NEW ISSUE - BOOK ENTRY ONLY

RATINGS: S&P: "A" (Stable Outlook) (Underlying) S&P: "AA" (Stable Outlook) (AGM Insured)

(See "RATINGS" herein)

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

\$14,275,000* WEST BRANCH AREA SCHOOL DISTRICT

(Clearfield and Clinton Counties, Pennsylvania) General Obligation Bonds, Series of 2024

Bonds Dated: Date of Delivery

Principal Due: May 15, as shown on inside cover

Denomination: Integral multiples of \$5,000

Interest Payable: May 15 and November 15
First Interest Payment: November 15, 2024
Form: DTC Book-Entry Only

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

General: The General Obligation Bonds, Series of 2024 (the "Bonds" or "2024 Bonds") in the aggregate principal amount of \$14,275,000* are being issued by the West Branch Area School District (the "School District"), a public school district located in Clearfield and Clinton Counties, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See "BOOK-ENTRY ONLY SYSTEM" herein. Interest on the Bonds is payable initially on November 15, 2024, and thereafter, semiannually on May 15 and November 15 of each year.

Security: The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on June 24, 2024, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law. (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS", APPENDIX A - "TAXING POWERS AND LIMITS" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS" – "Taxpayer Relief Act (Act 1)" herein).

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

Purpose: The proceeds of the Bonds will be used to undertake capital projects consisting of the design and construction of additions and renovations to the West Branch Elementary School, and other capital projects of this School District, and to pay the costs of issuing the Bonds.

Bond Insurance: The scheduled payment of principal of and interest on the Notes when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Notes by **ASSURED GUARANTY MUNICIPAL CORP.** ("AGM").



The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to the approving legal opinion of Eckert, Seamans, Cherin & Mellott, LLC, Harrisburg, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by Fanelli Willett Law Offices, Duncansville, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter's counsel, McNees Wallace & Nurick LLC, Lancaster, Pennsylvania. FSL Public Finance, LLC, of Reading, Pennsylvania, serves as Financial Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about August , 2024.

RAYMOND JAMES®

^{*}Preliminary, subject to change.

\$14,275,000*

WEST BRANCH AREA SCHOOL DISTRICT

(Clearfield and Clinton Counties, Pennsylvania) General Obligation Bonds, Series of 2024

Bonds Dated: Date of delivery

Principal Due: May 15, as shown on inside cover **Denomination:** Integral multiples of \$5,000

Interest Payable: May 15 and November 15 **First Interest Payment:** November 15, 2024

Form: DTC Book-entry Only

BOND MATURITY SCHEDULE

(May 15)	Principal	Interest			CUSIP
Year	Amount	Rate	Yield	Price	Numbers (1)

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

^{*}Preliminary, subject to change.

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

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

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

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

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

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SUMMARY PAGE

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

Issuer	West Branch Area School District, Clearfield and Clinton Counties, Pennsylvania (the "School District").
Bonds	The General Obligation Bonds, Series of 2024 in the principal amount of \$14,275,000* (the "Bonds"), dated as of the date of delivery, maturing on May 15, through May 15,
	Interest on the Bonds shall be payable semiannually on May 15 and November 15. See "DESCRIPTION OF THE BONDS" herein.
Optional Redemption	The Bonds stated to mature on or after May 15, 20, are subject to redemption prior to maturity at the option of the School District in whole or, from time to time, in part, in any order of maturities as the School District shall select, on any date or dates on or after, 20, at a price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption.
Form	Book-Entry Only.
Application of Proceeds	Proceeds of the Bonds will be used to undertake capital projects consisting of the design and construction of additions and renovations to the West Branch Elementary School, and other capital projects of this School District, and to pay the costs of issuing the Bonds.
Security	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
Ratings	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal Bond insured rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the payment when due of the principal of and interest on the Bonds will be issued by AGM. Currently, AGM's financial strength is rated "AA" stable outlook) by S&P stable outlook) by S&P. S&P has also assigned the School District an underlying rating of "A" (stable outlook). (See "RATINGS" herein.)
Continuing Disclosure	
Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See "CONTINUING DISCLOSURE UNDERTAKING" and "APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE.
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^{*}Preliminary, subject to change.

WEST BRANCH AREA SCHOOL DISTRICT

(Clearfield and Clinton Counties, Pennsylvania)

516 Allport Cutoff Morrisdale, Pennsylvania 16858

BOARD OF SCHOOL DIRECTORS

Mr. Chad Diviney	. President
Mrs. Christina Brown	. Vice- President
Mr. Jeremiah Dobo	. Member
Mr. James Emigh	. Member
Mrs. Jessica Maines	
Mr. Melvin Smeal	. Member
Mr. Donald P. Yontosh	. Member
Mr. Jason Porter	. Member
Mr. Norman Parks, Jr	. Member
SCHOOL ADMINISTRATION	
Mr. Mark D. Mitchell	Superintendent of Schools Business Manager

BOND COUNSEL

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

SOLICITOR

Fanelli Willett Law Offices Duncansville, Pennsylvania

UNDERWRITER

Raymond James & Associates, Inc. Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

McNees Wallace & Nurick LLC Lancaster, Pennsylvania

FINANCIAL ADVISOR

FSL Public Finance, LLC Reading, Pennsylvania

PAYING AGENT

U.S. Bank Trust Company, National Association Pittsburgh, Pennsylvania

OFFICIAL STATEMENT

\$14,275,000*

WEST BRANCH AREA SCHOOL DISTRICT

(Clearfield and Clinton Counties, Pennsylvania)
General Obligation Bonds, Series of 2024

INTRODUCTION

This Official Statement is furnished by the West Branch Area School District (the "School District"), a public school district located in Clearfield and Clinton Counties, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2024 (the "Bonds") in the aggregate principal amount of \$14,275,000*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on June 24, 2024 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of \$5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on May 15 and November 15 of each year, commencing November 15, 2024. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to U.S. Bank Trust Company, National Association (the "Paying Agent"), serving as paying agent and sinking fund depositary, for transfer to DTC. When issued, the Bonds will be registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any Bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See "BOOK-ENTRY ONLY SYSTEM" herein.

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

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

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to undertake capital projects consisting of the design and construction of additions and renovations to the West Branch Elementary School, and other capital projects of this School District, and to pay the costs of issuing the Bonds.

SOURCES AND USES OF FUNDS

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

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

^{*}Preliminary, subject to change.

DESCRIPTION OF THE BONDS

The Bonds will be issued in book-entry form, in denominations of \$5,000 principal amount and integral multiples thereof. The Bonds will bear interest from the Delivery Date at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on November 15, 2024, and thereafter, semiannually on May 15 and November 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

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

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

Interest on any certificated Bonds will be payable to the registered owner of such a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding, November 15, 2024, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such certifi

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

Transfer, Exchange and Registration of Certificated Bonds

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

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

REDEMPTION OF BONDS

Mandatory Sinking Fund Redemptions

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

Year Amount

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

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

Optional Redemption

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

Notice of Redemption

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

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption, addressed to each of the registered owners of any certificated Bonds to be redeemed, at the addresses shown on the registration books kept by the Paying Agent as of the date such Bonds are selected for redemption; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

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

The notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Paying Agent or other escrow agent on the redemption date in sufficient time to effectuate the redemption of Bonds. If, after issuing a notice of redemption, the School District is unable or otherwise fails to deposit with the Paying Agent (or other bank or depositary acting as refunding escrow agent) money sufficient to redeem the Bonds called for redemption, such notice may be withdrawn or be of no effect until such money is so deposited.

Manner of Redemption

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

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

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

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

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligation Pledge

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

Actions in the Event of Default on the Bonds

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

Sinking Fund

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

The Sinking Fund shall be held by the U.S. Bank Trust Company, National Association (the "Sinking Fund Depositary") and invested by the Sinking Fund Depositary in such securities as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District but subject to withdrawal or collection only by the Sinking Fund Depositary, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

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

Commonwealth Enforcement of Debt Service Payments

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

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

Pennsylvania Budget Adoption Impasses

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

The Governor signed the state's 2021-2022 fiscal year budget on June 30, 2021. The budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included districts in both urban and rural areas of the Commonwealth. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a record high of \$13.55 billion in the 2021-22 budget.

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

After over a month delay, a \$45.5 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$8.4 billion for the basic education funding appropriation. The total amount included a \$796.6 million (10.45%) increase over the 2022-23 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

As of the date of this Preliminary Official Statement, the state budget for 2024-25 has yet to be adopted.

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

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

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

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

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

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

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

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

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

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement. In the event the Bonds are issued after the effectiveness of the Merger (as defined below), the Policy relating to the Bonds will be substantively identical to the form appended to this Official Statement, except that the Policy will be issued by AG (as defined below) in place of AGM. See "— Assured Guaranty Municipal Corp. — Planned Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.".

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

Assured Guaranty Municipal Corp.

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

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

Planned Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On July 8, 2024, AGL (together with its subsidiaries, "Assured Guaranty") announced that AGM will merge with and into its affiliate, Assured Guaranty Inc. ("AG"), with AG as the surviving company (such transaction, the "Merger"). AG, a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of AGL, was formerly known as Assured Guaranty Corp. The effective date of the Merger is expected to be on or about August 1, 2024.

The Merger is expected to expand the pool of capital available to support each new and existing insurance policy, result in a further diversification of the combined company's insured portfolio's credit profile, and strengthen Assured Guaranty's ability to continue successfully executing its strategies to achieve its business objectives. Upon the effectiveness of the Merger, the combined company, compared with either AGM or AG before the Merger, will have:

- a larger, highly diversified insured portfolio,
- a larger investment portfolio and a larger capital base, and
- more total claims-paying resources.

Currently, AGM and AG have the same financial strength ratings from S&P (AA/Stable), Moody's (A1/Stable) and KBRA (AA+/Stable). AG's insurance financial strength ratings are expected to be unaffected by the Merger.

On July 9, 2024, S&P stated that the Merger won't change its assessment of the Assured Guaranty group's business risk or financial risk positions. On July 8, 2024, KBRA commented that, upon the expected August 1, 2024 closing of the Merger, AG's insurance financial strength rating of "AA+" (stable outlook) will remain unchanged.

Current Financial Strength Ratings

On May 28, 2024, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook).

On April 30, 2024, Moody's announced it had affirmed AGM's insurance financial strength rating of "A1" (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook).

AGM can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023

As of March 31, 2024 (dollars in millions)

	AGM (Actual)	AG (Pro Forma Combined)
Policyholders' surplus	\$2,665	\$4,013
Contingency reserve	\$892	\$1,312
et unearned premium reserves and net deferred ceding commission income ⁽¹⁾	\$2,036	\$2,385

¹⁾ Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at <a href="ht

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

Miscellaneous Matters

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

BONDHOLDER CONSIDERATIONS

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

Bond Insurance Risk Factors

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

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

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

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

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

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

Cybersecurity

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

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

Climate Change

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

Coronavirus Pandemic

Certain external events beyond the control of the School District, such as pandemics, could potentially disrupt the School District's ability to conduct its operations. Since early 2020, the School District, along with the rest of the world, has been dealing with the effects of COVID-19 pandemic. The COVID-19 pandemic and the governmental response has had a profound impact on the operations of educational institutions at all levels, including the School District. As the result of the COVID-19 pandemic, the School District has been awarded federal grant funding assistance totaling approximately \$5,506,845, all of which has been expended or earmarked for use by September 30, 2024. The School District has addressed and continues to address challenges due to COVID-19. For information on the School District's response to the COVID-19 pandemic and the impact of the COVID-19 pandemic on the School District, please see the School District's audited financial statements for the fiscal year ended June 30, 2023, set forth in Appendix "E" to this Preliminary Official Statement. The future severity of the economic challenges and duration of this and other public health crisis cannot be fully known at this time.

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

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

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

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

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

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

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

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

Fiscal Year	Filing	Filing Date:
Ending	<u>Due Date</u>	<u>Audit</u>
6/30/2023	4/1/2024	3/14/2024
6/30/2022		
6/30/2021		(1)
6/30/2020		
6/30/2019		

⁽¹⁾ Prior to the issuance of the School District's General Obligation Bonds, Series of 2023, the School District was not subject to the Rule, for these respective fiscal years.

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

NO LITIGATION

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

TAX MATTERS

Federal

Exclusion of Interest from Gross Income

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

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

Other Federal Tax Matters

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. In addition, ownership or disposition of the Bonds may result in other federal tax consequences to "applicable corporations" (within the meaning of Section 59(k) of the Code enacted as part of the Inflation Reduction Act of 2022) for tax years beginning after December 31, 2022, in that interest on the Bonds may be included in the calculation of the alternative minimum tax imposed on applicable corporations under Section 55(b) of the Code.

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

Pennsylvania

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

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

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

Other

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

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

LEGAL OPINIONS

The issuance of the Bonds is subject to the approving legal opinion of Eckert, Seamans, Cherin & Mellott, LLC, in Harrisburg, Pennsylvania, as Bond Counsel to the School District, substantially in the form of Appendix C. Certain legal matters will be passed on for the School District by Fanelli Willett Law Offices, in Duncansville, Pennsylvania, Solicitor to the School District, and McNees Wallace & Nurick LLC, in Lancaster, Pennsylvania, will pass upon certain legal matters as limited scope underwriter's counsel to the underwriter.

RATINGS

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

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

UNDERWRITING

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

FINANCIAL ADVISOR

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

PAYING AGENT

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

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

CERTAIN OTHER MATTERS

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

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

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

WEST BRANCH AREA SCHOOL DISTRIC Clearfield and Clinton Counties, Pennsylvania
By: President Board of School Directors



APPENDIX A SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT



DESCRIPTION OF THE SCHOOL DISTRICT

Introduction

The West Branch Area School District (the "School District"), encompasses an area of 165 square miles, consisting of the Townships of Cooper, Graham, Karthaus and Morris, all in Clearfield County and West Keating Township in Clinton County. The School District lies in the northeastern portion of Clearfield County and the southwestern corner of Clinton County, along the west branch of the Susquehanna river.

The governing body of the School District is governed by a nine member Board of School Directors (the "School Board") who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools. The Business Manager is responsible for budget and financial operations. The School Board selects both officials.

School Facilities

School	Year <u>Constructed</u>	Additions/ Alterations	<u>Grades</u>	Rated Pupil <u>Capacity</u>	2023-24 Enrollment
Elementary West Branch Elementary School	1971	1993	K-5	1,118	485
Secondary West Branch High School	1962	2005	6-12	1,107	497

Source: School District Officials.

