Board), which is composed of school board members of all the member districts. No member school district exercises specific control over the fiscal policies or operations of LCCTC. The District's financial obligation to LCCTC for the year ended June 30, 2024, was $1,020,237, which has been reported in the District's General Fund. Complete financial statements for LCCTC can be obtained from the Administrative Office at 833 Metro Drive, Lebanon, PA 17042.

Lebanon County Vo-Tech School Authority

The District is also a member of the Lebanon County Vo-Tech School Authority (Authority). In 1965, the Authority entered into an agreement with the member schools and the Vo-Tech Board to acquire land and construct buildings to provide for the operation of LCCTC.

In February 2020, the Authority issued Lease Revenue Bonds - Series of 2020. The purpose of the refunding was to reduce interest rates and refund the 2013 bond series as well as for the construction and renovation to the Vocational School's facilities. The District's allocated portion of the debt service is 16.81%. The District's obligation is a conduit debt arrangement with other School Districts listed as the obligors and the Authority as the issuer and is consistent with their ongoing obligation to fund the operations of the YCST. Conduit debt obligations are exempt from Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* requirements.

Note 12. Joint Venture (Continued)

Lebanon County Vo-Tech School Authority (Continued)

The District is required, under terms of the lease, to pay lease rentals in connection with the Lease Revenue Bonds, Series of 2020, as follows:

Year	Principal	Interest	Total
2025	$ 81,077	$ 15,639	$ 96,716
2026	81,921	13,936	95,857
2027	83,610	12,206	95,816
2028	86,144	10,432	96,576
2029	87,833	8,614	96,447
2030-2033	368,224	15,566	383,790
	$ 788,809	$ 76,393	$ 865,202

The District treats these lease payments as operating rentals as no assets or additional rights have been conveyed to the District. If the Authority and LCCTC cease to be going concerns, the District will be obligated to satisfy its allocable portion of the debt obligations. Concurrently, under terms of the organizing documents, the allocable assets of the defunct, participating entities will be transferred to the District. Complete financial statements for the Authority can be obtained from the Administrative Office at 833 Metro Drive, Lebanon, PA 17042.

Lancaster-Lebanon Joint Authority

The District is a member in the Lancaster-Lebanon Joint Authority (Authority), which is a separate legal entity. The Authority was incorporated on February 14, 1980, under the Municipality Authorities Act of 1945, Act of May 2, 1945, P.L. 382, as amended, by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon Counties. The school districts established the Authority for the purpose of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of Lancaster-Lebanon Intermediate Unit No.13. The District did not have any financial transactions with the Authority during the year ended June 30, 2024. Complete financial statements for the Authority can be obtained from the Administrative Office at 1110 Enterprise Road, East Petersburg, PA 17520.

Lancaster-Lebanon Intermediate Unit (LLIU)

The LLIU Board of Directors consists of 20 members from the IU's constituent school districts. The LLIU Board members are school district board members, who are elected by the public, and are appointed to the LLIU Board by the member districts' Boards of Directors. Palmyra Area School District is responsible for appointing one of these members. The LLIU Board has decision making authority, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters. Palmyra Area School District contracts with LLIU for special education services for District students and for computer consortium services. The direct and indirect amounts paid for these services during the year ended June 30, 2024, approximated $1,836,054. Complete financial information for LLIU can be obtained from the Administrative Office at 1110 Enterprise Road, East Petersburg, PA 17520.

Note 12. Joint Venture (Continued)

Lebanon School District

Palmyra Area School District is affiliated with the Lebanon School District. On September 12, 2002, the affiliates entered into a 15-year sublease agreement for the building located at One Cumberland Street, Lebanon City, Lebanon County, PA. During the year ended June 30, 2010, the Lancaster-Lebanon Intermediate Unit agreed to sublease the space to the extent possible in order to reduce costs. The District still maintains the contractual obligation for future lease payments if the IU is not able to sublease the space. In the 2022-2023 year, the LLIU was able to fully use the building space, and the District incurred no expense.

