

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 31, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P “AA” (Stable Outlook) (BAM Insured)
Moody’s: “Aa3” (Enhanced)
(See “RATINGS” herein)

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includable in the gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Authority and the School District with the requirements of the Internal Revenue Code of 1986, as amended. 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.

\$26,470,000*
WILLIAM PENN SCHOOL DISTRICT AUTHORITY
(Commonwealth of Pennsylvania)
School Revenue Bonds
(William Penn School District Project)
Consisting of
\$13,470,000* School Revenue Bonds, Series A of 2025
\$13,000,000* School Revenue Bonds, Series B of 2025

Dated: Date of Delivery
Interest Due: March 15 and September 15

Principal Due: March 15, as shown on inside cover
First Interest Payment: September 15, 2025

The William Penn School District Authority’s (the “Authority”) School Revenue Bonds (William Penn School District Project) consisting of: (i) Series A of 2025 (the “Series A Bonds”) in the aggregate principal amount of \$13,470,000*; and (ii) Series B of 2025 (the “Series B Bonds”) in the aggregate principal amount of \$13,000,000* (the Series A Bonds and the Series B Bonds are collectively herein referred to as the “Bonds”), will be issued in registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through at DTC Participant to receive payment of principal of and interest in the Bonds. See “BOOK ENTRY ONLY SYSTEM” herein. If under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

Interest on each of the Bonds is payable initially on September 15, 2025 and thereafter semiannually on March 15 and September 15 of each year until the maturity date of such Bond, or if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for, U.S. Bank Trust Company, National Association (the “Trustee”), has been appointed to act as the trustee and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Trustee, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Trustee at its corporate trust office located in Philadelphia, Pennsylvania (or any successor trustee at its designated offices) and interest on such Bond will be payable to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See “THE BONDS,” herein).

The Bonds will be issued under a Trust Indenture, dated as of March 1, 2025 (the “Indenture”) between the Authority and the Trustee and will be equally and ratably secured under the Indenture by an assignment and pledge by the Authority to the Trustee of payments to be made to the Authority by the William Penn School District, Delaware County, Pennsylvania (the “School District”) pursuant to the provisions of a Sublease Agreement, dated as of March 1, 2025 (the “Sublease”), between the Authority, as sublessor, and the School District, as sublessee, and all monies, income and receipts in respect thereof held by the Trustee under the Indenture, except the Rebate Fund (as therein defined).

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

Proceeds of the Bonds will be paid, as a lump sum lease rental payment, by the Authority, as lessee, to the School District, as lessor, pursuant to a Lease Agreement, dated as of March 1, 2025, pursuant to which the Authority will lease certain real estate and buildings and/or fixtures situated thereon (the “Property”) from the School District. The Authority and the School District will concurrently execute the Sublease so that the School District, as sublessee, can obtain a leasehold interest in the Property. See “PURPOSE OF ISSUE” herein.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY. NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE TAXING POWER OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OF PENNSYLVANIA (THE “COMMONWEALTH”) OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND (EXCEPT THE SCHOOL DISTRICT’S OBLIGATIONS UNDER THE SUBLEASE); NOR SHALL THE BONDS BE DEEMED A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE SCHOOL DISTRICT UNDER THE SUBLEASE); NOR SHALL THE UNITED STATES OF AMERICA OR THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE SCHOOL DISTRICT’S OBLIGATIONS UNDER THE SUBLEASE), BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under separate municipal bond insurance policies to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (“BAM”).



MATURITIES, AMOUNTS, RATES, INITIAL OFFERING YIELDS/PRICES AND CUSIPS
See Inside Cover Page

The Bonds are offered for delivery when, as and if issued by the Authority and received by the Raymond James & Associates, Inc. (the “Underwriter”), subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, Bond Counsel to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon for the School District and Authority by Sweet Stevens Katz & Williams LLP, of New Britain, Pennsylvania as Solicitor to the School District and Authority and by Dilworth Paxson, LLP, of Philadelphia, Pennsylvania, Underwriter’s Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, will act as Financial Advisor to the School District. It is expected that the Bonds will be available for delivery on or about March __, 2025.



Dated: _____
*Estimated, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

\$26,470,000*
WILLIAM PENN SCHOOL DISTRICT AUTHORITY
(Commonwealth of Pennsylvania)
School Revenue Bonds
(William Penn School District Project)
Consisting of
\$13,470,000* School Revenue Bonds, Series A of 2025
\$13,000,000* School Revenue Bonds, Series B of 2025

Dated: Date of Delivery
Interest Due: March 15 and September 15

Principal Due: March 15, as shown below
First Interest Payment: September 15, 2025

MATURITIES, AMOUNTS, RATES, YIELDS, PRICES & CUSIP NUMBERS

General Obligation Bonds, Series A of 2025

Maturity Date (March 15) Year	Principal Amounts	Interest Rates	Initial Offering Yield	Initial Offering Prices	CUSIP Numbers ⁽¹⁾
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					

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

*Estimated, subject to change.

\$26,470,000*
WILLIAM PENN SCHOOL DISTRICT AUTHORITY
(Commonwealth of Pennsylvania)
School Revenue Bonds
(William Penn School District Project)
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\$13,470,000* School Revenue Bonds, Series A of 2025
\$13,000,000* School Revenue Bonds, Series B of 2025

Dated: Date of Delivery
Interest Due: March 15 and September 15

Principal Due: March 15, as shown below
First Interest Payment: September 15, 2025

MATURITIES, AMOUNTS, RATES, YIELDS, PRICES & CUSIP NUMBERS

General Obligation Bonds, Series B of 2025

Maturity Date (March 15) Year	Principal Amounts	Interest Rates	Initial Offering Yield	Initial Offering Prices	CUSIP Numbers⁽¹⁾
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					

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

*Estimated, subject to change.