Pupil Enrollment

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

Year	Elementary	Secondary	<u>Total</u>
2019-20	510	499	1,009
2020-21	498	465	963
2021-22	460	481	941
2022-23	482	469	951
2023-24 (Current)	485	497	982
2024-25 (Projected)	525	415	942

Source: School District Officials.

SCHOOL DISTRICT FINANCES

Financial Reporting

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

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

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

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

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

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

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

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

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

Summary and Discussion of Financial Results

The below table presents a summary of the School District's General Fund Financial Condition for Fiscal Years ending June 30, 2020 through June 30, 2023, estimated 2024 and preliminary budgeted 2025. For more complete information, the financial statements of the School District may be reviewed at the School District's Business Office.

WEST BRANCH AREA SCHOOL DISTRICT General Fund Revenues, Expenditures and Fund Balances (Fiscal Years Ending June 30)

	ACTUAL				Estimated	Preliminary Budgeted	
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>	
Revenues							
Local Sources	\$5,798,440	\$5,836,823	\$5,924,330	\$6,340,410	\$6,286,398	\$6,842,678	
State Sources	12,135,037	11,966,871	12,233,518	13,197,886	13,056,954	13,216,514	
Federal Sources	780,115	<u>2,044,774</u>	<u>2,416,705</u>	1,583,167	<u>1,519,395</u>	704,133	
Total Revenues	\$18,713,592	\$19,848,468	\$20,574,553	\$21,121,463	\$20,862,747	\$20,763,325	
Expenditures							
Instruction	\$10,877,362	\$11,271,599	\$11,748,694	\$11,663,204	\$12,463,406	\$11,850,463	
Support Services	5,460,259	5,882,991	5,830,428	6,420,575	6,550,208	6,764,818	
Operation of Non-Instructional Services	435,301	417,253	486,039	562,466	437,893	484,015	
Capital Outlay	107,464	1,430,478	562,745	29,367	0	183,000	
Debt Service	1,234,199	719,231	1,154,097	1,153,946	1,535,410	1,905,490	
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Expenditures	\$18,114,585	\$19,721,552	\$19,782,003	\$19,829,558	\$20,986,917	\$21,187,786	
Other Financing Sources (Uses)							
Interfund Transfers in (out)	(\$60,000)	(\$52,500)	(\$78,050)	(\$52,000)	\$0	\$0	
Proceeds from refunding notes	0	6,880,000	0	0	0	0	
Refunded notes	0	(6,760,000)	0	0	0	0	
Budgetary Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Total Other Financing Sources (Uses)	(\$60,000)	\$67,500	<u>(\$78,050)</u>	<u>(\$52,000)</u>	<u>\$0</u>	<u>\$0</u>	
Excess Expenditures Over (Under) Revenues	\$539,007	\$194,416	\$714,500	\$1,239,905	(\$124,170)	(\$424,461)	
Beginning Fund BalanceFund Balance June 30	\$7,233,728 \$7,772,735	\$7,772,735 \$7,233,728	\$7,967,151 \$7,772,735	\$8,681,651 \$7,967,151	\$9,921,556 \$9,797,386	\$9,797,386 \$9,372,925	

Source: School District Officials Audits and Budget.

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TAXING POWERS AND LIMITS

In General

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

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

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

Taxpayer Relief Act (Act 1)

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

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

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

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

"Index" is defined in Act 1 as follows:

INDEX

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

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

STATEWIDE AVERAGE WEEKLY WAGE

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

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

Fiscal Year	Index %
2024-25	7.7
2023-24	5.9
2022-23	4.9
2021-22	4.4
2020-21	3.8

Source: Pennsylvania Department of Education website.

In accordance with Act 1, the School District put a referendum on the ballot at the May 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax ("EIT") or a personal income tax ("PIT") and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. A board of school directors may submit, but is not required to submit, a referendum question to the voters in any future municipal election seeking approval to levy or increase the rate of an earned income tax ("EIT") or impose a personal income tax ("PIT") for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law. The referendum was not approved by a majority of the voters at the primary election.

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

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

Limitations on School District Fund Balance

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

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

Est	timated Ending Unreserved Undesignated Fund Balance as
	a Percentage of Total Budgeted Expenditures(1):

Total Budgeted Expenditures.	a Fercentage of Total Buuget
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between 13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

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

Tax Levies

Total Rudgeted Evnenditures

TAX REVENUES OF THE SCHOOL DISTRICT

2023-24 Real Estate and Non-Real Estate Tax Rates

	Real Estate (Mills)				
Municipality	School District	<u>Municipal</u>	County	<u>Total</u>	
Cooper Township*	109.80	7.0000	25.0000	141.8000	
Graham Township*	109.80	4.3000	25.0000	139.1000	
Karthaus Township*	109.80	9.0000	25.0000	143.8000	
Morris Township*	109.80	3.0000	25.0000	137.8000	
West Keating Township**	13.31	0.0012	0.0067	13.3179	

	Local Sei	rvices	Real Estate	Transfer	Earned In	ıcome
Municipality	Municipal	School	Municipal	School	Municipal	School
Cooper Township*	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%
Graham Township*	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%
Karthaus Township*	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%
Morris Township*	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%
West Keating Township**	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%

^{*}Clearfield County/**Clinton County Source: School District Officials

Real Estate Tax Collection Record

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

			Current		
Fiscal Year	Adjusted Total Levy	Current Collections	Percent Collected	Total Collections ⁽¹⁾	Total Percent Collected
2018-19	\$4,195,539	\$3,782,488	90.15%	\$4,108,636	97.93%
2019-20	4,237,521	3,812,689	89.97%	4,228,989	99.80%
2020-21	4,251,269	3,862,276	90.85%	4,238,045	99.69%
2021-22	4,279,225	3,890,179	90.91%	4,210,103	98.38%
2022-23	4,336,759	3,962,954	91.38%	4,312,416	99.44%

⁽¹⁾Includes delinquent real estate collection.

Source: School District Officials.

^{*}Applicable to the School District

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

Trends in Market and Assessed Valuations

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

Fiscal Year	Market Value	Assessed Value	<u>Ratio</u>
2018-2019	\$291,639,477	\$51,182,099	17.55%
2019-2020	294,792,861	51,726,791	17.36%
2020-2021	309,729,842	51,740,961	16.70%
2021-2022	312,850,939	52,074,032	16.54%
2022-2023	333,615,477	52,476,194	15.61%

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

Ten Most Valuable Taxable Parcels in the School District

The following table represents the ten real estate parcels having the highest assessed values in the School District. These taxpayers represent approximately 3.08% of the School District's total most recent assessed value.

	Taxable
<u>Taxpayer</u>	Assessed Valuation
EM Brown, Inc.	\$ 358,148
Mountain View Center, Inc.	254,210
United Refining Comp. of PA	168,375
Thomas T & Lessa M Folmar	142,525
John Niebauer, Jr.	136,525
Alan and Judith Larson	132,675
Harvey & Cindy Bumbarger	131,800
Todd Shive	130,125
Timothy & Geremy Kephart	97,925
Merlyn L., Jr. and Shirely A. Maney	<u>92,800</u>
Totals	<u>\$1,645,108</u>

Source: County Assessment Office

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COMMONWEALTH AID TO SCHOOL DISTRICTS

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

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 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 also receive subsidies for special education, pupil transportation, career and technical education and health services, among other things.

Lack of Commonwealth Appropriations for Debt Service Reimbursement

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds after said bonds have received final approval from the Department of Education (see "DEBT STATEMENT AND DEBT LIMITS" herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's CARF is currently higher at 73.93%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

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

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

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

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

DEBT STATEMENT AND DEBT LIMITS

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

DIRECT DEBT	Gross	Reimbursable	Effective	State	Local
NONELECTORAL DEBT	Outstanding	Percent (%)	Reimbursement(1)	Share	Share
General Obligation Bonds, Series of 2024	\$14,275,000	0.00%	0.00%	\$ 0	\$14,275,000
General Obligation Bonds, Series of 2023	9,880,000	30.94%	22.87%	2,259,945	7,620,055
General Obligation Note, Series of 2021	3,781,000	0.00%	0.00%	0	3,781,000
Total Principal of Nonelectoral Debt	\$27,936,000	- -		\$2,259,945	\$25,676,055
LEASE RENTAL DEBT					
Guaranteed Revenue Bonds, Series of 2024 ⁽²⁾	\$596,721				
Guaranteed Revenue Bonds, Series of 2017 ⁽²⁾	173,090				
Total Principal of Lease Rental Debt	769,811	=			
TOTAL DIRECT DEBT	\$28,705,811	•			
OVERLAPPING DEBT					
Component Municipalities Debt	\$2,525,286				
Clearfield County ⁽³⁾	0				
Clinton County(4)	1,174,173				
Total Principal of Overlapping Debt	\$3,699,459	= =			
TOTAL DIRECT AND OVERLAPPING DEBT	\$32,405,270				
DEBT RATIOS OF DIRECT DEBT					
Market Valuation of Real Estate	8.60%				
Assessed Valuation of Real Estate	54.70%				
Per Capita (2020 Population)	\$4,297				
DEBT RATIOS OF DIRECT DEBT AND OVERI	LAPPING DEBT				
Market Valuation of Real Estate	9.71%				
Assessed Valuation of Real Estate	61.75%				
Per Capita (2020 Population)	\$7,542				
FINANCIAL FACTORS OF THE SCHOOL DIST					
	\$333,615,477				
Assessed Value	\$52,476,194 7,542				
ropulation (2020)	7,542				

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

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

FUTURE FINANCING

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

⁽²⁾Lease rental debt approved by DCED that constitutes the School District's guaranty of a portion of the Clearfield County Industrial Development Authority's Guaranteed School Revenue Bonds, on behalf of the Clearfield County Career and Technology Center and applied by the Career Center toward the advance refunding, defeasance and redemption of certain prior outstanding Career Center debt, portions of which prior debt the School District had guaranteed.

⁽³⁾School District's pro rata 0.0% share of the County's \$0 principal amount outstanding.

⁽⁴⁾ School District's pro rata 2.71% share of the County's \$43,366,994 principal amount outstanding.

BORROWING CAPACITY (Under Local Government Unit Debt Act)

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

	2021-22	<u>2022-23</u>	Estimated 2023-24
Total General Fund Revenues	\$20,574,553	\$21,121,463	\$20,862,747
Less: Required Deductions			
a. Rental and Sinking Fund Reimbursement	268,804	269,021	269,000
b. Revenues for Self-Liquidating Debt	0	0	0
c. Interest Earned on Sinking Funds	0	0	0
d. Grant and Gifts for Capital Projects	0	0	0
e. Sale of Equipment and Non-Recurring Items (i.e., insurance recoveries)	0	0	0
Total Deductions	268,804	269,021	269,000
Total Net General Fund Revenues	\$20,305,749	\$20,852,442	\$20,593,747
Total Net Revenues for Three Years		\$61,751,938	
Borrowing Base - Average Net Revenues for Three-Year Period		\$20,583,979	
Computation of Borrowing Capacity			
Debt Limitation - 225% of Borrowing Base		\$46,313,954	
Less: Net Non-Electoral and Lease Rental Debt		\$28,705,811	
		\$17,608,143	
Current Non-Electoral and Lease Rental Borrowing Capacity			

LABOR RELATIONS

Employees and Labor Contracts

The West Branch Education Association, an affiliation of Pennsylvania State Education Association (PSEA), represents the professional staff of the School District. This group represents 77 employees, including teachers, librarians, counselors and nurses. The School District entered into a contract, effective July 1, 2020 through June 30, 2025.

The West Branch Education Support Professionals Association (the Association) represents the support staff of the School District. The Association represents 53 employees. This group includes custodians, secretaries, paraeducators and cafeteria personnel. The current contract runs from July 1, 2024 until June 30, 2029. The contract provides average annual hourly increases of 3%, longevity payments, health insurance for employee and family, personal days, bereavement, emergency, vacation, life insurance and sick leave.

The remaining administrative and noninstructional personnel of the School District are represented under Act 93 Compensation plan for principals, supervisor of special education, supervisor of buildings and grounds, and information technology coordinator. The secretary to the superintendent, pupil services coordinators, bookkeeper/payroll coordinator, and the network administrator have a separate Act 93 Non-Supervisor compensation plan. The School District and the Act 93 employees have reached an agreement on a new labor contract with a term of July 1, 2023 to June 30, 2026.

Source: Audit

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees who render at least 500 hours of service in the school year can participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002, range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the

pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. For the fiscal year ended June 30, 2022, the PSERS Board certified employer rate, to be paid by the School District, is 33.99%. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

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

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

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

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period. Both the School District and the Commonwealth are responsible for paying a portion of the employer's share. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for no less than one-half of the employer contributions made. The School District contributions are remitted quarterly and employee contributions are deducted and remitted with each bi-weekly pay to Voya and monthly to PSER's. Recent School District payments, net of reimbursement, have been as follows:

Fiscal Year		<u>Amount</u>
2019-20		\$2,334,038
2020-21		2,388,523
2021-22		2,450,612
2022-23		2,542,982
2023-24	(Budgeted)	2,639,655

On June 30, 2023, the School District reported a liability of \$22,007,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. This method was changed beginning with the System's fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year report covered payroll. On June 30, 2023 (measurement date), the School District's proportion was 0.0495%, which was an increase of 0.0014% from its proportion measured as of June 30, 2022.

As of June 30, 2023, the PSERS plan was 61.6% funded, with an unfunded actuarial accrued liability of approximately \$44.0 billion. PSERS' rate of return for fiscal year ended June 30, 2023, was 3.54%. The Fund had plan net assets of \$72.8 billion on June 30, 2023. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Official Statement.

Source: School District Audit and PSERS

Other Post-Employment Benefits ("OPEB")

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

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

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

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



APPENDIX B LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION



DEMOGRAPHIC AND STATISTICAL INFORMATION

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

Population

	<u>2010</u>	<u>2020</u>
School District	7,865	7,542
Clearfield County	81,642	80,562
Clinton County	39,238 12,702,379	37,450 13,002,700

Source: U.S. Bureau of Census.

Age Composition (2020)

	Percent <u>Under 18</u>	Percent 65 <u>and Over</u>
Clearfield County	20.3%	18.1%
Clinton County	22.5	19.2
Pennsylvania	20.8	17.8

Source: U.S. Bureau of Census.

Per Capita Income (2020-5 Year Estimates)

	<u>2010</u>	<u>2020</u>
School District	\$19,880	\$27,873
Clearfield County	15,521	25,043
Clinton County	19,261	26,656
Pennsylvania	27,049	35,518

Source: U.S. Bureau of Census.

Educational Institutions

The School District is located within 25 miles of the following higher education facilities: Pennsylvania State University, University Park Campus, State College, Lock Haven University with branch campuses located in Clearfield and Dubois, Dubois Business College, Dubois Penn State Campus and Triangle Tech., as well as South Hills Business College.