Note 13. Employee Insurance Program

Effective January 1, 2004, the District instituted a self-funded insurance program to cover up to $1,500 of dental costs per participant. During the year ended June 30, 2024, the District paid claims of $285,261, under the program. In addition, based on the history of benefits paid under private insurance, the District has assigned $19,747 of additional fund balance to provide for future claims.

Beginning July 1, 2016, the District entered into an agreement for self-insurance of medical benefits. The program is a point-of-service, managed care plan with an opt-out feature. Under the medical plan, the District reimburses the third-party administrator for actual claims paid, and additionally, incurs expenses for administrative, reinsurance, capitation fees, and other fees associated with administration of program. During the year ended June 30, 2024, the District paid claims of $4,587,364, under the program. The District assigned $1,495,000 of additional fund balance to provide for future medical claims.

Note 14. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors, or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. During the year ended June 30, 2024, the District did not incur any significant losses that were not covered by insurance.

Note 15. Subsequent Events

General Obligation Bonds, Series of 2024

On July 17, 2024, the District issued General Obligations Bonds, Series of 2024, for the purpose of paying costs for the design, acquisition, construction, alterations and improvements, renovations and extraordinary maintenance and repairs, and the acquisition and installation of related equipment, machinery, and furnishings for various buildings and facilities of the School District and to pay the costs and expense of issuing the 2024 Bonds. The Par Value of the General Obligation Bond, Series of 2024 is $18,720,000.

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REQUIRED SUPPLEMENTARY INFORMATION

PALMYRA AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -
DISTRICT'S SINGLE EMPLOYER PLAN
For the Fiscal Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	$ 146,816	$ 146,816	$ 255,718	$ 201,080	$ 203,267	$ 210,627	$ 206,809
Interest	81,294	81,294	51,902	86,515	73,642	87,130	64,376
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	(359,931)	-	(489,517)	-
Changes in assumptions	28,127	28,127	(93,971)	314,690	(77,255)	(315)	44,072
Benefit payments	(83,886)	(83,886)	(74,720)	(89,347)	(99,088)	(129,610)	(110,262)
Net change in total OPEB liability	172,351	172,351	138,929	153,007	100,566	(321,685)	204,995
Total OPEB Liability - beginning	1,900,701	1,900,701	2,575,192	2,422,185	2,321,619	2,643,304	2,438,309
Total OPEB Liability - ending	$ 2,073,052	$ 2,073,052	$ 2,714,121	$ 2,575,192	$ 2,422,185	$ 2,321,619	$ 2,643,304
Covered payroll	$ 21,874,439	$ 21,874,439	$ 20,872,838	$ 20,872,838	$ 18,283,643	$ 18,283,643	$ 16,811,686
Net OPEB liability as a percentage of covered payroll	9.48%	9.48%	13.00%	12.34%	13.25%	12.70%	15.72%

Notes to Schedule:

For the fiscal year ended June 30, 2024:
Changes in assumptions: The discount rate changed from 4.06% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

PALMYRA AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

For the Fiscal Year Ended June 30	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.1596%	$ 2,888,000	$ 24,447,319	11.81%	7.22%
2023	0.1668%	$ 3,070,000	$ 24,523,580	12.52%	6.86%
2022	0.1596%	$ 3,783,000	$ 22,625,861	16.72%	5.30%
2021	0.1591%	$ 3,438,000	$ 22,327,734	15.40%	5.69%
2020	0.1551%	$ 3,299,000	$ 21,391,707	15.42%	5.56%
2019	0.1475%	$ 3,075,000	$ 19,858,281	15.48%	5.56%
2018	0.1442%	$ 2,938,000	$ 19,196,031	15.31%	5.73%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