William Penn School District Authority
Delaware County, Pennsylvania

MEMBERS OF THE AUTHORITY

Mr. William Callahan	Chairperson
Ms. Wadiya Ivery.....	Vice Chairperson
Ms. Monique Boykins.....	Secretary
Ms. Jennifer Hoff.....	Treasurer
Mr. Jan Tong.....	Member

William Penn School District
Delaware County, Pennsylvania

BOARD OF DIRECTORS

Ms. Monique Boykins.....	President
Ms. Wadiya Ivery.....	Vice President
Ms. Kyairra Mathies	Assistant Secretary *
Mr. William Callahan	Member
Ms. Valerie Cook Henry	Member
Ms. Jennifer Hoff.....	Member
Ms. Yvette Donna Roberts	Member
Ms. Louella Richardson.....	Member
Mr. Jan Tong.....	Member
Mr. Robert E. Wright, Sr.....	Member

*Non-voting member.

SUPERINTENDENT
ERIC J. BECOATS, Ed.D.

INTERIM BUSINESS ADMINISTRATOR
DAVID A. SZABLOWSKI

BOND COUNSEL
ECKERT SEAMANS CHERIN & MELLOTT, LLC
Philadelphia, Pennsylvania

SOLICITOR TO SCHOOL DISTRICT
SWEET, STEVENS, KATZ & WILLIAMS LLP
New Britain, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

COUNSEL TO AUTHORITY
SWEET, STEVENS, KATZ & WILLIAMS LLP
New Britain, Pennsylvania

TRUSTEE
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Philadelphia, Pennsylvania

UNDERWRITER
RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

UNDERWRITER'S COUNSEL
DILWORTH PAXSON, LLP
Philadelphia, Pennsylvania

AUTHORITY AND SCHOOL DISTRICT ADDRESS
100 Green Avenue Annex
Lansdowne, Pennsylvania 19050-2095

No dealer, broker, salesman or other person has been authorized by the School District, the Authority or the Underwriter to give information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations may not be relied upon as having been authorized by the School District, the Authority or the Underwriter. 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. The information set forth herein has been obtained from and approved by the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are made as of the date hereof and are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof or the date as of which particular information is given, if earlier.

IN CONNECTION WITH THIS OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE PUBLIC OFFERING PRICES STATED ON THE COVER HEREOF MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER WITHOUT PRIOR NOTICE.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE 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 IS MADE ONLY BY THE MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1965. FORWARD-LOOKING STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE USE OF FORWARD-LOOKING TERMS SUCH AS "PLAN", "EXPECT", "ESTIMATE", "BUDGET", "WILL", "SHOULD", "BELIEVES" OR OTHER SIMILAR WORDS. THE SCHOOL DISTRICT BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS, AND THE ESTIMATES AND ASSUMPTIONS ON WHICH THEY ARE BASED, ARE REASONABLE. HOWEVER, ESTIMATES AND ASSUMPTIONS ARE INHERENTLY UNCERTAIN, AND NO ASSURANCE CAN BE GIVEN THAT THEY WILL PROVE TO BE CORRECT OR THAT EXPECTATIONS BASED UPON THEM WILL BE REALIZED. NEITHER THE AUTHORITY, THE SCHOOL DISTRICT, NOR THE UNDERWRITER, THEREFORE, CAN OR DOES WARRANT THAT THE RESULTS CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS WILL BE ACHIEVED, AND IT IS LIKELY THAT ACTUAL RESULTS WILL DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY SUCH FORWARD-LOOKING STATEMENTS. ACCORDINGLY, UNDUE RELIANCE SHOULD NOT BE PLACED UPON SUCH FORWARD-LOOKING STATEMENTS.

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "Bond Insurance" and "Appendix D - Specimen of Municipal Bond Insurance Policy".

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WILLIAM PENN SCHOOL DISTRICT AUTHORITY
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\$13,000,000* School Revenue Bonds, Series B of 2025

INTRODUCTION

This Official Statement, including the cover page and inside cover page hereof and Appendices hereto, is furnished by the William Penn School District Authority (the "Authority"), in connection with the offering of the School Revenue Bonds (William Penn School District Project) consisting of: (i) the \$13,470,000* Series A of 2025 (the "Series A Bonds") and; (ii) the \$13,000,000* Series B of 2025 (the "Series B Bonds" and together with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to the Municipality Authorities Act 53 Pa. C.S. Ch. 56, as amended (the "Act"), and a resolution of the Authority adopted on December 16, 2024, and are secured by a Trust Indenture, to be dated as of March 1, 2025 (the "Indenture"), entered into by the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The Authority is a body corporate and politic constituting a public corporation and a governmental instrumentality, organized and existing under Act for the purpose of financing working capital, acquiring, holding, constructing, financing, improving, maintaining and operating, owning or leasing projects, including buildings to be devoted wholly or partially for public uses, including public school buildings, under the jurisdiction of the Department of Education of the Commonwealth of Pennsylvania.

Concurrently with the issuance of the Bonds: (i) the William Penn School District, Delaware County, Pennsylvania (the "School District"), as lessor, will lease certain real property and buildings and/or fixtures situated thereon (the "Property") to the Authority, as lessee, pursuant to a Lease Agreement, dated as of March 1, 2025 (the "Lease"); and (ii) the Authority, as sublessor, will sublease the Property to the School District, as sublessee, pursuant to a Sublease Agreement, to be dated as of March 1, 2025 (the "Sublease"). Proceeds of the Bonds will be paid by the Authority, to the School District, as a lump sum lease rental payment under the Lease, which lump sum rental payment will be applied by the School District to fund a deposit to the School District's general fund for payment of certain operation expenses of the School District, to finance certain capital projects of the School District and to pay the costs of issuing and insuring the Bonds. See "PURPOSE OF THE ISSUE" herein. Pursuant to the Sublease, the School District will pay, or cause to be paid, sublease rental payments to the Trustee as assignee of the Authority at least fifteen (15) days prior to each March 15 and September 15 of each year, commencing September 15, 2025, to pay debt service on the Bonds. The Authority will assign its rights in the Sublease (except for certain retained rights) to the Trustee.

PURPOSE OF THE ISSUE

Series A of 2025: Proceeds of the Series A Bonds will be used for the financing of a project (the "Series A Project") for the benefit of the School District consisting of: (a) the funding of a deposit to the School District's general fund for payment of certain operating expenses of the School District; and (b) the payment of the costs and expenses of issuing the Series A Bonds.