Transportation

Interstate 80 and Route 322 are the principal arteries dissecting Clearfield County. Local and long distance bus service is handled by ATA, Trailways Bus Lines, Long Motor Buses and Fullington Auto Bus Company.

Medical Facilities

The School District and County are served by Centre Community Hospital, Dubois Regional Medical Center, Clearfield Hospital and Tyrone Hospital.

Utility Services

Electricity is provided to the residents of the School District by PENELECT and UNILEC. The Penn-American Water Company provides water to the residents. Phone service is provided by Verizon and Verizon Wireless. Public sewer is provided by The Municipal Authority of the Township of Morris.

ECONOMIC INFORMATION

Ten Largest Employers in Clearfield and Clinton Counties 4^{th} Quarter, 2023

Clearfield County

Dubois Regional Medical Center Wal-Mart Associates Inc. State Government DuBois Area School District Cen-Clear Child Services Inc. Clearfield Area School District Penn Highlands Healthcare Christ the King Manor CI Moshannon Valley County National Bank **Clinton County**

First Quality Products Inc.
First Quality Tissue LLC
Keystone Central School District
PA State System of Higher Education
Wal-Mart Associates Inc.
Truck-Lite Co LLC
NexTier
Clinton County Commissioners

Clinton County Commissione State Government

Nutek Disposables Inc.

Source: Pennsylvania Department of Labor & Industry - Center for Workforce Information and Analysis.

DUBOIS MICROPOLITAN STATISTICAL AREA

(Clearfield County)

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

						SEASON	ALLY ADJUSTE	D
TIMEPERIOD	CIVILIAN	EMPLOY-	UNEMPLOY-	RATE	LABOR	EMPLOY-	UNEMPLOY-	RATE
	LABOR FORCE	MENT	MENT	(%)	FORCE	MENT	MENT	(%)
April 2024	35,600	34,500	1,200	3.2	35,900	34,600	1,300	3.5
March	35,800	34,400	1,400	3.9	35,800	34,600	1,200	3.4
February	35,700	34,100	1,600	4.5	35,600	34,300	1,300	3.5
April 2023	35,200	34,000	1,200	3.4	35,400	34,100	1,300	3.7

LOCK HAVEN MICROPOLITAN STATISTICAL AREA

(Clinton County)

TOTAL CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND UNEMPLOYMENT RATE BY PLACE OF RESIDENCE1

	CIVILIAN				SE	ASONALLY A	ADJUSTED4	
TIME PERIOD	LABOR FORCE	EMPLOY- MENT	UNEMPLOY- MENT	RATE (%)	LABOR FORCE	EMPLOY- MENT2	UNEMPLOY -	RATE (%)
							MENT	
April 2024	17,600	17,000	600	3.2	17,700	17,000	700	3.7
March	17,600	16,800	800	4.3	17,600	16,900	700	3.8
February	17,500	16,700	900	4.9	17,600	16,900	700	4.0
April 2023	17,300	16,700	600	3.3	17,400	16,700	700	3.9
^		•						

DUBOIS MICROPOLITAN STATISTICAL AREA

(Clearfield County)

April 2024 NONFARM JOBS - NOT SEASONALLY ADJUSTED

		Industr	Net Change From: Mar 2024 Apr 2023			
ESTABLISHMENT DATA	Apr 2	024 Mar 20				
Total Nonfarm	30,900	30,600	30,400	30,800	300	100
Total Private	26,200	26,000	25,800	26,300	200	-100
Goods-Producing	3,800	3,800	3,700	3,800	0	0
Mining, Logging, and Construction	1,100	1,100	1,000	1,100	0	0
Manufacturing	2,700	2,700	2,700	2,700	0	0
Service-Providing	27,100	26,800	26,700	27,000	300	100
Trade, Transportation, and Utilities	8,000	8,000	7,900	8,100	0	-100
Transportation, Warehousing & Utilities	2,900	3,000	3,000	3,000	-100	-100
Trade	5,100	5,000	4,900	5,100	100	0
Wholesale trade Retail	700	600	600	700	100	0
Trade	4,400	4,400	4,300	4,400	0	0
Financial Activities	1,000	1,000	1,000	1,000	0	0
Professional and Business Services	2,600	2,500	2,500	2,500	100	100
Education and Health Services Leisure	6,500	6,500	6,500	6,400	0	100
and Hospitality	2,300	2,200	2,200	2,400	100	-100
Other Services	1,800	1,800	1,800	1,900	0	-100
Government	4,700	4,600	4,600	4,500	100	200
Local Government	2,600	2,500	2,500	2,500	100	100
Data benchmarked to March 2023		***Da	ata changes of 1	00 may be due to	rounding**	k

Source: Pennsylvania Department of Labor & Industry.

LOCK HAVEN MICROPOLITAN STATISTICAL AREA

(Clinton County)

April 2024 NONFARM JOBS - NOT SEASONALLY ADJUSTED

		Industr	Net Change From:			
ESTABLISHMENT DATA	Apr 2	024 Mar 2	Mar 20	Mar 2024 Apr 2023		
Total Nonfarm	13,200	13,200 13,100 13,000 13,100				100
Total Private	10,900	10,800	10,700	10,800	100	100
Goods-Producing	3,800	3,700	3,700	3,900	100	-100
Manufacturing	2,800	2,800	2,800	2,800	0	0
Service-Providing	9,400	9,400	9,300	9,200	0	200
Trade, Transportation, and Utilities	2,700	2,700	2,700	2,600	0	100
Trade	2,200	2,200	2,200	2,100	0	100
Education and Health Services Leisure	1,700	1,700	1,700	1,600	0	100
and Hospitality Government	1,200	1,200	1,200	1,200	0	0
Local Government	2,300	2,300	2,300	2,300	0	0
	1,300	1,300	1,300	1,300	0	0
Data benchmarked to March 2023		***Da	nta changes of 1	100 may be due to	rounding**	*

Source: Pennsylvania Department of Labor & Industry.

APPENDIX C FORM OF OPINION OF BOND COUNSEL



Eckert Seamans Cherin & Mellott, LLC 213 Market Street 8th Floor Harrisburg, PA 17101 TEL 717 237 6000 FAX 717 237 6019 www.eckertseamans.com

, 2024
Re: \$ aggregate principal amount West Branch Area School District, Clearfield and Clinton Counties, Pennsylvania General Obligation Bonds, Series of 2024

To the Purchasers of the Within-Described Bonds:

We have served as bond counsel to West Branch Area School District, in Clearfield and Clinton Counties, Pennsylvania (the "Issuer"), in connection with the issuance of its \$_____ aggregate principal amount General Obligation Bonds, Series of 2024 (the "Bonds"). The Bonds are issued pursuant to, and are secured by, the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Act"), and a Resolution (the "Resolution") adopted on June 24, 2024, by the Board of School Directors of the Issuer (the "Board"). The Resolution states that the proceeds of the Bonds will fund the design and construction of additions and renovations to the West Branch Elementary School, and other capital projects of the Issuer, as described in the Resolution, and pay the costs of issuing the Bonds.

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

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



To the Purchasers of the
Within-Described Bonds
, 2024
Page 2

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

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

- 1. The Issuer is authorized under the provisions of the Constitution and the laws of the Commonwealth to issue the Bonds for the purposes therein set forth; the Issuer has properly authorized the issuance thereof; and the Department has duly approved such issuance.
- 2. The Issuer has established, in accordance with the Act, a sinking fund for the Bonds (the "Sinking Fund") with the financial institution named in the Resolution, as paying agent, registrar and sinking fund depository (the "Paying Agent"), and has covenanted in the Resolution to deposit in the Sinking Fund amounts sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable and to apply the amounts so deposited to the payment of such principal and interest.
- 3. The Issuer has effectively covenanted: (i) to include the amount of debt service on the Bonds in each fiscal year of the Issuer in which such sums are due and payable in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from the Sinking Fund or any other of its general revenues or funds, the principal or redemption price of and interest on the Bonds on the dates and in the place and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the Issuer has pledged, with respect to the Bonds, its full faith, credit and taxing power, within the limits established by law.
- 4. The Bonds have been duly authorized, executed, authenticated, issued and delivered, and are the legal, valid and binding general obligations of the Issuer, payable from the general revenues of the Issuer from whatever source derived, within the limits established by law, and are enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.
- 5. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth taxes and local taxes within the Commonwealth.
- 6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Issuer with the requirements of the Code.



To the Purchasers of the	;
Within-Described Bonds	,
, 2024	
Page 3	,

Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

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

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

APPENDIX D FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

Re: WEST BRANCH AR	REA SCHOOL DISTRICT,
Clearfield and Clinton	Counties, Pennsylvania
\$ General Oblig	gation Bonds, Series of 2024
Dated	, 2024
	, 2024
This Continuing Disclosure Certificate	(the "Disclosure Certificate") is executed and

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by West Branch Area School District, Clearfield and Clinton Counties, Pennsylvania (the "Obligated Person"), in connection with the issuance of its General Obligation Bonds, Series of 2024 (the "Bonds"), dated ______, 2024. The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the Obligated Person on June 24, 2024 (the "Resolution"). The Obligated Person makes the following certifications and representations as an inducement to the Participating Underwriters and others to purchase the Bonds:

SECTION 1. <u>Purpose of the Disclosure Certificate</u>. This Disclosure Certificate is being executed and delivered by the Obligated Person for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report filed by the Obligated Person pursuant to, and as described in, Section 3 of this Disclosure Certificate.

"Bondholder" shall mean any registered owner of the Bonds or any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding through any nominee, securities depository or other intermediary) or (ii) is treated as the holder of any Bonds for federal income tax purposes.

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

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System at http://emma.msrb.org.

"Financial Obligation" shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of either (i) or (ii) above. The term Financial Obligation shall not include municipal securities

as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date of this Disclosure Certificate, the rules of the MSRB require all filings described herein shall be made using EMMA.

"Official Statement" shall mean the final official statement relating to the Bonds prepared by or on behalf of the Obligated Person and distributed in connection with the offering and sale of the Bonds by the Participating Underwriters.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

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

"SEC" shall mean the United States Securities and Exchange Commission.

SECTION 3. <u>Filing of Annual Reports</u>. The Obligated Person shall file annually with the MSRB, on or before **April 1, 2025**, and on or before **April 1** of each year thereafter, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Obligated Person for the most recent completed fiscal year are not available to be included in the Annual Report when filed, such audited financial statements may be filed separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements of the Obligated Person for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed with the MSRB as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the Obligated Person reasonably expects the audited financial statements to become available and to be filed with the MSRB.

SECTION 4. <u>Content of Annual Reports</u>. The Obligated Person's Annual Report shall contain or incorporate by reference the following financial information and operating data with respect to the Obligated Person:

- 1. financial statements for the most recent, completed fiscal year, prepared in accordance with generally accepted accounting principles for Pennsylvania school districts, and audited in accordance with generally accepted auditing standards;
- 2. a copy of (or summary of) the budget for the current fiscal year;
- 3. the total assessed value of all taxable real estate for the then current fiscal year;
- 4. the taxes and millage rates imposed for the then current fiscal year;
- 5. the real property tax collection results for the most recent fiscal year, including (a) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (b) the dollar amount of real estate taxes collected that represented current collections, (c) the dollar amount of delinquent real estate taxes collected that represent taxes levied in prior years, and (d) the total dollar amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount); and
- 6. owners of the top 10 parcels of real estate taxed by the Obligated Person and, for each, its total assessed value in the current fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Obligated Person or related public entities, which have been made available to the public on the MSRB's internet website or filed with the SEC. The Obligated Person shall clearly identify each other document so incorporated by reference.

The Obligated Person 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 Obligated Person or its operations or financial reporting, but the Obligated Person will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 5. <u>Notices of Late Filing of Annual Information</u>. If the Obligated Person has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3 above, the Obligated Person will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the Obligated Person expects to file the Annual Report.

SECTION 6. <u>Reporting of Listed Events</u>. In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the Obligated Person will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

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

- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Obligated Person:
- (13) the consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(*Note*: The events listed above are those specified in the Rule, not all of which may be relevant to the Bonds.)

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

SECTION 7. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB.

As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using EMMA.

SECTION 8. <u>Dissemination Agent</u>. The Obligated Person may, at any time and from time to time, appoint or engage another person (the "Dissemination Agent") to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor and without notice to Bondholders.

SECTION 9. <u>Termination of Disclosure Obligation</u>. The Obligated Person's obligations under this Disclosure Certificate shall terminate upon the prior redemption, defeasance or payment in full of all of the Bonds or if and when the Obligated Person no longer remains an "obligated person" with respect to the Bonds, within the meaning of the Rule.

SECTION 10. <u>Default</u>. In the event of a failure of the Obligated Person to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Obligated Person to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Obligated Person to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. <u>Beneficiaries</u>. This Disclosure Certificate shall inure solely to the benefit of the Obligated Person, the Participating Underwriters and Bondholders, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, The Obligated Person causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors all as of the date set forth above.

WEST BRANCH AREA SCHOOL DISTRICT, Clearfield and Clinton Counties, Pennsylvania
D.
President of the Board of School Directors

APPENDIX E AUDITED FINANCIAL STATEMENTS



Financial Statements and Supplementary Information

June 30, 2023

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Independent Auditors' Report

To the Board of Directors of West Branch Area School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activity, the major fund and the aggregate remaining fund information of West Branch Area School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, the major fund and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the General Fund budgetary comparison 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of 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, as listed in the table of contents, 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

The General Fund - schedule of revenues, expenditures and change in fund balance (pages 61-62) and the combining nonmajor governmental funds financial statements (pages 63-64) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not expresses an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

State College, Pennsylvania

Baker Tilly US, LLP

January 29, 2024



Leslie Stott

Business Manager 516 Allport Cutoff Morrisdale PA, 16858

ph: 814.345.5615 x4850 fx: 814.345.5220

www.westbranch.org

Mark Mitchell, Superintendent

Management Discussion and Analysis (Unaudited)

June 30, 2023

The discussion and analysis of the financial performance of West Branch Area School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion is to review the financial statements and accompanying notes to the financial statements to enhance the reader's understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Total net position (deficit) of the District at the close of the most recent fiscal year was \$(4,837,574). The capital projects fund restricted fund balance in the amount of \$108,631 remains from the costs of short-term improvements to the District's facilities.

The District's total net position improved by \$2,546,991. Net position of governmental activities improved by \$2,545,570 while net position of the business-type activity improved by \$1,421.