PALMYRA AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 166,302	$ (166,302)	$ -	$ 25,984,625	0.64%
2023	$ 185,226	$ (185,226)	$ -	$ 24,549,090	0.75%
2022	$ 193,127	$ (193,127)	$ -	$ 23,841,737	0.81%
2021	$ 186,807	$ (186,807)	$ -	$ 22,627,076	0.83%
2020	$ 188,883	$ (188,883)	$ -	$ 22,793,658	0.83%
2019	$ 178,552	$ (178,552)	$ -	$ 21,391,707	0.83%
2018	$ 168,950	$ (168,950)	$ -	$ 19,196,061	0.88%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

PALMYRA AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.1591%	$ 70,778,000	$ 24,447,319	289.51%	61.85%
2023	0.1667%	$ 74,113,000	$ 24,523,580	302.21%	61.34%
2022	0.1596%	$ 65,527,000	$ 22,625,861	289.61%	63.67%
2021	0.1590%	$ 78,290,000	$ 21,391,707	365.98%	54.32%
2020	0.1551%	$ 72,560,000	$ 21,391,707	339.20%	55.66%
2019	0.1475%	$ 70,807,000	$ 19,858,281	356.56%	54.00%
2018	0.1442%	$ 71,218,000	$ 19,196,061	371.00%	51.84%
2017	0.1489%	$ 73,790,000	$ 19,285,286	382.62%	50.14%
2016	0.1438%	$ 62,287,000	$ 18,499,827	336.69%	54.36%
2015	0.1433%	$ 56,719,000	$ 18,292,453	310.07%	57.24%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years.

PALMYRA AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PENSION CONTRIBUTIONS -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 8,668,475	$ (8,668,475)	$ -	$ 25,984,625	33.36%
2023	$ 8,522,839	$ (8,522,839)	$ -	$ 24,549,090	34.72%
2022	$ 8,241,665	$ (8,241,665)	$ -	$ 23,841,737	34.57%
2021	$ 7,675,037	$ (7,675,037)	$ -	$ 22,327,734	34.37%
2020	$ 7,521,606	$ (7,521,606)	$ -	$ 22,334,106	33.68%
2019	$ 7,013,034	$ (7,013,034)	$ -	$ 21,391,707	32.78%
2018	$ 6,460,814	$ (6,460,814)	$ -	$ 19,860,638	32.53%
2017	$ 5,768,220	$ (5,768,220)	$ -	$ 18,431,696	31.30%
2016	$ 4,989,032	$ (4,989,032)	$ -	$ 19,301,774	25.85%
2015	$ 3,711,595	$ (3,711,595)	$ -	$ 18,497,483	20.07%

The schedule is presented to illustrate the requirement to show information for 10 years.

SUPPLEMENTARY INFORMATION

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

Board of School Directors
Palmyra Area School District
Palmyra, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards;* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Palmyra Area School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 may exist that were not identified. We consider the deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as items 2023-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Boyer & Ritter

Camp Hill, Pennsylvania
December 16, 2024

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

Board of School Directors
Palmyra Area School District
Palmyra, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Palmyra Area School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on 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.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Boyer & Ritter

Camp Hill, Pennsylvania
December 16, 2024

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? ___ Yes __X__ No
- Significant deficiency(ies) identified that is not considered to be a material weakness(es)? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified that is not considered to be a material weakness (es)? ____ Yes __X__ None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)3? ____ Yes __X__ No

Identification of the major programs:

Assistance Listing Number(s)	Name of Federal Programs/Cluster
	Special Education Cluster
84.027	Special Education - Grant to States (IDEA, Part B)
84.173	Special Education - Early Intervention – Preschool Grants

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

Auditee qualified as low-risk auditee? __X__ Yes ____ No

Section II - Financial Statement Findings

A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the financial statement audit required to be reported.

B. Compliance Findings

There were no compliance findings relating to the financial statement audit required to be reported.

Section III - Federal Award Findings and Questioned Costs

A. Compliance Findings

There were no findings relating to the Federal awards as required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance.