Series B of 2025: Proceeds of the Series B Bonds will be used for the financing of a project (the "Series B Project" and together with the Series A Project, the "Project") for the benefit of the School District consisting of: (a) the funding of the costs of planning, designing, constructing, furnishing and equipping of certain School District facilities, including alterations, renovations and additions to the Penn Wood High School Cypress Street Campus, the Penn Wood High School Green Avenue Campus, the Wm. B. Evans Elementary School and the East Lansdowne Elementary School and/or undertaking various other capital improvement projects for the benefit of the School District; and (b) the payment of the costs and expenses of issuing the Series B Bonds.

*Estimated, subject to change.

Sources and Uses of Bond Proceeds*

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

	Series A Bonds	Series B Bonds	Totals
<u>Sources of Funds</u>			
Bond Proceeds			
Net Original Issue Premium/(Discount)			
<i>Total Sources of Funds</i>			
<u>Uses of Funds</u>			
Deposit to William Penn School District Operating Account.....			
Capital Projects			
Costs of Issuance ⁽¹⁾			
<i>Total Uses of Funds</i>			

⁽¹⁾Includes legal fees, financial advisor fees, printing fees, rating fees, Underwriter’s discount, municipal bond insurance premium, trustee fees, CUSIP fees, and other miscellaneous costs.

THE AUTHORITY

The Authority is a body corporate and politic constituting a public corporation and a governmental instrumentality, organized and existing under Act for the purpose of financing working capital, acquiring, holding, constructing, financing, improving, maintaining and operating, owning or leasing projects, including buildings to be devoted wholly or partially for public uses, including public school buildings, under the jurisdiction of the Department of Education of the Commonwealth of Pennsylvania. The Authority’s address is 100 Green Avenue Annex, Lansdowne, Pennsylvania 19050-2095.

The Authority is authorized by the Act to, among other things: acquire, purchase, hold, lease, as lessee and use any franchise, property real, personal or mixed, tangible or intangible or any interest therein (necessary or desirable) for carrying out the purposes of the Authority and to sell, lease, as lessor, transfer and dispose of any property or any interest therein at any time acquired by the Authority; to acquire by purchase, lease or otherwise, and to contract, improve, maintain, repair and operate school projects; or to finance projects by making loans to any eligible school district, which loans may be evidenced by and secured as may be provided in loan agreements, mortgages, security agreements or any other contracts, instruments or agreements containing such provisions as the Authority shall determine necessary or desirable for the security or protection of the Authority or the holders of its bonds.

The members of the Board of the Authority are as follows:

<u>Member</u>	<u>Title</u>	<u>Expiration Date of Appointment</u>
Mr. William Callahan	Chairperson	December 31, 2027
Ms. Wadiya Ivery	Vice Chairperson	December 31, 2028
Ms. Monique Boykins	Secretary	December 31, 2029
Ms. Jennifer Hoff	Treasurer	December 31, 2025
Mr. Jan Tong	Member	December 31, 2026

As of the date hereof, the Authority has no other bonds outstanding. The Authority may issue other series of bonds, including under the Indenture, for the purpose of financing other projects, including other educational facilities. None of the revenues of the Authority other than those payable under the Sublease and those held under the Indenture are pledged to the payment of the Bonds.

THE AUTHORITY HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS OFFICIAL STATEMENT, EXCEPT THE STATEMENTS UNDER THIS SECTION AND UNDER THE HEADINGS “INTRODUCTION” AND “LITIGATION – THE AUTHORITY”, AND, EXCEPT AS AFORESAID, THE AUTHORITY DISCLAIMS RESPONSIBILITY FOR THE DISCLOSURES SET FORTH HEREIN MADE IN CONNECTION WITH THE OFFER, SALE, AND DISTRIBUTION OF THE BONDS.

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued in fully registered form, in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$26,470,000*, will be dated as of the date of delivery, and will bear interest 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 each of the Bonds is payable initially on September 15, 2025, and thereafter semiannually on March 15 and September 15 (each an "Interest Payment Date") of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity and is called for redemption prior to maturity in accordance with the terms thereof and of the Resolution, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

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

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to U.S. Bank Trust Company, National Association (the "Trustee"), in its capacity as paying agent for the Bonds, at its designated corporate trust office in Philadelphia, Pennsylvania or at any additional, designated office or offices (or to any successor trustee at its designated office(s)).

Interest will be payable on each Interest Payment Date to the registered owner of a Bond from the Interest Payment Date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an Interest Payment Date, in which event such Bond shall bear interest from said Interest Payment Date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bond shall bear interest from such Interest Payment Date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding September 15, 2025, in which event such Bond shall bear interest from the Date of Delivery of the Bonds, or (d) as shown by the records of the Trustee, 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 each Bond will be payable by the Trustee to the registered owner whose name and address shall appear, at the close of business on the fifteenth day (whether or not a business day) next preceding each Interest Payment Date (the "Record Date"), on the registration books maintained by the Trustee, 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 such Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by the Trustee and notice thereof provided to the registered owners of such Bonds not less than ten (10) days but not more than fifteen (15) days prior to the special payment date preceding such special record date.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized by law or executive order to close, then payment of such principal or interest shall be made on the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions in the Commonwealth are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date for payment of the principal or interest, and no interest shall accrue after such date.

*Estimated, subject to change.

Transfer, Exchange and Registration of Bonds

Bonds are transferable by the registered owner hereof upon presentation and surrender at the designated corporate trust office of the Trustee, but only in the manner, subject to the limitations and upon payment of charges provided in the Indenture, accompanied by a written instrument of transfer, in form and with guaranty of signature satisfactory to the Trustee duly executed by the registered owner hereof or his duly authorized representative, containing written instructions of transfer. Upon such transfer, a new Bond or Bonds of the same series and maturity and of authorized denomination or denominations, for the same aggregate principal amount and bearing the same rate of interest, will be issued to the transferee in exchange therefor at the earliest practicable time. In like manner this Bond may be exchanged by the registered owner or by his duly authorized attorney or other legal representative for Bonds of the same series and maturity and of authorized denomination or denominations in the same aggregate principal amount and bearing the same rate of interest. Any such transfer or exchange as described herein shall be made without charge, except for the payment of any taxes or other governmental charges relating thereto. No exchange or transfer shall be required to be made (i) during a period beginning fifteen (15) days before the date of mailing of notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (ii) for any Bonds so selected for redemption in whole or in part.