As of the close of the fiscal year, the District's governmental funds reported a combined ending fund balance of \$10,062,285, an improvement of \$1,324,268 from the prior year. \$1,680,944 of this amount is available for spending at the District's discretion (General Fund Unassigned Fund Balance) while \$108,631 of this amount must be used for capital projects in accordance with Section 1432 of the Municipal Code. The District has also restricted \$32,098 for student activities and scholarships. The District has committed \$8,049,800 of the General Fund Balance for future costs of contributions to the Public School Employees' Retirement System (PSERS) and for future capital projects. The District has assigned \$58,231 for athletics and band uniforms. The District also has \$132,581 of restricted funds related to a special education compensatory fund, and for future dental insurance costs.

At the end of the fiscal year, the unassigned fund balance for the General Fund was \$1,680,944, or 8% of the 2023-2024 total budgeted General Fund expenditures.

Overview of the Financial Statements

This annual report consists of three parts: management discussion and analysis (this section), the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are government-wide financial statements, the statement of net position (deficit) and the statement of activities. These provide both long-term and short-term information about the District's overall financial status.

Management's Discussion and Analysis (Unaudited) June 30, 2023

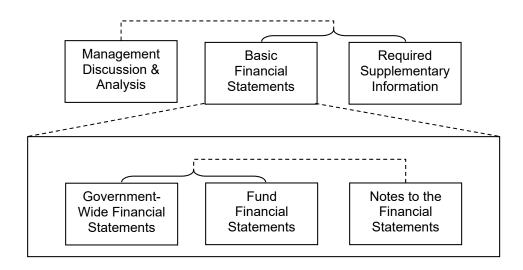
The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide financial statements. The governmental fund statements tell how general District services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities the District operates similar to business in the private sector, which for the District is the Food Service Fund.

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

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

Figure A-1

Required Components of the District's Financial Report



Management's Discussion and Analysis (Unaudited) June 30, 2023

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

Figure A-2
Major Features of the District's
Government-Wide and Fund Financial Statements

		Fund Statements	
	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as education, administration and student activities	The activities the District operates similar to private business - Food Services
Required Financial Statements	Statement of Net Position (Deficit), Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances	Balance Sheet, Statement of Revenues, Expenses and Change in Net Position, Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets, capital assets, deferred outflows of resources, liabilities, deferred inflows of resources, capital leases, and short & long-term notes	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long term debt included	All assets, capital assets, liabilities, capital leases, and short & long-term notes
Type of Inflow - Outflow Information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenue for which cash is received during or after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year; regardless of when cash is received or paid

Management's Discussion and Analysis (Unaudited) June 30, 2023

Government-Wide Statements

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

The two government-wide statements report the District's net position (deficit) and how it has changed. Net position (deficit), the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position (deficit) are indications of whether its financial health is improving or deteriorating, respectively.

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

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

<u>Governmental Activities</u> - All of the District's basic services are included here, such as instruction, administration and student activities. Property taxes and state and federal subsidies as well as grants finance most of these activities.

<u>Business-Type Activities</u> - The District operates a food service program and charges fees to staff, students and visitors to help cover the costs of operation.

Fund Financial Statements

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

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

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

Management's Discussion and Analysis (Unaudited) June 30, 2023

Government-Wide Financial Analysis

The District's Total Net Position (Deficit) was *negative* (\$4,837,574) at June 30, 2023 as compared to *negative* (\$7,384,565) at June 30, 2022. Table A-1 provides a condensed comparison of the years.

The District does not operate its own pension plan, but is a mandatory participant in the Public School Employees' Retirement System (PSERS). Each year PSERS calculates its own Net Pension Liability and assigns a portion of this Net Pension Liability to the participating employers.

Of the District's (\$4,837,574) in net position (deficit), \$9,062,144 is invested in capital assets (buildings, land, land improvements and equipment, net of related debt). The remaining net position (deficit) is a combination of restricted and unrestricted amounts. The District has the following balances as of June 30, 2023: \$299,414 is restricted for the Capital Projects, Dental Care and Compensatory Fund. The remaining negative (\$14,199,132) is unrestricted.

Table A-1Net Position (Deficit) (Government-Wide)
Fiscal Year Ended June 30

	2023				2022														
	Governmental Activities		iness-Type Activity		Total		Total		Total		Total		Total		overnmental Activities	Business-Type Activity			Total
Assets Current and other assets	\$ 13,140,421	\$	417,217	\$	13,557,638	\$	12,131,776	\$	395,300	\$	12,527,076								
Noncurrent assets	13,828,238		148,915	_	13,977,153	_	14,457,297	_	172,601	_	14,629,898								
Total assets	26,968,659		566,132		27,534,791		26,589,073		567,901		27,156,974								
Deferred Outflows	3,996,541		17,258	_	4,013,799	_	4,520,116		20,294	_	4,540,410								
Total assets and deferred outflows	\$ 30,965,200	\$	583,390	\$	31,548,590	\$	31,109,189	\$	588,195	\$	31,697,384								
Liabilities Current liabilities Long-term liabilities:	\$ 2,611,655	\$	45,703	\$	2,657,358	\$	2,806,729	\$	48,373	\$	2,855,102								
Due within one year Due after one year	1,011,222 29,898,626		103,455		1,011,222 30,002,081		1,094,090 31,056,151		98,785		1,094,090 31,154,936								
Total liabilities	33,521,503		149,158		33,670,661		34,956,970		147,158		35,104,128								
Deferred Inflows	2,707,125		8,378		2,715,503	_	3,961,217		16,604		3,977,821								
Net Position (Deficit) Net investment in capital																			
assets Restricted	8,913,229 273,310		148,915 26.104		9,062,144 299.414		8,548,148 256.190		172,601		8,720,749 256.190								
Unrestricted (deficit)	(14,449,967)		250,835		(14,199,132)		(16,613,336)		251,832		(16,361,504)								
Total net position (deficit)	(5,263,428)		425,854		(4,837,574)		(7,808,998)		424,433		(7,384,565)								
Total liabilities, deferred inflows and net position (deficit)	\$ 30,965,200	\$	583,390	\$	31,548,590	\$	31,109,189	\$	588,195	\$	31,697,384								
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Management's Discussion and Analysis (Unaudited) June 30, 2023

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

Table A-2 takes the information from the statement of activities and rearranges it slightly so you can see the total revenues for the year.

Table A-2
Statement of Activities (Government-Wide)
Fiscal Year Ended June 30

		2023				2022											
	Governmental Activities		ness-Type activity	Total		Total		Total		Total		Governmental Activities		Business-Type Activity		Total	
Revenues																	
Program revenues:																	
Charges for services Operating grants and	\$ 31,158	\$	180,367	\$	211,525	\$	29,610	\$	111,836	\$	141,446						
contributions General revenues:	7,434,769		549,224		7,983,993		7,501,848		788,231		8,290,079						
General taxes Grants, subsidies and contributions,	5,246,430		-		5,246,430		5,195,716		-		5,195,716						
unrestricted	8,027,982		_		8.027.982		7,749,874		_		7.749.874						
Other	300,906		5,583		306,489		131,444		45		131,489						
Total revenues	21,041,245		735,174		21,776,419		20,608,492		900,112		21,508,604						
Expenses																	
Instruction Instructional student	10,956,789		-		10,956,789		11,228,596		-		11,228,596						
support	1,571,169		-		1,571,169		1,471,204		-		1,471,204						
Administration and																	
financial support Operation and	1,467,046		-		1,467,046		1,454,330		-		1,454,330						
maintenance of plant	2,642,666		_		2,642,666		2,738,206		-		2,738,206						
Pupil transportation	1,189,585		-		1,189,585		1,027,495		_		1,027,495						
Student activities	600,786		-		600,786		536,515		-		536,515						
Interest of long-term debt	67,634		-		67,634		84,998		-		84,998						
Food services			733,753		733,753				694,310		694,310						
Total expenses	18,495,675		733,753		19,229,428		18,541,344		694,310		19,235,654						
Increase (decrease)																	
in net position	\$ 2,545,570	\$	1,421	\$	2,546,991	\$	2,067,148	\$	205,802	\$	2,272,950						

Operating grants decreased in the current year \$306,086 compared to the prior year. This was due to the various stimulus packages enacted by the federal government coming to completion. Other revenue increased in the current year by \$175,000 compared to the prior year. This was due to the banks interest rates increasing due to the market prime rate increasing which led to better returns for the District.

All expense categories remained comparable to the prior year as there were no major changes in operations at the District or any large construction projects occurring.

Management's Discussion and Analysis (Unaudited) June 30, 2023

Tables A-3 and **A-4** below present the expenses of both the Governmental Activities and the Business-Type Activity of the District.

Table A-3 shows the District's seven largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities and interest of long-term debt as well as each program's net cost (total cost less revenues generated by the activities). This table shows the net costs offset by other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3Governmental Activities
Fiscal Year Ended June 30

	2023					2022				
	Total Cost of Services		Net Cost of Services		Total Cost of Services			Net Cost f Services		
Functions/Programs										
Instruction	\$	10,956,789	\$	5,027,130	\$	11,228,596	\$	4,818,909		
Instruction student support		1,571,169		1,557,011		1,471,204		1,460,400		
Administration and financial										
support		1,467,046		1,467,046		1,454,330		1,454,330		
Operation and maintenance										
of plant		2,642,666		2,642,666		2,738,206		2,738,206		
Pupil transportation		1,189,585		368,423		1,027,495		280,264		
Student activities		600,786		168,859		536,515		441,583		
Interest of long-term debt		67,634		(201,387)		84,998		(183,806)		
Total governmental										
activities	\$	18,495,675		11,029,748	\$	18,541,344		11,009,886		
Less unrestricted grants and subsidies				(8,027,982)				(7 740 874)		
Subsidies				(0,027,902)				(7,749,874)		
Total			\$	3,001,766			\$	3,260,012		

Table A-4 reflects the activities of the Food Service program, the only Business-Type Activity of the District.

Table A-4Business-Type Activity
Fiscal Year Ended June 30

	20		2022				
	otal Cost Services	Net Cost of Services			otal Cost Services	Net Cost of Services	
Functions/Programs Food services Investment earnings	\$ 733,753	\$	4,162 (5,583)	\$	694,310	\$	(205,757) (45)
Total		\$	(1,421)			\$	(205,802)

The statement of revenues, expenses and change in net position for this proprietary fund will further detail the actual results of operations.

Management's Discussion and Analysis (Unaudited) June 30, 2023

Financial Analysis of the Government Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the year, the District's governmental funds reported combined ending fund balances of \$10,062,285 which is an increase of \$1,324,268 (15.2%) from the prior year.

The General Fund is the chief operating fund of the District. At the end of the fiscal year, the unassigned fund balance of the General Fund was \$1,680,944. As a measure of the General Fund's liquidity, it may be useful to compare the General Fund's unassigned fund balance to total budgeted expenditures of the next fiscal year. The unassigned fund balance represents 8% of the 2023-2024 budgeted expenditures, which is in line with the Government Finance Officers Association recommended range. During the fiscal year, the District's General Fund total fund balances increased by \$1,239,905. Key factors that contributed to this increase were as follows:

Revenues:

Overall, the District received 106% of the budgeted revenues. Local and state revenues were greater than budgeted, while federal revenues were less than budgeted.

Expenditures:

Most expenditures were in line or under budget with respect to the budgetary functions. The major exceptions to this are the following:

Operations and maintenance of plant services was \$191,859 more than budgeted.

Student transportation services was \$127,499 more than budgeted.

Central was \$89,488 more than budgeted.

Student activities was \$147,396 more than budgeted.

Overall, the District expended 97% of the budgeted expenditures.

Significant budget variances are addressed at Table A-5 and the narrative that follows.

The District also operated a Capital Projects Fund which is authorized under Section 1432 of the Municipal Code. Expenditures from this fund are limited to: capital improvements, replacement of and additions to public works and improvements, for deferred maintenance thereof, and for the purchase or the replacement of school buses, and for no other purpose.

The District's Capital Projects total fund balance was \$108,631 at June 30, 2023. It increased by \$91,474 over the prior year. The District will allocate the majority of these funds for a new project within the guidelines of Section 1432 in the near future.

Management's Discussion and Analysis (Unaudited) June 30, 2023

General Fund Budget

During the fiscal year, the District Board of Directors (the Board) may authorize revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed after the Annual Financial Report (AFR) is substantially completed, which is after the end of the fiscal year, as permitted by state law. A schedule showing the District's original and final budget amounts compared with the amounts actually paid and received is provided on page 22 of the financial statements. There were no revisions to the original budget in the current fiscal year.

The District applies for federal, state and local grants and these grants cannot always be anticipated during the budget process. If additional grants are received during the year, these grants are added to the revenue and expenditure budgets.

The Budgetary Reserve is used for opportunities or expenditures for improvements and enhancements to District operations that were unforeseen at the time the budget was adopted. The budget called for the use of \$566,777 from the budgetary reserve for the 2022-2023 school year. The 2022-2023 actual results added \$1,291,905 to the budgetary reserve before transfers.

Significant Budget Variances

Table A-5 reflects the Budget Variances for both Revenues and Expenditures. In an effort to reduce the need for an increased local tax effort, revenues are budgeted conservatively, while expenditures are budgeted aggressively. An explanation of the differences is stated below.

Table A-5
General Fund
Actual to Budget Variances
Fiscal Year Ended June 30, 2023

			Actual Amount			Actual as % of Budget		
Revenues								
6000 Local sources	\$	5,716,575	\$	6,340,410	\$	623,835	110.91 %	D
7000 State sources		12,287,001		13,197,886		910,885	107.41	
8000 Federal sources		1,929,604		1,583,167		(346,437)	82.05	
Total revenues and								
sources		19,933,180		21,121,463		1,188,283	105.96	
Expenditures								
1000 Instruction		12,603,128		11,663,204		939,924	92.54	
2000 Support services		6,275,814		6,420,575		(144,761)	102.31	
3000 Noninstructional		415,070		562,466		(147,396)	135.51	
4000 Facilities		-		29,367		(29,367)	(100.00)	
5000 Debt Service		1,153,945		1,153,946		(1)	100.00	
Total expenditures and								
uses		20,447,957		19,829,558		618,399	96.98	
(Deficiency) excess of revenues (under)								
over expenditures	\$	(514,777)	\$	1,291,905	\$	1,806,682		

Management's Discussion and Analysis (Unaudited) June 30, 2023

Revenues

Local Revenues:

Earned income tax revenue was up 12%, or \$84,589, from budget. Revenues from interest income earned on bank accounts at the District were up \$232,522 more than budgeted. This was due to the District not being able to predict the interest rates that would be available during the fiscal year.