B. Significant Deficiency(ies) in Internal Control

There were no findings relating to the Federal awards as required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Provided to Subrecipients
U.S. Department of Education										
Passed through the Pennsylvania										
Department of Education:										
Title I - Grants to Local Educational Agencies	84.010	013-230318	22-23	$ 374,797	$ 74,952	$ 74,952	$ -		$ -	$ -
Title I - Grants to Local Educational Agencies	84.010	013-240318	23-24	$ 389,233	388,256	-	389,233	389,233	977	-
Title II - Supporting Effective Instruction State Grants	84.367	020-230318	22-23	$ 69,968	5,145	5,145	-	-	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-240318	23-24	$ 72,603	19,194	-	72,603	72,603	53,409	-
Title IV - Student Support and Academic Enrichment	84.424	144-230318	22-23	$ 29,813	5,200	5,200	-	-	-	-
Title IV - Student Support and Academic Enrichment	84.424	144-240318	23-24	$ 29,341	7,824	-	29,341	29,341	21,517	-
COVID-19 American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	223-210318	20-24	$ 2,426,829	441,242	12,775	428,467	428,467	-	-
COVID-19 American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	225-210318	20-24	$ 188,620	3,429	(812)	4,241	4,241	-	-
COVID-19 - American Rescue Plan Elementary & Secondary School Emergency Relief-Homeless Children and Youth (ARP-HCY)	84.425W	181-222316	21-24	$ 48,137	-	-	30,000	30,000	30,000	-
					945,242	97,260	953,885	953,885	105,903	-
Passed through the Lancaster-Lebanon Area										
Intermediate Unit No. 13:										
Special Education Cluster										
Special Education Preschool Grants	84.173	131-22-0013	22-23	$ 3,638	3,638	3,638	-	-	-	-
Special Education Preschool Grants	84.173	131-23-0013	23-24	$ 4,347	-	-	1,031	1,031	1,031	-
Special Education - Grants to States - IDEA Part B - Pass Thru	84.027	062-21-0-013	22-23	$ 466,078	466,078	466,078	-	-	-	-
Special Education - Grants to States - IDEA Part B - Pass Thru	84.027	062-21-0-013	23-24	$ 502,029	-	-	502,029	502,029	502,029	-
Special Education - Grants to States - IDEA Part B - On Behalf Services	84.027	062-21-0-013	23-24	$ 315,777	315,777	-	315,777	315,777	-	-
COVID-19 ARP -Special Education - Grants to States - IDEA Part B - Pass-Thru	84.027	062-22-0013	21-23	$ 38,273	38,273	38,273	-	-	-	-
COVID-19 ARP -Special Education - Grants to States - IDEA Part B - On Behalf Services	84.027	062-22-0013	21-23	$ 133,239	72,395	-	72,395	72,395	-	-
Total Special Education Cluster					896,161	507,989	891,232	891,232	503,060	-
Title III - English Language Acquisition State Grants	84.365	N/A	23-24	$ 16,842	-	-	4,464	4,464	4,464	-
Total passed through Lancaster-Lebanon Area Intermediate Unit No. 13:					896,161	507,989	895,696	895,696	507,524	-
Total U.S. Department of Education					1,841,403	605,249	1,849,581	1,849,581	613,427	-

(Continued)