REDEMPTION OF BONDS

Optional Redemption

The Bonds stated to mature on or after _____, 20__, are subject to optional redemption prior to maturity by the Authority, at the direction of the School District, at any time on or after _____, 20__, in whole or in part from time to time, and if in part within a maturity by lot, in any order of maturity selected by the School District, at a redemption price of 100% thereof, plus accrued interest to the date fixed for optional redemption.

Mandatory Redemption

The Bonds stated to mature on _____, 20__ are subject to mandatory sinking fund redemption prior to maturity on _____ of the following years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) in the principal amounts set forth on the following schedule, as drawn by lot by the Trustee:

<u>Year</u>	<u>Principal Amount</u>
20__	\$ _____
20__*	_____

*Maturity.

In lieu of any such mandatory redemption, the Trustee may, at the request of the Authority, and direction of the School District, use funds in the Debt Service Fund or other available funds to purchase such Bonds in the open market at a price not exceeding par plus accrued interest on the Bonds so purchased, in which case such Bonds so purchased shall be delivered for cancellation. In the case of any such purchase, the Authority shall receive credit against its required mandatory sinking fund payments in the manner specified in a certificate of the Authority, or if no certificate is delivered, in inverse order thereof.

Extraordinary Redemption – Series A Bonds

The Series A Bonds maturing on or after March 15, 2031, are subject to extraordinary redemption prior to maturity in whole or in part, as shall be selected by the Authority, at the direction of the School District, on any date during the period of November 15th to and including December 1st of each year, commencing in fiscal year 2030-2031 from “available amounts” (within the meaning of Treasury Regulation 1.148-6(d)(3)(iii)), if and to the extent that such available amounts have not been allocated by the School District to the payment of operating expenses by the date fixed for redemption, in each case upon payment of the principal amount thereof and interest accrued to the date fixed for redemption. Any redemption, if in part, shall be made in a series, in inverse order of maturity and by lot within a maturity. No redemption shall be made in less than an Authorized Denomination.

The School District shall calculate available amounts, if any, for each fiscal year, commencing with the fiscal year ending June 30, 2030, on or before each October 1 following the close of the fiscal year and shall direct the Authority to apply such available amounts, if any, to the extraordinary redemption of the Series A Bonds to the extent available amounts are not allocated by the School District to the payment of operating expenses by the date fixed for redemption. In lieu of such an extraordinary redemption, the School District may apply the available amounts to purchase Series A Bonds at prices no higher than the principal amount thereof plus interest accrued to the redemption date provided the following conditions are met: (i) firm commitments for the purchase must be made prior to the time notice of redemption must be given; (ii) if Series A Bonds aggregating the principal amount to be redeemed from available amounts cannot be purchased, a principal amount of Series A Bonds equal to the difference between the principal amount required to be redeemed and the amount purchased shall be redeemed as aforesaid.

Notice of Redemption

Notice of redemption of all or any portion of the Bonds shall be given not more than forty-five (45) nor less than thirty (30) days prior to the redemption date by the Trustee by mailing a copy of the redemption notice by first class mail (postage paid) to the registered owners of Bonds to be redeemed at their addresses as shown on the Bond Register maintained by the Trustee as of the date the Bonds are selected for redemption, and shall be in the manner and under the terms and conditions and with the effect provided in the Indenture. The failure to mail any such notice or any defect therein or in the mailing thereof as it affects any Bonds shall not affect the validity of the redemption proceedings of any other Bonds as to which proper notice has been given. Any notice mailed as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not such registered owner receives the notice. Such notice shall be given in the name of the Authority, shall identify the Bonds (and series thereof) to be redeemed (and, in the case of a partial redemption of any Bonds, the respective principal amounts thereof to be redeemed), shall specify the redemption date and the redemption price, and shall state that on the redemption date the Bonds called for redemption will be payable at the designated corporate trust office of the Trustee and that interest will cease to accrue from the date of redemption. The Trustee may use "CUSIP" numbers (if then generally in use) in notices of redemption as a convenience to registered owners of the Bonds, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the identification numbers printed on the Bonds.

All Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment at that time.

If, at the time of mailing notice of redemption, the Authority or the School District shall not have deposited with the Trustee, or the Trustee shall not have transferred moneys sufficient to redeem the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to such deposit or transfer not later than the redemption date, and that such notice shall be of no effect unless such moneys are so deposited or transferred.

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

Manner of Redemption

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 Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange or a Bond of Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania (the "Commonwealth") are authorized by law or executive order to close, then payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions in the Commonwealth are authorized to close, and payment on such date shall have the same force and effect as if made on the nominal date for payment of the principal, interest or redemption price and no interest shall accrue thereon for or period after such date.

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

SECURITY FOR THE BONDS

General

The School District, as lessor, and the Authority, as lessee, will enter into the Lease, pursuant to which the School District will lease the Property to the Authority. The Authority, as sublessor, will simultaneously sublease the Property to the School District, as sublessee, pursuant to the Sublease. Under the Sublease, the School District will pay sublease rental payments on or before March 1 and September 1 prior to the corresponding March 15 and September 15 principal and interest payment dates on the Bonds in such amounts and will provide sufficient funds, among other things, to meet the debt service requirements on the Bonds. The Authority will assign its rights to such sublease rental payments to the Trustee.

The Bonds will be secured under the Indenture by the assignment and pledge by the Authority to the Trustee of the payments and the Sublease. The School District has covenanted in the Sublease and in the resolution adopted by the Board of School Directors of the School District on December 16, 2024 (the "School District Resolution"), authorizing, among other things, the School District to enter into the Sublease, 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 sublease rental payments due under the Sublease for such year, and will duly and punctually pay or cause to be paid the sublease rental payments on the dates and at the place and in the manner stated in the Sublease, which correspond to the payments due on the Bonds, and for such budgeting, appropriation and payment, the School District irrevocably has pledged its full faith, credit and taxing power, within the limits established by law.