State Revenues:

The state provides reimbursements and grants for several different programs and services that the District provides to students. Each reimbursement or grant is budgeted prior to the final state budget being approved. Due to this timing concern, state revenues, similar to local revenues, are budgeted conservatively. The basic education subsidy and retirement subsidy were over budget by approximately \$400,000. The District also received Level Up funding from the state for the first time in the amount of \$241,000 approximately which was not budgeted. Both the special education subsidy and pupil transportation subsidy were also under budget by approximately \$100,000 each.

Federal Revenues:

The District over budgeted for ESSER funding by approximately \$226,000. This was due to some projects not taking place in the current year. The District still has funding available to be spent with ESSER funding in fiscal year 2023-2024.

Expenditures

The majority of the budgeted expenditure figures are estimates. Furthermore, the District has limited or no control over several significantly large expenditures such as, tuition for cyber schools and tuition for approved special education private schools. The 2022-2023 Instructional subtotal of expenditures was \$939,924, or 9.2% under budget. The most significant deviation of actual under budgeted expenditures was experienced in salaries and wages where the District budgeted for ESSER funding to be utilized but was not needed in the current year. This was evident in the Districts regular and vocational programs.

Management's Discussion and Analysis (Unaudited) June 30, 2023

Capital Asset and Debt Administration

Capital Assets:

The District's investment in capital assets for its governmental and business-type activity as of June 30, 2023 is summarized below.

	Governmental Activities			iness-Type Activity	 Total
Land, buildings and improvements Equipment and other capital assets Leased assets	\$	30,035,759 2,864,267 80,616	\$	589,090 -	\$ 30,035,759 3,453,357 80,616
Total		32,980,642		589,090	33,569,732
Accumulated depreciation		(19,152,404)	-	(440,175)	 (19,592,579)
Net	\$	13,828,238	\$	148,915	\$ 13,977,153

Over the past several years, the District has completed several construction projects as well as other improvements to District property. The values of these projects, net of depreciation, are included in the Capital Assets.

Debt Administration:

As of June 30, 2023, the District's long-term liabilities were \$31,013,303. This includes net other postemployment benefit liability of \$3,823,474, compensated absences of \$267,820, general obligation notes payable of \$4,870,950, obligations incurred under leases of \$44,059 and a net pension liability of \$22,007,000.

Detailed information about long-term liabilities is included in the Notes to the Financial Statements.

Economic Factors and Next Year's Budget and Rates

The tax base in Clearfield and Clinton Counties has remained level with only minimal growth in the local tax base. The District has been experiencing a slightly declining student enrollment for many years and this trend is expected to continue based on enrollment projections by the Pennsylvania Department of Education. The District administration will need to continue to monitor the building capacity, participation in various programs and class size when making facility, staffing and program decisions based on district enrollment trends.

The revenue budget for the 2023-2024 year, \$20,862,747, is \$929,567 more than the budget for 2022-2023. This represents a 4.7% increase in budgeted revenues. The increase in budgeted revenue is due to the recognition of the additional funding the District is receiving in state subsidies. The expenditure budget for the 2023-2024 year, \$20,986,917, is \$486,960 more than the budget for 2022-2023, which is an increase of 2.4%. The increase in expenditures is primarily the result of projecting for rising costs along with rising salaries and wages. The 2022-2023 budget requires the use of \$124,170 from the committed fund balance to balance.

Management's Discussion and Analysis (Unaudited) June 30, 2023

Labor Relations

The West Branch Education Association, an affiliation of Pennsylvania State Education Association (PSEA), represents the professional staff of the District. This group represents 77 employees, including teachers, librarians, counselors and nurses. The District entered into a contract, effective July 1, 2020 through June 30, 2025. Health insurance contributions by District employees range from \$73 - \$167 per month for the duration of the contract.

The West Branch Education Support Professionals Association (the Association) represents the support staff of the District. The Association represents 53 employees. This group includes custodians, secretaries, paraeducators and cafeteria personnel. The current contract runs from July 1, 2019 until June 30, 2024. The contract provides average annual hourly increases of 3%, longevity payments, health insurance for employee and family, personal days, bereavement, emergency, vacation, life insurance and sick leave. Health insurance contributions by District employees range from \$35.42 - \$75.00 annually.

The remaining administrative and noninstructional personnel of the District are represented under ACT 93 Compensation plan for principals, supervisor of special education, supervisor of buildings and grounds, and information technology coordinator. The secretary to the superintendent, pupil services coordinators, bookkeeper/payroll coordinator, and the network administrator have a separate Act 93 Non-Supervisor compensation plan. The Act 93 Plans ran from July 1, 2020 until June 30, 2023. The annual average salary increase for administrative personnel range from 0% to 3.5%. These groups contribute to health insurance costs. The Act 93 Groups contributes the same as the professional staff \$73 to \$167 per month. Other benefits are similar to other district employees. It should be noted that the District and the ACT 93 employees have reached an agreement on a new labor contract with a term of July 1, 2023 to June 30, 2026.

Contacting the District Financial Management

The West Branch Area School District financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Leslie Stott, Business Manager for the West Branch Area School District, 516 Allport Cutoff, Morrisdale, Pennsylvania 16858, and (814) 345-5615 x4850.

Statement of Net Position (Deficit) June 30, 2023

	Governmental Activities	Business-Type Activity	Total
Assets and Deferred Outflows of Resources			
Current Assets			
Cash and cash equivalents	\$ 11,140,397	\$ 415,819	\$ 11,556,216
Taxes receivable, net	642,437	-	642,437
Due from other governments Internal balances	1,254,349 9,888	(9,888)	1,254,349
Other receivables	93,350	(0,000)	93,350
Inventories		11,286	11,286
Total current assets	13,140,421	417,217	13,557,638
Noncurrent Assets			
Land, buildings and improvements	30,035,759	-	30,035,759
Equipment and other capital assets Accumulated depreciation	2,944,883 (19,152,404)	589,090 (440,175)	3,533,973 (19,592,579)
·			
Total noncurrent assets	13,828,238	148,915	13,977,153
Total assets	26,968,659	566,132	27,534,791
Deferred Outflows of Resources			
Other postemployment benefits Pension	633,157 3,363,384	2,660 14,598	635,817 3,377,982
Total deferred outflows of resources			
	3,996,541	17,258	4,013,799
Total assets and deferred outflows of resources	\$ 30,965,200	\$ 583,390	\$ 31,548,590
Liabilities, Deferred Inflows of Resources and Net Position (Deficit)			
Liabilities			
Current liabilities:			
Accounts payable	\$ 301,087 995,000	\$ 19,599	\$ 320,686 995,000
Current portion of notes payable Current portion lease liability	16,222	- -	16,222
Accrued salaries and benefits	2,220,063	-	2,220,063
Unearned revenue	71,103	26,104	97,207
Accrued interest	19,402		19,402
Total current liabilities	3,622,877	45,703	3,668,580
Noncurrent liabilities:			
Notes payable Lease liability	3,875,950 27,837	-	3,875,950
Other postemployment benefits liability	3,818,932	4,542	27,837 3,823,474
Compensated absences	264,010	3,810	267,820
Net pension liability	21,911,897	95,103	22,007,000
Total noncurrent liabilities	29,898,626	103,455	30,002,081
Total liabilities	33,521,503	149,158	33,670,661
Deferred Inflows of Resources			
Other postemployment benefits	1,616,857	3,646	1,620,503
Pension	1,090,268	4,732	1,095,000
Total deferred inflows of resources	2,707,125	8,378	2,715,503
Net Position (Deficit)	0.040.000	110.015	0.000.111
Net investment in capital assets Restricted	8,913,229 273,310	148,915 26,104	9,062,144 299,414
Unrestricted (deficit)	(14,449,967)	250,835	(14,199,132)
Total net position (deficit)	(5,263,428)	425,854	(4,837,574)
Total liabilities, deferred inflows of resources		,	
and net position (deficit)	\$ 30,965,200	\$ 583,390	\$ 31,548,590

Statement of Activities Year Ended June 30, 2023

	Program Revenues					Net (Expense) Revenues and Changes in Net Position (Deficit)						
Functions/Programs	Expenses				Operating Grants and Contributions		Governmental Activities		Business-Type Activity			Total
Instruction Instructional student support Administration and financial support services Operation and maintenance of plant services Pupil transportation Student activities Interest on long-term debt Total governmental activities	\$ (10,956,789) (1,571,169) (1,467,046) (2,642,666) (1,189,585) (600,786) (67,634) (18,495,675)	\$	31,158 31,158	\$	5,929,659 14,158 - 821,162 400,769 269,021 7,434,769	\$	(5,027,130) (1,557,011) (1,467,046) (2,642,666) (368,423) (168,859) 201,387 (11,029,748)			\$	(5,027,130) (1,557,011) (1,467,046) (2,642,666) (368,423) (168,859) 201,387 (11,029,748)	
Business-Type Activity Food service	(733,753)		180,367		549,224			\$	(4,162)		(4,162)	
Total	\$ (19,229,428)	\$	211,525	\$	7,983,993				(4,162)		(11,033,910)	
	General Revenues Property taxes, levied for general purposes, net Earned income tax Grants, subsidies and contributions not restricted Investment earnings Miscellaneous income						4,386,239 860,191 8,027,982 258,777 42,129		- - - 5,583 -		4,386,239 860,191 8,027,982 264,360 42,129	
	Total general revenues						13,575,318		5,583		13,580,901	
	Change in net position (deficit)						2,545,570		1,421		2,546,991	
	Net Position (De	ficit),	Beginning				(7,808,998)		424,433		(7,384,565)	
	Net Position (De	ficit),	Ending			\$	(5,263,428)	\$	425,854	\$	(4,837,574)	

Balance Sheet - Governmental Funds June 30, 2023

	General Fund	onmajor Funds	Total	
Assets				
Current Assets				
Cash and cash equivalents	\$ 10,999,245	\$ 141,152	\$	11,140,397
Taxes receivable, net	642,437	-		642,437
Due from other governments	1,254,349	-		1,254,349
Due from other funds	9,888	-		9,888
Other receivables	 93,350	 		93,350
Total	\$ 12,999,269	\$ 141,152	\$	13,140,421
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable and other accrued liabilities	\$ 300,664	\$ 423	\$	301,087
Accrued salaries and benefits	2,220,063	-		2,220,063
Unearned revenues	 71,103	 <u> </u>		71,103
Total liabilities	 2,591,830	 423		2,592,253
Deferred Inflows of Resources				
Unearned revenues, taxes	 485,883	 		485,883
Fund Balances				
Restricted	132,581	140,729		273,310
Committed	8,049,800	_		8,049,800
Assigned	58,231	-		58,231
Unassigned	 1,680,944			1,680,944
Total fund balances	9,921,556	140,729		10,062,285
Total	\$ 12,999,269	\$ 141,152	\$	13,140,421

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Deficit) June 30, 2023

Total Fund Balance - Governmental Funds	\$ 10,062,285
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are long-term financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$32,980,642 and the accumulated depreciation is \$19,152,404.	13,828,238
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	10,020,200
unearned in the governmental funds.	485,883
Deferred outflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	3,363,384
Deferred inflows related to net pension liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	(1,090,268)
Deferred outflows related to net OPEB liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	633,157
Deferred inflows related to net OPEB liability are not reported in the governmental funds, however are reported in the statement of net position (deficit).	(1,616,857)
Long-term liabilities, including notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:	
Notes payable Lease liability	(4,870,950) (44,059)
Accrued interest on long-term debt Other postemployment benefits liability (OPEB) Compensated absences Net pension liability	(19,402) (3,818,932) (264,010) (21,911,897)

(5,263,428)

Total net deficit - governmental activities

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Year Ended June 30, 2023

	General Fund	Nonmajor Funds	Total
Revenues			
Local sources	\$ 6,340,410	\$ 48,434	\$ 6,388,844
State sources	13,197,886	-	13,197,886
Federal sources	1,583,167		1,583,167
Total revenues	21,121,463	48,434	21,169,897
Expenditures			
Instruction	11,663,204	-	11,663,204
Support services	6,420,575	-	6,420,575
Noninstructional services	562,466	55,391	617,857
Facilities acquisition, construction and			
improvement services	29,367	60,630	89,997
Debt service	1,153,946		1,153,946
Total expenditures	19,829,558	116,021	19,945,579
Excess (deficit) of revenues over			
expenditures before other			
financing (uses) sources	1,291,905	(67,587)	1,224,318
Other Financing (Uses) Sources			
Proceeds from the issuance of long-term debt	-	99,950	99,950
Transfer out	(52,000)	-	(52,000)
Transfer in		52,000	52,000
Total other financing sources, net	(52,000)	151,950	99,950
Net changes in fund balances	1,239,905	84,363	1,324,268
Fund Balances, Beginning	8,681,651	56,366	8,738,017
Fund Balances, Ending	\$ 9,921,556	\$ 140,729	\$ 10,062,285

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2023

Total Net Changes in Fund Balances - Governmental Funds

\$ 1.324.268

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period:

Capital outlays \$ 204,169
Depreciation expense \$ (833,228)

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

(128,650)

(629,059)

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. The transaction, however, does not have an effect on net position. Also, governmental funds report the effect of premiums, discounts and other similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. Reconciling items related to long-term debt activity for the year ended June 30, 2023 are as follows:

Issuance of long-term debt(99,950)Scheduled principal payments on long-term debt1,026,485Scheduled principal payments on lease liabilities15,879Scheduled principal payments on installment contract payable51,726

994,140

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. The net additional interest accrued in the statement of activities over the amount due is shown here.