PALMYRA AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2024

	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) in Fiscal Year	Accrued (Deferred) Revenue at July 1, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Provided to Subrecipients
U.S. Department of Agriculture										
Passed through the Pennsylvania										
Department of Education:										
National School Lunch Program	10.555	N/A	22-23	N/A	17,029	17,029	-	-	-	-
National School Lunch Program	10.555	N/A	23-24	N/A	602,514	-	602,514	602,514	-	-
School Breakfast Program	10.553	N/A	22-23	N/A	4,129	4,129	-	-	-	-
School Breakfast Program	10.553	N/A	23-24	N/A	134,668	-	134,668	134,668	-	-
COVID-19 - National School Lunch Program - Supply Chain Assistance	10.555	N/A	22-23	N/A	-	(18,172)	18,172	18,172	-	-
COVID-19 - National School Lunch Program - Supply Chain Assistance	10.555	N/A	23-24	N/A	89,949	-	80,969	80,969	(8,980)	-
COVID-19 - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	23-24	$ 26,783	26,783	-	26,783	26,783	-	-
COVID-19- Pandemic EBT Administrative Costs Grant	10.649	N/A	23-24	N/A	3,256	-	3,256	3,256	-	-
Total passed through the Pennsylvania Department of Education					878,328	2,986	866,362	866,362	(8,980)	-
Passed through the Pennsylvania										
Department of Agriculture:										
National School Lunch Program	10.555	N/A	23-24	10.555	152,684	-	152,684	152,684	-	-
Total U.S. Department of Agriculture					1,031,012	2,986	1,019,046	1,019,046	(8,980)	-
Total Expenditures of Federal Awards					$ 2,872,415	$ 608,235	$ 2,868,627	$ 2,868,627	$ 604,447	$ -
Child Nutrition Cluster (Assistance Listing Numbers - 10.553 and 10.555)					$ 1,000,973	$ 2,986	$ 989,007	$ 989,007	$ (8,980)	$ -
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					$ 896,161	$ 507,989	$ 891,232	$ 891,232	$ 503,060	$ -
Education Stabilization Fund (Assistance Listing Numbers 84.425)					$ 444,671	$ 11,963	$ 462,708	$ 462,708	$ 30,000	$ -

See Notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. 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. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the ten percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

Palmyra Area School District
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Bernie Kepler, D.Ed.
Superintendent

Cougars

Mike Frentz
Director of Business Affairs

Annette Spagnolo, D.Ed.
Assistant Superintendent

Angela Hepner, MS-HRD
Director of Human Resources

Katherine Setlock, D.Ed.
Director of Pupil Services

SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
Year Ended June 30, 2024

Financial Statement Finding – Significant Deficiency

Finding 2023-001: Cash Management and Reporting Requirements

Criteria: The Pennsylvania Department of Revenue (PDE) re16quires Reconciliation of Cash on Hand Quarterly Reports for any program for which they are receiving monthly payments. These quarterly reports are due the 10th working days of January, April, July, and October. Additionally, PDE also requires form 2105 for social security reimbursement to be filed within 20 working days of each quarter end. Since the reporting requirements had the same controls the criteria and finding were combined.

Condition: The District did not file the quarterly Cash on Hand reports for September 2023 and June 2023 in a timely manner. The reports were related to the Education Stabilization fund but were not related to a single audit requirement and thus were reported as a financial statement internal control finding. The District did not file the PDE-2105 Social Security Reimbursement form in a timely manner.

Cause and Effect: District personnel did not file the quarterly reports in a timely manner. By not filing The PDE-2105 in a timely manner the District's Social Security reimbursement was withheld until appropriately filed. The District is potentially risking a withholding of federal funds by PDE when Cash on Hand reports are not filed.

Identification of Repeat Finding: No

Questioned Costs: None

Recommendation: Procedures should be established to ensure that the District files all quarterly cash on hand reports within 10 days of quarter ending and final expenditure reports within 30 days after the funds are expended, but no later than 30 days after the ending date of the project. The same procedures should be put in place for PDE – 2105 quarterly filings to ensure deadlines are met.

View of Responsible Officials: District's business office experience turnover in September of 2022 for the position of Assistant Director of Business Affairs, which is the position responsible for completing the Cash on Hand report and PDE-2105. New staff was not trained on the proper reporting procedures in the area of Cash on Hand reporting. The District is also experiencing another turnover in that position as of December 2023. The Director of Business Affairs will take the responsibility of Cash on Hand reporting until the position is filled. Once the position is filled the new Assistant Director of Business Affairs will be properly trained on Cash on Hand reporting, which will include quarterly review of submitted reports which will occur no later than 10 days of quarter ending and final or not later than 30 days after the ending date of a project. Similar to Cash on Hand reporting, similar procedures will be put in place for PDE-2015 reporting. To ensure that the Director of Business Affairs has verified submission of reporting in a timely manner.

Current Status: Corrective action has been taken in the fiscal year ended June 30, 2024.