The Authority, at the time of the issuance of the Bonds, will assign all its right (except certain reserved rights), title and interest in the Sublease and the payments received thereunder to the Trustee. The Bonds will be secured by and be payable under the Indenture from the funds held by the Trustee and payments made pursuant to the Bonds and the Sublease. The execution of the Sublease by the School District constitutes the incurrence of lease rental debt by the School District pursuant to the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82, as amended (the "Debt Act") and must be approved in advance by the Pennsylvania Department of Community and Economic Development. This approval will be obtained prior to issuance and delivery of the Bonds. Certain required approvals of the Department of Education of the Commonwealth will also be obtained.

In addition, in the event of failure of the School District perform its payment obligations with respect to any lease rental debt, the holders of the Bonds shall be entitled to certain remedies provided 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 the Court of Common Pleas. The Debt Act provides that 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 percent 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.

All public school subsidies in the Commonwealth are subject to appropriation by the General Assembly. Although the Constitution of the Commonwealth provides that "the General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth," the General Assembly is not legally obligated to appropriate such subsidies and there can be no assurance that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various school districts throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth's ability to make such disbursements will be dependent upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in interim borrowing by school districts pending the authorization and payment of state aid. Consequently, there can be no assurance that financial support from the Commonwealth for school districts, either for capital projects or education programs in general will continue at present levels or that moneys will be payable to a school district if indebtedness of such school district is not paid when due.

THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY. NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE TAXING POWER OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND (EXCEPT THE SCHOOL DISTRICT'S OBLIGATIONS UNDER THE SUBLEASE); NOR SHALL THE BONDS BE DEEMED A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE SCHOOL DISTRICT UNDER THE SUBLEASE); NOR SHALL THE UNITED STATES OF AMERICA OR THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE SCHOOL DISTRICT'S OBLIGATIONS UNDER THE SUBLEASE), BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

Additional Bonds

The Authority may issue additional bonds on parity with the Bonds under the Indenture (other than with respect to certain funds under the Indenture). In connection with the issuance of additional bonds, additional funds may be established under the Indenture for the benefit of such additional series of bonds. In such event, the holders of the Bonds will have no claim or right to any such funds, For a further description of the conditions under which such additional bonds may be issued. See "SUMMARIES OF CERTAIN PROVISIONS OF THE LEASE, THE SUBLEASE AND, THE INDENTURE - The Indenture" herein.

Commonwealth Enforcement of Debt Service Payments

Section 790 of the Public School Code of 1949 (the "School Code"), 24 P.S. Section 7-790(7) states that in the event the Board of School Directors of a Pennsylvania school district "fails to pay or provide for the payment of any rental or rentals due any municipality authority or nonprofit corporation for any period in accordance with the terms of any lease entered into under the provisions of this section, the Pennsylvania Department of Education shall notify such Board of School Directors of its obligation and shall withhold out of any State appropriation due such school district an amount equal to the amount of rental or rentals owing

by such school to the municipality authority or nonprofit corporation, and shall pay over the amount so withheld to the municipality authority or nonprofit corporation in payment of the rental.”

These withholding provisions are not part of any contract with the Trustee or any holder of the Bonds, and may be amended by future legislation. All public school subsidies in the Commonwealth are subject to appropriation by the General Assembly. Although the Constitution of the Commonwealth provides that “the General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth”, the General Assembly is not legally obligated to appropriate such subsidies and there can be no assurance that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various school districts throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth’s ability to make such disbursements will be dependent upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in interim borrowing by school districts pending the authorization and payment of state aid. Consequently, there can be no assurance that financial support from the Commonwealth for schools, either for capital projects or education programs in general will continue at present levels or that money will be payable to a school district if rentals owing by such school district are not paid when due.

Pennsylvania Budget Adoption

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

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

After a week’s delay and intense negotiations, a \$42.7 billion budget for the state’s 2022-2023 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$525 million increase over the 2021-2022 fiscal year appropriation.

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

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

Act 85 of 2016

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

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

Act 85 of 2016 provides that the amounts as may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to Pennsylvania Department of Education of the Commonwealth ("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 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 such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information 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.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been obtained from materials provided by DTC for such purpose. The Authority (herein referred to as the "Issuer"), the School District 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 Authority, the School District or the Underwriter.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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 a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such series and maturity to be redeemed.

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

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Trustee, 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 Trustee. 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 ISSUER, THE SCHOOL DISTRICT NOR THE TRUSTEE 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 Issuer, the School District and the Trustee 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.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue a Municipal Bond Insurance Policy for each series of the Bonds (collectively, 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 exhibit to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$502.6 million, \$246.3 million and \$256.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

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 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, optional or extraordinary prepayment of the Bonds which is recovered by the Authority or 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 Bond 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 Trustee 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 Trustee 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" below.

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 Trustee may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the Authority, 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.

**SUMMARIES OF CERTAIN PROVISIONS
OF THE LEASE, THE SUBLEASE, AND THE INDENTURE**

Set forth below are brief descriptions of certain provisions of the Lease, the Sublease and the Indenture. The Bonds are secured by the Indenture and are payable from sublease rental payments due under the Sublease. These descriptions are brief summaries and do not purport to be and should not be regarded as complete statements of the terms of the Lease, the Sublease or the Indenture or as complete synopses thereof. Reference is made to the documents in their entirety, copies of which may be obtained from the Trustee, for a complete statement of the terms and conditions therein.

The Lease

The School District, as lessor, and the Authority, as lessee, will enter into the Lease, pursuant to which the School District shall lease the Property to the Authority. The Lease shall be for a term beginning March __, 2025, and ending March 15, 20__, subject to earlier termination upon defeasance of all bonds issued under the Indenture. The Authority will pay to the School District a lump sum lease rental payment in an amount equal to the amount of proceeds it receives from the issuance of sale of the Bonds. The Lease provides that the Authority shall have the right to sublease the Property to the School District pursuant to the Sublease.

The Sublease

The Authority, as sublessor, and the School District, as sublessee, will enter into the Sublease. The Sublease requires the School District to make sublease rental payments to the Authority in the amounts sufficient to pay debt service payments on Bonds.