8,101

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

1,044,606

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

(97,224)

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

29,388

Change in net position (deficit) of governmental activities

\$ 2,545,570

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund Year Ended June 30, 2023

	Budgeted Amount Original and Final	Actual	Variance With Final Budget Favorable (Unfavorable)
Payanua			
Revenues Local sources	\$ 5,716,575	\$ 6,340,410	\$ 623,835
State sources	12,287,001	13,197,886	\$ 623,835 910,885
Federal sources	1,929,604	1,583,167	(346,437)
r cuciai sources	1,020,004	1,000,107	(040,401)
Total revenues	19,933,180	21,121,463	1,188,283
Expenditures Instruction:			
Regular programs	8,081,383	7,612,317	469,066
Special programs	3,133,010	3,052,169	80,841
Vocational education programs	992,178	694,260	297,918
Pre-Kindergarten	273,424	216,508	56,916
Other instructional programs	123,133	87,950	35,183
Total instruction	12,603,128	11,663,204	939,924
Support services:			
Pupil personnel	662,193	617,331	44,862
Instructional staff	960,704	791,490	169,214
Administration	1,178,450	1,120,089	58,361
Pupil health	248,333	253,778	(5,445)
Business	344,615	347,522	(2,907)
Operation and maintenance of plant services	1,819,433	2,011,292	(191,859)
Student transportation services	1,062,086	1,189,585	(127,499)
Central		89,488	(89,488)
Total support services	6,275,814	6,420,575	(144,761)
Noninstructional services,			
Student activities	415,070	562,466	(147,396)
Facilities acquisition, construction and improvement services	-	29,367	(29,367)
Debt service	1,153,945	1,153,946	(1)
Total expenditures	20,447,957	19,829,558	618,399
·	20,441,301	10,020,000	010,000
Excess of revenues (under) over expenditures before other financing uses	(514,777)	1,291,905	1,806,682
Other Financing Uses Transfer out	(52,000)	(52,000)	
Net changes in fund balances	\$ (566,777)	1,239,905	\$ 1,806,682
Fund Balances, Beginning		8,681,651	
Fund Balances, Ending		\$ 9,921,556	

Balance Sheet - Proprietary Fund - Food Service June 30, 2023

Assets and Deferred Outflows of Resources

Assets Current assets:	_	
Cash Inventories	\$	415,819 11,286
Total current assets		427,105
Noncurrent assets: Machinery and equipment Accumulated depreciation		589,090 (440,175)
Total noncurrent assets		148,915
Total assets		576,020
Deferred Outflows of Resources Other postemployment benefits Pension		2,660 14,598
Total deferred outflows of resources		17,258
Total	\$	593,278
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities Current liabilities: Accounts payable Due to other funds Unearned revenue	\$ 	19,599 9,888 26,104
Total current liabilities		55,591
Noncurrent liabilities: Compensated absences Other postemployment benefits Net pension liability		3,810 4,542 95,103
Total noncurrent liabilities		103,455
Total liabilities		159,046
Deferred Inflows of Resources Other postemployment benefits Pension		3,646 4,732
Total deferred inflows of resources		8,378
Net Position Net investment in capital assets Restricted Unrestricted		148,915 26,104 250,835
Total net position		425,854
Total	\$	593,278

Statement of Revenues, Expenses and Change in Net Position - Proprietary Fund - Food Service Year Ended June 30, 2023

Operating Revenues	
Food service revenues	\$ 180,367
Operating Expenses	
Food, milk and supplies	309,544
Other purchased services	260,539
Salaries and employee benefits	112,514
Operation and maintenance	25,901
Depreciation	23,686
Miscellaneous	1,569
Total operating expenses	733,753
Operating loss	(553,386)
Nonoperating Revenues	
State sources	66,489
Federal sources	482,735
Earnings on investments	5,583
Total nonoperating revenues	554,807
Change in net position	1,421
Net Position, Beginning	424,433
Net Position, Ending	\$ 425,854

Statement of Cash Flows - Proprietary Fund - Food Service Year Ended June 30, 2023

Cash Flows From Operating Activities		
Cash received from customers	\$	179,656
Cash paid to employees		(113,034)
Cash paid to vendors		(556,289)
Net cash used in operating activities		(489,667)
Cash Flows Provided by Investing Activities		
Earnings on investments		5,583
Cash Flows From Noncapital Financing Activities		00.700
State sources		66,702
Federal sources		446,447
Net cash provided by noncapital financing activities		513,149
Change in cash		29,065
Cash, Beginning		386,754
Cook Ending	ď	41E 910
Cash, Ending	<u>Ф</u>	415,819
Reconciliation of Operating Loss to Net Cash		
Used in Operating Activities		
Operating loss	\$	(553,386)
Adjustments to reconcile operating loss to net cash		
used in operating activities:		
Depreciation		23,686
Pension changes		236
OPEB changes USDA donated commodities used		369
Changes in assets and liabilities resulting in the		41,669
provisions (use) of cash:		
Inventories		(185)
Accounts payable		(288)
Due to other funds		68
Unearned revenue		(711)
Compensated absences		(1,125)
Net cash used in operating activities	\$	(489,667)
Noncash Operating, Noncapital Financing Activities		
USDA donated commodities	\$	41,669

Notes to Financial Statements June 30, 2023

1. Nature of Operations and Summary of Significant Accounting Policies

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

Nature of Operations

The District provides public education services to residents in portions of Clearfield and Clinton Counties, Pennsylvania. The District operates a combined elementary and secondary school located in Morrisdale, Pennsylvania.

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

Reporting Entity

The reporting entity has been defined in accordance with the criteria established in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation.

As defined above, there are no other related organizations that should be included in the District's financial statements, nor is the District considered to be a component unit of any other government.

Basic Financial Statements, Government-Wide Statements

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

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

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

The net costs (by function or business-type activity) are normally covered by general revenue.

The District does not allocate indirect costs.

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

Notes to Financial Statements June 30, 2023

Basic Financial Statements, Fund Financial Statements

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

The following fund types are used by the District:

Governmental Funds

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

General Fund

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

Capital Projects Fund

The Capital Projects Fund accounts for the 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. The Capital Projects Fund is a nonmajor fund.

School Sponsored Activity and Scholarships Fund

The School Sponsored Activity and Scholarships Fund accounts for the monies authorized by Section 511 of the Public School Code of 1949 for school publications and organizations. The District's activity funds are Special Revenue Funds. The School Sponsored Activity and Scholarships Fund is a nonmajor fund.

Proprietary Fund

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

Food Service Fund

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

Notes to Financial Statements June 30, 2023

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

Accrual

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

Inventories are valued on a first-in, first-out basis.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period (next fiscal year) or, for real estate taxes, within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due. During 2023, the District made no budgetary transfers.

The District reports unearned revenue on its fund financial statements. Unearned revenue arises when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenue may also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Notes to Financial Statements June 30, 2023

Budgets and Budgetary Accounting

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

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

The School Board approves budget transfers between departments within District funds. Budgeted amounts are reported as most recently adopted by the School 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 effect of approved budget amendments. The General Fund budget for the year ended June 30, 2023 was approved by the Board of Directors on June 21, 2022 in the amount of \$20,499,957 with a tax millage of 103.67 mills for Clearfield County and 12.71 mills for Clinton County.

Capital Assets

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

Building and improvements
Equipment and other capital assets

15 - 50 years 5 - 20 years

The District does not have any infrastructure capital assets.

Assets under capital lease were recorded at the lower of the present value of minimum lease payments or fair value of the asset. Amortization of assets under capital lease is included in depreciation.

Jointly Governed Organizations

Clearfield County Career and Technology Center

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

The District is obligated to pay a pro-rata share of the Center's operating expense based on the number of students attending the Center. The District's contribution for the year ended June 30, 2023 was \$594,061.

The District is obligated to pay a pro-rata share of the Center's debt service in the form of semi-annual lease rental payments. The District made debt service payments to the Center totaling \$79,449 during the year ended June 30, 2023.

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

Notes to Financial Statements June 30, 2023

Central Intermediate Unit 10

The District is a participating member of the Central Intermediate Unit 10 (CIU). The CIU is run by a joint committee of members from each of its 17 participating districts. The participating districts annually approve the CIU's annual operating budget. The CIU is a self - sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CIU. The CIU contracts with the participating districts to supply special education services, computer services and acts as a conduit for certain federal programs.

Compensated Absences

The District accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Deferred Outflows/Inflows of Resources

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

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

Pension

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

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

Other Postemployment Benefits (OPEB)

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

Notes to Financial Statements June 30, 2023

Governmental Fund Balances

The District classifies its governmental fund balances as follows:

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

Restricted Net Position/Fund Balances

In governmental funds when an expenditure is incurred that can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balances and then to other, less-restrictive classifications - committed, assigned and then unassigned fund balances.

Use of Estimates

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

New Accounting Principle

The District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. This Statement defines a subscription-based information technology arrangement (SBITA) as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The Statement requires the recognition of a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability. The amortization of the subscription asset is then recognized as an outflow of resources over the subscription term. The adoption of this statement did not affect the District's financial reporting as of and for the fiscal year ended June 30, 2023, as the District was not involved in any material SBITAs during fiscal 2023.

Notes to Financial Statements June 30, 2023

2. Cash and Cash Equivalents

At June 30, 2023, the District's cash and cash equivalents include deposits with local financial institutions, the Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania School District Liquid Asset Fund (PSDLAF).

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

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosures related to the following deposit and investment risks: credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The following is a description of the District's deposit and investment risks.

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District will not recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District does not have a formal deposit policy for custodial credit risk. As of June 30, 2023, the carrying amount of the District's deposits with local financial institutions was \$6,214,473 and the bank balance was \$6,454,749. Of this balance, \$5,704,749 was exposed to custodial credit risk, as these deposits were not covered by depository insurance. Rather, these deposits were collateralized with securities held by the pledging financial institution, but not in the District's name.

Pennsylvania Local Government Investment Trust (PLGIT)

PLGIT contains assets invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each participant owns shares of PLGIT, which invests the pooled assets. Such assets are not considered deposits, and as such are not subject to custodial credit risk. At June 30, 2023, the carrying amount and bank balances of the District's investment in PLGIT were \$99,979. Due to the short-term nature and liquidity of the investments held within the pool, the fair value of the underlying investments approximates amortized cost.

Pennsylvania School District Liquid Asset Fund

The PSDLAF contains assets invested in accordance with Title 24 of the Pennsylvania Statutes Article 4, Section 440.1 (2001). Each participant owns shares of PSDLAF, which invests the pooled assets. Such assets are not considered deposits pursuant to GASB Nos. 3 and 40, and as such are not subject to custodial credit risk. At June 30, 2023, the carrying amount and bank balances of the District's investment in PSDLAF were \$5,241,764. Due to the short-term nature and liquidity of the investments held within the pool, the fair value of the underlying investments approximates amortized cost.

Notes to Financial Statements June 30, 2023

3. Property Taxes

Real estate property taxes attach as an enforceable lien on property on January 1. Taxes are collected at a 2% discount through October 15; face amount due from October 16 through December 15; and 10% penalty added after December 15. The County Assessment Offices calculate the yearly tax levy and distributes the individual tax duplicates to the school district's appointed tax collectors. The tax collectors are responsible for tax collections. Tax revenues are recognized in the period in which they are remitted by the tax collectors.

The District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollected taxes as determined by the administration. A portion of the net amount estimated to be collected which was measurable and available within 60 days was recognized as revenue and the balance deferred in the governmental fund financial statements.

4. Taxes Receivable, Net

A summary of the taxes receivable and related amounts at June 30, 2023 follows:

Property taxes receivable	\$ 861,081
Earned income taxes receivable	 6,136
Total	867,217
Estimated uncollectible taxes at June 30, 2023	 (224,780)
Total	\$ 642,437

5. Due From Other Governments

The amount reported in the governmental funds at June 30, 2023 as due from other governments is summarized below:

		ederal	 State	Local		Total		
General Fund	\$	295,467	\$ 663,652	\$	295,230	\$	1,254,349	

Amounts due from the federal and state government are primarily federal grants and state subsidies receivable from the Commonwealth of Pennsylvania, Department of Education at June 30, 2023. The amount due from local governments represents receivables earned by the District for vocational education, but not yet remitted to the District as of June 30, 2023.

Notes to Financial Statements June 30, 2023

6. Capital Assets

Capital asset activity for the year ended June 30, 2023 is as follows:

		Balance July 1, 2022	 ncreases	nsfer/ reases	J	Balance une 30, 2023
Governmental Activities Capital assets, not being depreciated:						
Land	\$	12,292	\$ -	\$ 	\$	12,292
Capital assets, being depreciated: Buildings and improvements Leased assets Equipment and other capital assets		29,925,523 80,616 2,758,042	97,944 - 106,225			30,023,467 80,616 2,864,267
Total capital assets, being depreciated		32,764,181	204,169	 		32,968,350
Accumulated depreciation for: Buildings and improvements Leased assets Equipment and other capital		(16,142,029) (20,678)	(669,950) (15,879)	- -		(16,811,979) (36,557)
assets		(2,156,469)	 (147,399)	 		(2,303,868)
Total accumulated depreciation		(18,319,176)	 (833,228)	 		(19,152,404)
Total capital assets being depreciated, net		14,445,005	 (629,059)	 		13,815,946
Governmental activities capital assets, net	\$	14,457,297	\$ (629,059)	\$ 	\$	13,828,238
Business-Type Activity Capital assets being depreciated: Equipment and other capital assets Accumulated depreciation for:	\$	589,090	\$ -	\$ -	\$	589,090
Equipment and other capital assets	-	(416,489)	 (23,686)	 		(440,175)
Business-type activity capital assets, net	\$	172,601	\$ (23,686)	\$ 	\$	148,915
Depreciation was allocated as follows: Governmental activities, instruction Business-type activity, food service	\$	833,228 23,686				
Total depreciation expense	\$	856,914				

Notes to Financial Statements June 30, 2023

7. Accrued Salaries and Benefits

Accrued salaries and benefits in the General Fund totaling \$2,220,063 represent salaries of \$980,369, the District's share of Social Security taxes of \$78,955 for teachers' services during the 2022-2023 school term, which are paid during July and August 2023 and retirement plan expense of \$1,160,739 applicable to the accrued salaries at June 30, 2023.

8. Interfund Receivables, Payables and Transfers

At June 30, 2023, the following interfund balances were unpaid:

Amounts due from other funds: General Fund	_ \$	9,888
Amounts due to other funds: Food Service Fund	\$	9.888

Interfund balances primarily arise between the General Fund and Food Service Fund due to payroll expenses being paid out of the General Fund and reimbursed by the Food Service Fund.

The composition of interfund transfers, used to move cash between funds at June 30, 2023 is as follows:

Transfers in: Capital Projects	 52,000
Transfers out: General Fund	\$ 52,000

The General fund transferred \$52,000 to the Capital Projects fund to provide funding for planned major capital projects.

9. Compensated Absences

Vacation

District employees who are required to work on a 12-month schedule are credited with vacation at rates which vary with length of service or job classification.

Vacation (for most employee categories) may be taken or accumulated within certain limits and are paid prior to retirement or termination at the employee's current rate of pay.