Representations, Warranties and Covenants: The School District makes certain representations, warranties and covenants under the Sublease, including without limitation, with respect to the existence and authority of the School District, the enforceability of the Lease and Sublease and the absence of litigation that would have a material adverse effect on the financial condition or operations of the School District or the validity or enforceability, with regard to, among other things, the Bonds.

Debt Service Payments: The debt service payments are payable from the sublease rental payments and other funds of the School District from whatever source derived. The School District has covenanted to (i) include the amount of the sublease rental payments for each fiscal year in which they are payable in its budget for such fiscal year; (ii) appropriate those amounts from its general revenues for the payment of such sublease rental payments; and (iii) duly and punctually pay or cause to be paid, from any of its revenues or funds, the sublease rental payments at the dates and place and in the manner stated therein and for such budgeting, appropriation and payment the School District has pledged its full faith, credit and taxing power, within the limits established by law.

Assignment of Sublease: The sublease rental payments shall be paid by the School District directly to the Trustee under an assignment by the Authority to the Trustee of such payments for the benefit and security of the Bondholders under the Indenture.

Unconditional Obligation: The obligation of the School District to pay the sublease rental payments and all other sums payable under the Sublease is absolute and unconditional. The payments are required to be made in full directly to the Trustee, as assignee, when due without delay or diminution for any cause whatsoever, including without limitation thereto, destruction of Property, and without right of set-off for default on the part of the Authority under the Sublease.

Events of Default: Any one or more of the following events shall constitute an “Event of Default” under the Sublease:

- a. the School District fails to make any sublease rental payment required under the Sublease;
- b. the School District shall fail or refuse to comply with certain covenants set forth in the Sublease;
- c. the School District shall default in the due and punctual performance of any other of the covenants and agreements contained in the Sublease and such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the School District by the Authority; or
- d. if an Event of Default shall have occurred and be continuing under the Indenture and as a result of such Event or Default the Bonds shall have been declared due and payable by acceleration in accordance with the Indenture.

Remedies: If an Event of Default has occurred and is continuing, the Authority (or the Trustee as its assignee) may, in addition to its other rights and remedies as may be provided in the Sublease or may exist at the time at law or in equity, exercise any one or more of the following remedies:

- a. upon notice to the School District, declare all sums due or to become due under the Sublease to be immediately due and payable; or
- b. by suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the School District to carry out any agreements with or for the benefit of the owners of the Bonds and to perform its duties under the Act and the Sublease.

The Indenture

Limited Obligations of the Authority: THE BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE AUTHORITY. NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE TAXING POWER OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND (EXCEPT THE SCHOOL DISTRICT'S OBLIGATIONS UNDER THE SUBLEASE); NOR SHALL THE BONDS BE DEEMED A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OR OF ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE SCHOOL DISTRICT UNDER THE SUBLEASE); NOR SHALL THE UNITED STATES OF AMERICA OR THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF (EXCEPT THE SCHOOL DISTRICT'S OBLIGATIONS UNDER THE SUBLEASE), BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

Pledge and Assignment of Certain Revenues: The Authority has pledged to the Trustee in the Indenture, a security interest in all lease payments, and other sums payable under the Sublease, for the benefit and security of the registered owners of the Bonds issued under such Indenture.

Revenue Fund: All sublease rental payments under the Sublease are required to be deposited in the Revenue Fund established with the Trustee at the times set forth in the Indenture. All moneys in the Revenue Fund are required to be transferred by the Trustee at the times set forth in the Indenture to the various other Funds established under the Indenture.

Debt Service Fund: There is established under the Indenture a Debt Service Fund. On or before each March 1 and September 1, commencing September 1, 2025 moneys in an amount sufficient to make the interest payments due on the Bonds on each March 15 and September 15 thereafter and to make principal payments (including mandatory sinking fund redemption) due on the Bonds on March 15 of each year shall be transferred from the Revenue Fund to the Debt Service Fund.

Rebate Fund: The Trustee shall establish a Rebate Fund. The Authority will periodically, and upon retirement of the last tax-exempt bond determine the sum required to be deposited in the Rebate Fund (if any) and direct the Trustee to transfer such sum from the other funds and accounts established under the Indenture upon the receipt of such funds from the School District. The Authority will direct the Trustee to pay to the United States Government the sums on deposit in the Rebate Fund at the times and in the amounts (if any) required by the Internal Revenue Code of 1986, as amended, and all extant regulations promulgated thereunder.

Investment of Funds: Moneys held in the Revenue Fund and, the Debt Service Fund thereunder will be invested in accordance with the Indenture.

Additional Bonds: The Indenture permits under certain circumstances and conditions, the issuance of additional bonds for the purposes of paying the Costs of undertaking or completing a School District Project or of paying the Costs of refunding all or any portion of any Series of Outstanding Bonds of the Authority issued on behalf of the School District or any obligation of the School District issued for a purpose for which the Authority is authorized to issue bonds under the Act.

Default and Remedies: The Indenture provides that the failure to pay principal of or interest on any bonds, the occurrence of certain events of default under the Sublease, the failure by the Authority to comply with the Act relating to the Bonds or a default by the Authority in the due and punctual performance of all covenants contained in the Bonds or the Indenture shall each constitute an "Event of Default".

Under the Indenture, in the event of any default therein, the Trustee may enforce and upon written request of the owners of 25% in principal amount of the Bonds then outstanding accompanied by indemnity as provided in the Indenture shall declare the principal of all bonds then outstanding immediately due and payable and shall enforce, for the benefit of all Bondholders all their rights of entry, of bringing suit, action or proceeding at law or in equity and of having a receiver appointed. Neither the Trustee nor any receiver, however, may sell, assign, mortgage, or otherwise dispose of any assets of the Authority.

For more complete statement of the events of default under the Indenture and the rights and remedies of the Bondholders and for limitations thereon, reference is made to the Indenture.