The liability for compensated absences, including early retirement incentives, recorded in the governmental activities column on the statement of net position (deficit) was \$264,010 at June 30, 2023. The change in the District's compensated absences in 2023 are summarized as follows:

	 ernmental ctivities	ness-Type ctivity
Balance, July 1, 2022 Increase Decrease	\$ 293,398 56,160 (85,548)	\$ 4,935 660 (1,785)
Balance, June 30, 2023	\$ 264,010	\$ 3,810

Notes to Financial Statements June 30, 2023

10. Retirement Plan

Plan Description

PSERS is a governmental, cost-sharing, multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.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 three 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 equal to 1% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied times the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Notes to Financial Statements June 30, 2023

Member Contributions

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

Mamhar	Contributio	n Rates
MICHITICIE	COHILIDATIO	II Kales

D-4-
Rate
5.25 %
6.25
6.25
6.50
7.50
Prior to
7/1/21:
0; After
7/1/21:
8.00
Prior to
7/1/21:
10.30; After
7/1/21:
10.80
Prior to
21:8.25
; After
7/1/21:
9.00
Prior to
21:7.50
; After
7/1/21:
8.25
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, 2023 was 34.31%* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the District were \$2,542,982 for the year ended June 30, 2023.

^{*}This includes the defined contribution rate of 0.20% which is an estimated rate.

Notes to Financial Statements June 30, 2023

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

At June 30, 2023, the District reported a liability of \$22,007,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. The District's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was 0.0495%, which was a decrease of 0.0014% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$1,523,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	O	Deferred utflows of esources	lr	Deferred offices offices
Differences between expected and actual experience	\$	10,000	\$	190,000
Net difference between projected and actual earnings on pension plan investments		-		373,000
Changes in proportion and differences between District contributions and proportionate share of contributions		168,000		532,000
Change in assumptions		657,000		-
District contributions subsequent to the measurement date		2,542,982		
Total	\$	3,377,982	\$	1,095,000

\$2,542,982 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

Years ending June 30:	
2024	\$ (48,000)
2025	1,000
2026	(735,000)
2027	 522,000
Total	\$ (260,000)

Notes to Financial Statements June 30, 2023

Changes in Actuarial Assumptions

The total pension liability as of June 30, 2022 (the 2023 measurement date) was determined by rolling forward the PSERS' total pension liability as of the June 30, 2021 actuarial valuation to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method Entry Age Normal level percent of pay;
- Investment return 7.00%, includes inflation at 2.75%;
- 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, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the PSERS 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, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a buildingblock 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 PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Notes to Financial Statements June 30, 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0 %	5.3 %
Private equity	12.0	8.0
Fixed income	33.0	2.3
Commodities	9.0	2.3
Infrastructure/MLPs	9.0	5.4
Real estate	11.0	4.6
Absolute return	6.0	3.5
Cash	3.0	0.5
Leverage	(11.0)	0.5
	100.0 %	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.00%)	Dis	Current scount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 28,465,000	\$	22,007,000	\$ 16,563,000

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 PSERS website at www.psers.pa.gov.

Notes to Financial Statements June 30, 2023

11. Other Postemployment Benefits (OPEB)

West Branch Area School District Postemployment Benefits Plan

General Information About the OPEB Plan

Plan Description

The District's single employer defined benefit OPEB plan, West Branch Area School District Postemployment Benefits Plan (the West Branch OPEB Plan), provides postemployment benefits for all eligible retirees who qualify and elect to participate. The minimum requirements of the West Branch OPEB Plan are established by Pennsylvania Act 110 of 1988 and Act 43 of 1989. The School Board could choose to improve upon the minimum requirements in the future. The West Branch OPEB Plan is unfunded and no financial report is prepared. The West Branch OPEB Plan is a single employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

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

Employees Covered by Benefit Terms

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At July 1, 2022, the following employees were covered by the benefit terms:

benefit payments	9
Inactive employees entitled to but not yet receiving	
benefit payments	-
Active employees	131
Total	140

Total OPEB Liability

The District's total OPEB liability of \$2,914,474 was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2022, rolled forward to June 30, 2023.

Notes to Financial Statements June 30, 2023

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2022, rolled forward to June 30, 2023 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Interest rate	4.06%
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	4.06%
Healthcare cost trend rates	6.5% in 2022, 6.0% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
Retirees' share of benefit-related costs	Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate. However, the first year trend assumption was adjusted to account for short-term rate caps

The discount rate was based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.

For mortality tables the PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers and for all other employees. Incorporated into the tables are rates projected generationally Scale MP-2021 to reflect mortality improvement.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability		
Balance at July 1, 2022	\$	3,938,544	
Changes for the year: Service cost Interest		239,657 93,981	
Changes of assumptions Changes of benefit terms		(811,756)	
Differences between expected and actual experience Benefit payments		(442,143) (103,809)	
Net changes		(1,024,070)	
Balance at June 30, 2023	\$	2,914,474	

Changes in assumptions or other inputs reflect a change in the discount rate from 2.28% in 2022 to 4.06% in 2023.

Notes to Financial Statements June 30, 2023

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.06%) or 1 percentage point higher (5.06%) than the current discount rate:

	1%				1%	
	Decrease (3.06%)		Discount Rate (4.06%)		Increase (5.06%)	
Total OPEB Liability	\$ 3,130,038	\$	2,914,474	\$	2,708,237	

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	[1% Decrease	 Healthcare Cost Trend Rates		1% Increase
Total OPEB Liability	\$	2,695,425	\$ 2,914,474	\$	3,169,504

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$233,752. At June 30, 2023, 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		
Benefit payments subsequent to the measurement date (July 1, 2022) Change in assumptions Difference between expected and actual experience	\$	105,318 344,233 -	\$	- 899,893 465,610		
Total	\$	449,551	\$	1,365,503		

\$105,318 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 during the year ending June 30, 2023.

Notes to Financial Statements June 30, 2023

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

Years ending June 30:		
2024	\$	(99,886)
2025		(99,886)
2026		(99,886)
2027		(99,886)
2028		(99,886)
Thereafter		(521,840)
Total	_ \$	(1,021,270)

PSERS Health Insurance Premium Assistance Program

General Information About the PSERS Health Insurance Premium Assistance Program

PSERS provides Premium Assistance, which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program (HOP). As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

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

- Attain Medicare eligibility with 24½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was .75% 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 \$55,266 for the year ended June 30, 2023.

Notes to Financial Statements June 30, 2023

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

At June 30, 2023, the District reported a liability of \$909,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was .0494%, which was a decrease of 0.0014% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$26,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Ou	eferred itflows of esources	Deferred Inflows of Resources		
Changes in assumptions	\$	101,000	\$	215,000	
Net differences between projected and actual investment					
earnings		2,000		-	
Changes in proportion		20,000		35,000	
Differences between expected and actual experience		8,000		5,000	
Contributions subsequent to the measurement date		55,266		-	
	\$	186,266	\$	255,000	

\$55,266 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:		
2024	\$	(24,000)
2025		(20,000)
2026		(21,000)
2027		(28,000)
2028		(31,000)
-	•	(404.000)
Total	\$	(124,000)

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2022 (the measurement date), was determined by rolling forward PSERS's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method Entry Age Normal level percent of pay;
- Investment return 4.09% S&P 20 Year Municipal Bond Rate;
- Salary growth Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases;
- Premium Assistance reimbursement is capped at \$1,200 per year;

Notes to Financial Statements June 30, 2023

- 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 actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022;
- 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 consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

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

	OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash		100.0 %	0.5 %

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, 2022.

Notes to Financial Statements June 30, 2023

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents PSERS net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what PSERS net OPEB liability would be if health cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	1%	1% Increase				
PSERS Net OPEB Liability	\$	909,000	\$	909,000	\$	909,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09%) or 1 percentage point higher (5.09%) than the current rate:

		1% Decrease Discount Rate (3.09%) (4.09%)		1% Increase (5.09%)		
District's proportionate share of the net OPEB liability	\$	1,028,000	\$	909,000	\$	810,000

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 PSERS website at www.psers.pa.gov.

Notes to Financial Statements June 30, 2023

Current portion

Long-term debt

12. Long-Term Debt

The changes in long-term debt for the year ended June 30, 2023 are as follows:

	<u>J</u>	Balance uly 1, 2022		Additions		Reductions	J	Balance une 30, 2023		Current Portion
Notes from direct borrowings General Obligation Bonds,	\$	101,485	\$	-	\$	(101,485)	\$	-	\$	-
Series of 2023		-		99,950		-		99,950		5,000
General Obligation Note, Series of 2021		5,696,000				(925,000)		4,771,000	_	990,000
Total long-term debt	\$	5,797,485	\$	99,950	\$	(1,026,485)	\$	4,870,950	\$	995,000
Long-term debt at June 3	0, 20	023 consists	of	the following:						
\$9,885,000 General (varying annual insta rates ranging from 4	allme	nts through						99,950		
\$6,880,000 General Obligation Note, Series of 2021, due in varying annual installments through March 2030, interest										
rate of 1.22%.	amme	ins inough	ivia	1011 2030, 1110	5163		4,	771,000		
Total							4,	870,950		

Debt service requirements at June 30, 2023 are as follows:

	 Principal		nterest	Total		
2024	\$ 995,000	\$	58,206	\$	1,053,206	
2025	1,011,000		46,128		1,057,128	
2026	1,023,000		33,855		1,056,855	
2027	1,036,000		21,435		1,057,435	
2028	318,950		8,857		327,807	
2029-2030	487,000		8,930		495,930	
	 		_		_	
Total	\$ 4,870,950	\$	177,411	\$	5,048,361	

995,000

3,875,950

Notes to Financial Statements June 30, 2023

13. Lessee - Lease Liability

Governmental Activities

Lease Liability Description	Date of Issue	Final Maturity Interest Rates	riginal btedness	Balance		
Copiers	March 2021 - February 2026	2.0	\$ 80,616	\$	44,059	

Debt service requirements to maturity for governmental activities are as follows:

Years	Principal		Interest		Total	
2024 2025 2026	\$	16,222 16,565 11,272	\$	914 571 152	\$	17,136 17,136 11,424
Total	\$	44,059	\$	1,637	\$	45,696

14. Fund Balance Classifications

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

	General Fund		Nonmajor Funds		Total	
Restricted for: Dental care	\$	110,296	\$		\$	110,296
Compensatory fund Student activities Capital projects	Ψ 	17,387 4,898	Ψ	32,098 108,631	Φ	17,387 36,996 108,631
Total	\$	132,581	\$	140,729	\$	273,310
Committed for: PSERS and future building projects	\$	8,049,800	\$		\$	8,049,800
Assigned for: Athletics Band uniforms	\$	9,529 48,702	\$	- -	\$	9,529 48,702
Total	\$	58,231	\$		\$	58,231

15. Nonmonetary Transactions

The District receives USDA Donated Commodities in the enterprise (food service) fund, which is a proprietary fund type. These donated commodities are valued at an estimated market value and recognized as federal revenue with unused commodities recorded as inventory. The total food commodities donated by the federal government was \$41,669 and the amount used by the District for fiscal year 2023 totaled \$43,290.

Notes to Financial Statements June 30, 2023

16. Pending Changes in Accounting Principles

The GASB has approved the following:

Statement No. 93, Replacement of Interbank Offered Rates

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Statement No. 99, Omnibus 2022

Statement No. 100, Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62

Statement No. 101, Compensated Absences

Statement No. 102, Certain Risk Disclosures

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

17. Subsequent Event

The District received the remaining \$9,785,050 of the 2023 General Obligation Bond Series bond in August 2023.



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

Independent Auditors' Report

To the Board of Directors of West Branch Area School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activity, the major fund, and the aggregate remaining fund information of West Branch Area School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider 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*.

The District's Response to Finding

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

Purpose of This Report

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

State College, Pennsylvania

Baker Tilly US, LLP

January 29, 2024



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

Independent Auditors' Report

To the Board of Directors of West Branch Area School District

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited West Branch Area School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

State College, Pennsylvania

Baker Tilly US, LLP

January 29, 2024

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0495%	0.0509%	0.0502%	0.0506%	0.0498%	0.0507%	0.0494%	0.0483%	0.0497%
District's proportionate share of the net pension liability	\$ 22,007,000	\$ 20,898,000	\$ 24,718,000	\$ 23,672,000	\$ 23,906,000	\$ 25,040,000	\$ 24,485,000	\$ 20,928,000	\$ 19,672,000
District's covered-employee payroll	\$ 7,257,164	\$ 7,206,581	\$ 7,043,818	\$ 6,982,061	\$ 6,707,140	\$ 7,135,076	\$ 6,944,054	\$ 6,220,527	\$ 6,207,421
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll PSERS Plan fiduciary net position as a percentage of the total pension liability	303.25%	289.98%	350.92%	339.04%	356.43%	350.94%	352.60%	336.43%	316.91%
	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27, for the year ended June 30, 2015 to conform with accounting principles generally accepted in United State of America. Therefore, information for years prior to 2015 is not available for reporting.

Schedule of the District's PSERS Pension Contributions (Unaudited)
Years Ended June 30

	2023		2022	20	21	2020	 2019	_	2018	 2017	 2016	 2015	 2014
Contractually required contribution Contributions in relation to the	\$ 2,542	2,982	\$ 2,450,612	\$ 2,3	88,523	\$ 2,334,038	\$ 2,278,068	\$	2,333,974	\$ 1,963,067	\$ 1,596,249	\$ 1,251,279	\$ 1,013,844
contractually required contribution	(2,542	2,982)	(2,450,612)	(2,3	88,523)	 (2,334,038)	 (2,278,068)		(2,333,974)	 (1,963,067)	 (1,596,249)	 (1,251,279)	 (1,013,844)
Contribution deficiency (excess)	\$	<u> </u>	\$ -	\$		\$ 	\$ 	\$		\$ 	\$ 	\$ 	\$
District's covered-employee payroll Contributions as a percentage of	\$ 7,257	',164	\$ 7,206,581	\$ 7,0	43,818	\$ 6,982,061	\$ 6,707,140	\$	7,135,076	\$ 6,944,054	\$ 6,220,527	\$ 6,207,421	\$ 6,336,533
covered-employee payroll	35	5.04%	34.01%		33.91%	33.43%	33.96%		32.71%	28.27%	25.66%	20.16%	16.00%

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

		2023		2022		2021	 2020		2019		2018		2017
District's proportion of the net OPEB liability District's proportionate share of the net OPEB liability District's covered-employee payroll	\$ \$	0.0494% 909,000 7,257,164	\$ \$	0.0508% 1,205,000 7,206,581	\$ \$	0.0502% 1,085,000 7,043,818	\$ 0.0506% 1,076,000 6,982,061	\$ \$	0.0498% 1,038,000 6,707,140	\$ \$	0.0507% 1,033,000 7,135,076	\$ \$	0.0494% 1,064,000 6,944,054
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll PSERS Plan fiduciary net position as a percentage of the total OPEB liability		12.53% 6.86%		16.72% 5.30%		15.40% 5.69%	15.41% 5.56%		15.48% 5.56%		14.48% 5.73%		15.32% 5.47%

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

Schedule of the District's PSERS OPEB Contributions (Unaudited)
Years Ended June 30

	 2023	 2022	 2021	 2020	 2019	 2018	 2017	 2016	 2015	2014
Contractually required contribution Contributions in relation to the	\$ 55,266	\$ 57,425	\$ 58,136	\$ 58,613	\$ 58,000	\$ 61,025	\$ 55,799	\$ 53,634	\$ 54,934	\$ 58,930
contractually required contribution	 (55,266)	(57,425)	(58,136)	(58,613)	(58,000)	(61,025)	(55,799)	(53,634)	 (54,934)	(58,930)
Contribution deficiency (excess)	\$ <u>-</u>	\$ 	\$ 	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ 	\$
District's covered-employee payroll Contributions as a percentage of	\$ 7,257,164	\$ 7,206,581	\$ 7,043,818	\$ 6,982,061	\$ 6,707,140	\$ 7,135,076	\$ 6,944,054	\$ 6,220,527	\$ 6,207,421	\$ 6,336,533
covered-employee payroll	0.76%	0.80%	0.83%	0.84%	0.86%	0.86%	0.80%	0.86%	0.88%	0.93%

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

	2023	2022		2021		2020	2019	2018
Total OPEB Liability								
Service cost	\$ 239,657	\$ 235,341	\$	202,483	\$	197,025	\$ 211,358	\$ 208,818
Interest cost	93,981	74,813		114,984		98,787	102,604	75,878
Changes of benefit terms	-	-		-		-	(154,405)	_
Differences between expected and actual experience	(442,143)	-		(70,653)		-	(18,298)	_
Changes of assumptions	(811,756)	(116,587)		413,470		(97,166)	8,501	54,172
Benefit payments, including refunds of member contributions	 (103,809)	(91,366)		(95,108)		(99,155)	(97,820)	 (125,780)
Net change in total OPEB liability	(1,024,070)	102,201		565,176		99,491	51,940	213,088
Total OPEB Liability, Beginning	 3,938,544	 3,836,343		3,271,167		3,171,676	 3,119,736	 2,906,648
Total OPEB Liability, Ending	\$ 2,914,474	\$ 3,938,544	\$	3,836,343	\$	3,271,167	\$ 3,171,676	\$ 3,119,736
Covered-Employee Payroll	\$ 6,919,435	\$ 6,802,828	\$	6,802,828	\$	6,575,889	\$ 6,575,889	\$ 7,113,089
Total OPEB Liability as a Percentage of Covered-Employee Payroll	42.12%	 57.90%		56.39%		49.74%	48.23%	43.86%

The District implemented GASB Statement No. 75 during its year ended June 30, 2018. Information prior to 2018 year is not available.

Note:

Changes of Assumptions

The discount rate changed from 3.13% in 2018 to 2.98% in 2019 to 3.36% in 2020 to 1.86% in 2021 to 2.28% in 2022 to 4.06% percent in 2023. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

General Fund - Schedule of Revenues, Expenditures and Change in Fund Balances (Unaudited) Year Ended June 30, 2023

Revenues		
Local sources:		
Taxation:		
Current taxation:		
Real estate	\$	3,962,954
Earned income tax	*	860,191
Payments in lieu of taxes		49,167
Public utility realty tax		4,950
Real estate transfers		159,014
iveal estate transfers		133,014
Total current taxation		5,036,276
Delinquent taxation		338,804
Total from taxation		5,375,080
Earnings from temporary investments and deposits		258,583
Receipts from other LEA's		274,010
IDEA		354,104
Athletic admissions		33,254
Miscellaneous revenue		45,379
Total local sources		6,340,410
State courses		
State sources:		0.007.000
Basic instructional subsidy		8,027,982
Level up funding		240,673
Private placement		2,090
Drivers education		875
Special education		978,254
Transportation		821,162
Rental and sinking fund payments		269,021
Medical and dental services		14,158
Supplemental reimbursement		356,305
Social Security subsidy		365,321
Retirement subsidy		1,847,371
Other state grants		274,674
Total state sources		13,197,886
Federal sources:		
ECIA Title I		338,718
Title II		38,781
Title IV		
		34,516 175
NCLB Title IV		175
ESSER Madical access		1,168,859
Medical access		2,118
Total federal sources		1,583,167
Total revenues	\$	21,121,463

General Fund - Schedule of Revenues, Expenditures and Change in Fund Balances (Unaudited) Year Ended June 30, 2023

Expenditures Instruction:		
Regular programs	\$	7,612,317
Special programs	φ	3,052,169
Vocational education programs		694,260
Pre-Kindergarten		216,508
· · · · · · · · · · · · · · · · · · ·		
Other instructional programs		87,950
Total instruction		11,663,204
Support services:		
Pupil personnel		617,331
Instructional staff		791,490
Administration		1,120,089
Pupil health		253,778
Business		347,522
Operation and maintenance of plant services		2,011,292
Student transportation		1,189,585
Central		89,488
Total support services		6,420,575
Noninstructional services		562,466
Facilities acquisition, construction and improvement services		29,367
Debt service		1,153,946
Total expenditures		19,829,558
E for		
Excess of revenues over expenditures		4 004 005
before other financing uses		1,291,905
Other Financing Hose		
Other Financing Uses Transfer out		(F2 000)
Transler out		(52,000)
Net change in fund balance		1,239,905
Fund Balances, Beginning		8,681,651
Fund Balances, Ending	\$	9,921,556

Combining Balance Sheet - Nonmajor Governmental Funds (Unaudited) June 30, 2023

	Capital Projects	Sp Act	School consored tivity and colarships	Total
Assets				
Assets Cash and cash equivalents	\$ 109,054	\$	32,098	\$ 141,152
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities Accounts payable	\$ 423	\$	-	\$ 423
Fund Balances Restricted	 108,631		32,098	 140,729
Total liabilities, deferred inflows of resources and fund balances	\$ 109,054	\$	32,098	\$ 141,152

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds (Unaudited)
Year Ended June 30, 2023

	Capital rojects	Sp Act	School onsored ivity and olarships	Total
Revenues Local sources	\$ 154	\$	48,280	\$ 48,434
Expenditures Noninstructional services Facilities acquisition, construction and	-		55,391	55,391
improvement services	 60,630		<u>-</u>	 60,630
Total expenditures	 60,630		55,391	 116,021
Deficiency of revenues over expenditures before other financing sources (uses)	(60,476)		(7,111)	 (67,587)
Other Financing Sources Proceeds from the issuance of long-term debt Transfer in	99,950 52,000		<u>-</u>	 99,950 52,000
Total other financing sources	 151,950			 151,950
Changes in fund balances	91,474		(7,111)	84,363
Fund Balances, Beginning	 17,157		39,209	 56,366
Fund Balances, Ending	\$ 108,631	\$	32,098	\$ 140,729

West Branch Area School District Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Grantor/Pass-Through Grantor/ Program or Cluster Title	Source Code	Assistance Listing Number	Pass-Through Grantors Number	Grant Period Code	Program or Award Amount	Total Received for Year	Accrued (Deferred) Revenue at July 1, 2022	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June, 30 2023	Expenditures to Subrecipients
U.S. Department of Education											
Passed Through Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies	Į.	84.010	013-230469	Α	\$ 396,736	\$ 299,517	\$ -	\$ 228,414	\$ 228,414	\$ (71,103)	\$ -
Title I Grants to Local Educational Agencies	I	84.010	013-220469	В	439,889	117,296	6,992	110,304	110,304		
Total Title I Grants to Local Educational Agencies						416,813	6,992	338,718	338,718	(71,103)	
Rural Education	1	84.358	007-220469	В	22,568	16,120	15,945	175	175		
Improving Teacher Quality State Grants	1	84.367	020-230469	Α	38,781	22,806	_	38,781	38,781	15,975	_
Improving Teacher Quality State Grants	i	84.367	020-220469	В	39,323	15,319	15,319	-	-	-	-
Total Improving Teacher Quality State Grants						38,125	15,319	38,781	38,781	15,975	
, •		04.404	444 000400								
Student Support and Academic Enrichment Program	!	84.424 84.424	144-230469	A	34,516	32,880	- 24	34,516	34,516	1,636	-
Student Support and Academic Enrichment Program	1	04.424	144-220469	В	33,429	21	21_				
Total Student Support and Academic Enrichment Program						32,901	21	34,516	34,516	1,636	
COVID-19 - ARP - Elementary and Secondary School Emergency Relief Fund	1	84.425U	223-210469	В	3,320,231	1,811,035	1,402,677	632,510	632,510	224,152	-
COVID-19 - CARES/Elementary and Secondary School Emergency Relief Fund	1	84.425D	200-210469	В	1,641,476	496,260	103,743	408,686	408,686	16,169	-
COVID-19 - ARP - Elementary and Secondary School Emergency Relief Fund COVID-19 - ARP - Elementary and Secondary School Emergency Relief -	I	84.425U	225-210469	В	258,057	112,607	26,399	123,743	123,743	37,535	-
Homeless Children & Youth	1	84.425W	181-212472	В	11,135	10,278	6,358	3,920	3,920	-	-
COVID-19 - ARP - Elementary and Secondary School Emergency Relief -		04 40514/	404 040470		40.077	10.077	40.077				
Homeless Children & Youth	ı	84.425W	181-212472	В	18,677	18,677	18,677				
Total Education Stabilization Funds						2,448,857	1,557,854	1,168,859	1,168,859	277,856	
Total Pennsylvania Department of Education						2,952,816	1,596,131	1,581,049	1,581,049	224,364	
Passed Through Central Intermediate Unit 10:											
Special Education Cluster (IDEA): Special Education Grants to States		84.027	062-230010		258,441			258,441	258,441	258,441	
Special Education Preschool Grants	- 1	84.173	131-220010	A A	4,090	4,090		4,090	4,090	230,441	
Special Education Grants to States	i	84.027	062-220010	В	53,443	53,443	_	53,443	53,443	_	_
Special Education Grants to States	1	84.027	062-220010	В	254,199	236,190	216,069	38,130	38,130	18,009	-
Total Special Education Cluster (IDEA)						293,723	216,069	354,104	354,104	276,450	
Total U.S. Department of Education						3,246,539	1,812,200	1,935,153	1,935,153	500,814	
·						3,240,339	1,012,200	1,955,155	1,933,133	300,614	
U.S. Department of Agriculture											
Passed Through Pennsylvania Department of Education: COVID-19 - Pandemic EBT Administrative Costs	1	10.649	358-0000	Α	Note 3	628		628	628		
Objid Note in Object on											
Child Nutrition Cluster: Passed Through PA Department of Education:											
National School Lunch Program		10.555	362-0000	Α	Note 3	307,584	_	307,584	307,584		
School Breakfast Program	i	10.553	365-0000	A	Note 3	97,377		97,377	97,377	-	-
National School Lunch Program	i	10.555	362-0000	В	Note 3	5,799	5,799	91,311	91,311	-	-
School Breakfast Program	i	10.553	365-0000	В	Note 3	1,253	1,253	_	_	_	_
COVID-19 - National School Lunch Program	i	10.555	356-0000	Ā	Note 3	33,806	(12,460)	33,856	33,856	(12,410)	-
·							, ,				
Passed Through Pennsylvania Department of Agriculture: National School Lunch Program	1	10.555	2-05-17-900	Α	Note 3	41,669	(7,801)	43,290	43,290	(6,180)	-
Total Child Nutrition Cluster						487,488	(13,209)	482,107	482,107	(18,590)	
Total U.S. Department of Agriculture						488,116	(13,209)	482,735	482,735	(18,590)	
·											
Total						\$ 3,734,655	\$ 1,798,991	\$ 2,417,888	\$ 2,417,888	\$ 482,224	\$ -

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the federal award activity of West Branch Area School District under programs of the federal government for the year ended June 30, 2023. 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. Because the Schedule presents only a select portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

2. Summary of Significant Accounting Policies

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

3. National School Lunch Program

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

4. Source Code and Grant Period Codes

Source code used in the schedule of expenditures of federal awards is as follows:

I = Indirect funding

Grant period codes used in the schedule of expenditures of federal awards are as follows:

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

B = 07/01/21 - 06/30/22

5. Access Reimbursements

Access reimbursements for direct medical services are classified as fee-for-service revenues and are not considered federal awards for purposes of the Single Audit, and are thus not reported on the Schedule. The District's General Fund federal revenues include \$2,118 of access reimbursements for direct medical services.

6. Indirect Cost Rate

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

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GA	AAP: Unmodified
Internal control over financial reporting: Material weakness(es) identified? Significant deficiency(ies) identified?	yes X no X yes none reported
Noncompliance material to financial statements noted?	yes X_no
Federal Awards	
Internal control over the major federal program: Material weakness(es) identified? Significant deficiency(ies) identified?	yes X no yes X none reported
Type of auditor's report issued on compliance for the major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes X_no
Identification of major federal program:	
Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Funds
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	X _yesno

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

Section II - Financial Statement Findings

Finding 2023-001: Internal Control Over Financial Reporting - Nonattest Services - Significant Deficiency

Criteria: Internal control is a process which captures and records transactions, safeguards your assets and assures compliance with laws and regulations. One critical element of internal control includes preparation and review and approval of reconciliations and year-end adjusting entries to ensure the books and records appropriately reflect the current year activities.

Condition/Context: As part of our audit of the District's financial statements, there were certain bookkeeping adjustments that were precipitated by the audit process. While we are pleased to provide these services, you understand that you are responsible for the District's internal control over financial reporting, which included:

- Proposed adjustments to real estate taxes receivable, allowance for uncollectable taxes, and unearned real estate tax revenue
- Proposed adjustments to state and federal grants and receivables/unearned revenue
- Proposed adjustments to other balance sheet and income statement accounts

Cause: The District has individuals with the skills, knowledge and expertise to perform these activities in-house. However, turnover within the Business Office at June 30, 2023, affected the District's ability to close the fiscal year in a timely manner.

Effect: The fact that you have requested our technical assistance with the above-mentioned tasks, which are a normal and required component of internal control over financial reporting, constitutes a significant deficiency in internal control over financial reporting.

Recommendation: We recommend that management give consideration to performing the above tasks internally.

Views of Responsible Officials and Planned Corrective Actions: We recommend that management give consideration to performing the above tasks internally. It is noted that there has been progress in this area over the past several months as the new business manager has been getting familiar with the software and processes.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Summary Schedule of Prior Year Audit Findings

No audit findings reported in prior year.

APPENDIX F BOND AMORTIZATION SCHEDULE

APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: \$ in aggregate principal amount of Effective Date:

Premium: \$

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which been recovered from such Owner pursuant

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatspever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.



A subsidiary of Assured Guaranty Municipal Holdings Inc. 1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500NY (5/90)