Modifications and Amendments: Amendments to the Indenture are permitted without consent of Bondholders for certain purposes, including the imposition of additional restrictions and conditions respecting the issuance of Bonds, the addition of covenants and agreements by the Authority, the modification of the Indenture to conform the same with governmental regulations (so long as the rights of the Bondholders issued thereunder are not adversely affected thereby), the curing of any ambiguity, defect or inconsistency in the Indenture, and the making of provision for matters which are necessary or desirable and which do not materially adversely affect the interests of Bondholders. Certain other modifications may be made to the Indenture, but only with the consent of the Authority and the owners of not less than 66-2/3% in principal amount of Outstanding Bonds (as defined in the Indenture) issued thereunder.

Defeasance: When the principal or redemption price (as the case may be) of all bonds issued under the Indenture, together with the interest thereon, have been paid, or there shall have been irrevocably deposited with the Trustee any combination of monies, and Government Obligations not unacceptable to the Trustee, which mature as to principal and interest in such amounts and at such times as will be sufficient to pay the principal or redemption price of the bonds and interest thereon due or to become due to the date or dates of maturity or redemption, as well as all other sums payable under the Indenture by the Authority with respect to the bonds, (together with a verification report, which complies with the terms of the Indenture), the Indenture shall cease to be of further effect (except as to (i) rights of registration of transfer and exchange; (ii) substitution of mutilated, destroyed, lost or stolen bonds; (iii) rights of Owners of the bonds to receive payments of principal or redemption price, as applicable, and interest when due from amounts deposited pursuant to this provision; (iv) the obligations of the Authority with respect to rebate to the United States; and (v) rights, obligations and immunities of the Trustee under the Indenture), and the Trustee upon request of the Authority (and payment of all compensation and reimbursement of expenses then due and owing the Trustee) shall release the Indenture and the lien thereof and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority or to such person, body or authority as may be entitled to receive the same all property pledged under the Indenture and any and all balances remaining in any fund or account established under the Indenture (except amounts deposited or reserved in any fund or account to pay the principal or redemption price of or interest on the bonds, and amounts on deposit in the Rebate Fund). The Trustee shall not be required to take any such action unless it shall have received an opinion of Bond Counsel, stating in substance that all conditions precedent provided in the Indenture for such release, cancellation and discharge have been satisfied. Thereafter, the bonds shall be payable by the Authority solely from the property deposited and pledged pursuant to this provision.

Deposit of Funds for Payment of Bonds: If there is deposited with the Trustee monies or Government Obligations acceptable to the Trustee as provided in the paragraph immediately above sufficient to pay the principal or redemption price of any particular Bond or Bonds thereafter becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on such Bond or Bonds shall cease to accrue and, except as provided herein, all liability of the Authority with respect to such Bond or Bonds shall cease. Thereafter such Bond or Bonds shall be deemed not to be Outstanding under the Indenture and the Owner or Owners of such Bond or Bonds shall be restricted exclusively to the funds so deposited for any claim whatsoever with respect to such Bond or Bonds, and the Trustee shall hold such funds in trust for such Owner or Owners.

Deposit of Funds for Payment of all Bonds: If the Authority deposits with the Trustee monies or Government Obligations acceptable to the Trustee as aforesaid sufficient to pay the principal and interest as above required on all of the bonds then remaining outstanding, then in addition the Trustee shall reassign to the Authority and the Authority shall cancel and return to the School District the Sublease and the Assignment of the Rental Payments which were pledged to the Bonds under the Indenture.

THE SCHOOL DISTRICT

Introduction

The School District, which comprises the Boroughs of Aldan, Colwyn, Darby, East Lansdowne, Lansdowne and Yeadon, occupies an area of 4.65 square miles and lies in the eastern part of the County of Delaware, Pennsylvania (the "County"). Darby, Colwyn and Yeadon are contiguous with the western boundary of the City of Philadelphia, and Lansdowne, Aldan and East Lansdowne lie to the north and west of the other Boroughs.

Administration

The School District, a school district of the third class, is located in the County. The School District is governed by a nine-member Board of School Directors (the "School Board"). The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Business Administrator is responsible for budget and financial operations. Both of these officials are selected by the School Board.

School Facilities

The School District presently owns eight elementary schools, one middle school and two senior high schools.

**TABLE 1
WILLIAM PENN SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Rated Pupil Capacity	2024-25 Enrollment
<u>Elementary:</u>					
Aldan Elementary.....	1978	---	K-6	425	241
Ardmore Avenue Elementary.....	1930	1966; 2012	K-6	650	542
Bell Avenue Elementary.....	1938	1946; 1973	K-6	350	264
Colwyn Elementary.....	1933	2002; 2003	K-6	225	141
East Lansdowne Elementary	1940	---	K-6	375	279
William B. Evans Elementary	1963	---	K-6	425	305
Park Lane Elementary	1977	---	K-6	425	302
Walnut Street Elementary.....	1971	---	K-6	650	272
<u>Secondary:</u>					
Penn Wood Middle School.....	1964	2003/04	7&8	1,035	688
Penn Wood High School Cypress Street Campus.....	1930's	1981	9&10	900	388
Penn Wood High School Green Avenue Campus.....	1927	1981; 2013	11&12	1,100	1,180
Administration Green Avenue Annex	1949	1977	---	---	---

Source: School District officials.

Enrollment Trends

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

**TABLE 2
WILLIAM PENN SCHOOL DISTRICT
ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2020-21	2,578	2,177	4,755	2025-26	2,297	2,197	4,494
2021-22	2,527	2,260	4,787	2026-27	2,228	2,161	4,389
2022-23	2,482	2,216	4,698	2027-28	1,855	2,396	4,251
2023-24	2,414	2,170	4,584	2028-29	1,820	2,378	4,198
2024-25	2,346	2,256	4,602	2029-30	2,180	2,083	4,263

Source: School District officials.

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

The School District keeps its books and prepares its financial reports according to an accrual (less taxes) basis of accounting. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. The firm of Barbacane, Thornton & Company, Wilmington, Delaware, currently serves as School District auditor.

Budgeting Process in School Districts under the Taxpayer Relief Act

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

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

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

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

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

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

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4, which follow. Tables 4 and 5 show audited revenues and expenditures for the past five years and the 2024-25 budget. The budget for 2024-25, as adopted June 27, 2024 projected revenue of \$120,856,280 and expenditures of \$120,856,280.

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

	Actual				
	2020	2021	2022	2023	2024
ASSETS					
Cash and Cash Equivalent.....	\$5,667,993	\$2,597,681	\$6,894,375	\$7,050,667	\$0
Investments	721,538	702,659	170,254	547,462	557,963
Taxes Receivable	7,762,516	7,377,649	5,738,321	5,414,880	8,070,766
Due from Other Funds	2,816,758	4,699,993	1,823,051	1,460,604	7,351,441
Due from Other Governments.....	5,868,858	6,722,251	5,484,004	6,535,871	7,352,806
Other	0	509,747	1,072,049	2,823,151	1,020,825
TOTAL ASSETS	<u>\$22,837,663</u>	<u>\$22,609,980</u>	<u>\$21,182,054</u>	<u>\$23,832,635</u>	<u>\$24,353,801</u>
LIABILITIES					
Accounts Payable.....	\$3,681,803	\$4,457,550	\$4,226,909	\$5,383,263	\$7,991,998
Current Portion of Long-Term Debt (e.g. St. Comp. Abs.).....	61,239	56,380	50,546	50,546	50,546
Accrued Salaries and Benefits.....	9,685,037	9,716,543	9,724,698	10,138,962	10,757,472
Unearned Revenues.....	21,172	129,896	1,322,016	3,226,346	2,394,774
Other Current Liabilities	0	0	262,316	0	471,638
TOTAL LIABILITIES	<u>\$13,449,251</u>	<u>\$14,360,369</u>	<u>\$15,586,485</u>	<u>\$18,799,117</u>	<u>\$21,666,428</u>
DEFERRED INFLOWS OF RESOURCES	\$6,909,472	\$5,982,943	\$522,122	\$4,456,999	\$6,931,779
FUND EQUITIES					
Nonspendable Fund Balance.....	\$0	\$0	\$0	\$845,505	\$678,626
Unassigned Fund Balance	2,478,940	2,266,668	373,446	(268,986)	(4,923,033)
TOTAL FUND EQUITIES	<u>\$2,478,940</u>	<u>\$2,266,668</u>	<u>\$373,446</u>	<u>\$576,519</u>	<u>(\$4,244,407)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	<u>\$22,837,663</u>	<u>\$22,609,980</u>	<u>\$17,086,499</u>	<u>\$23,832,635</u>	<u>\$24,353,801</u>

*Totals may not add due to rounding.

Source: School District Audited Financial Reports.

TABLE 4
WILLIAM PENN SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*

	Actual					Budget 2025⁽¹⁾
	2020	2021	2022	2023	2024	
Beginning Fund Balance	\$432,121	\$2,478,940	\$2,266,668	\$373,447	\$576,519	(\$4,244,407)
Revenues over (under) Expenditure	2,046,819	(212,272)	(1,893,221)	203,072	(4,820,925)	0
Prior Period Adjustment	0	0	0	0	0	0
Ending Fund Balance	<u>\$2,478,940</u>	<u>\$2,266,668</u>	<u>\$373,447</u>	<u>\$576,519</u>	<u>(\$4,244,407)</u>	<u>(\$4,244,407)</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 27, 2024.

Source: School District's Audited Financial Reports and PDE-2028 Budget.

General Fund Revenue

The School District received \$130,780,919 in revenue in 2023-24 and has budgeted revenue of \$120,856,280 in 2024-25. Local sources decreased as a share of total revenue in the past five years, from 49.1 percent in 2019-20 to 41.6 percent in 2023-24. Revenue from State sources increased as a share of total revenue from 46.6 percent to 47.9 percent over this period. Revenue from Federal sources increased as a share total of revenue from 4.2 percent to 10.5 percent over this period.

**TABLE 5
WILLIAM PENN SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUE*
(For years ending June 30)**

REVENUE:	Actual					Budget
	2020	2021	2022	2023	2024	2025⁽¹⁾
Total Local Sources.....	\$50,575,217	\$51,490,830	\$51,241,318	\$51,629,016	\$54,379,122	\$55,796,120
Total State Sources.....	47,966,835	49,236,092	50,074,039	57,218,765	62,637,581	61,275,507
Total Federal Sources.....	5,756,878	9,885,677	10,277,446	12,279,004	15,475,030	3,784,653
Total Other Sources.....	(\$1,383,308)	(\$1,524,761)	(\$1,053,036)	(\$906,295)	(\$1,710,814)	0
TOTAL REVENUE.....	\$102,915,622	\$109,087,838	\$110,539,767	\$120,220,490	\$130,780,919	\$120,856,280
EXPENDITURES:						
Instruction.....	\$69,509,316	\$73,732,690	\$77,346,758	\$79,084,042	\$85,276,350	\$75,267,720
Support Services.....	27,187,695	31,683,680	31,053,819	33,069,859	37,119,476	37,405,719
Noninstructional Services.....	1,547,790	1,141,090	1,566,784	1,920,391	1,716,572	1,888,438
Capital Outlay.....	0	0	0	2,857,017	7,995,963	0
Debt Services.....	2,624,002	2,742,650	2,465,627	3,086,109	3,493,483	4,337,245
Budgetary Reserve.....	0	0	0	0	\$0	1,957,158
TOTAL EXPENDITURES.....	\$100,868,803	\$109,300,110	\$112,432,988	\$120,017,418	\$135,601,844	\$120,856,280
SURPLUS (DEFICIT) OF						
REVENUES OVER EXPENDITURES.....	\$2,046,819	(\$212,272)	(\$1,893,221)	\$203,072	(\$4,820,925)	\$0

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 27, 2024.

Source: School District's Audited Financial Reports and PDE-2028 Budget.

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TAXING POWERS OF THE SCHOOL DISTRICT

In General

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see "The Taxpayer Relief Act (Act 1)" herein), the School District is empowered by the Public School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not 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, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – "STEB") multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 ("The Taxpayer Tax Relief Act" or "Act 1"), a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 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 (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (PDE):

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

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to

any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

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

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

<u>Fiscal Year</u>	<u>Index %</u>
2021-22	4.5%
2022-23	5.0%
2023-24	6.1%
2024-25	8.0%
2025-26	5.9%

In accordance with Act 1, the School District put a referendum question on the ballot at the March 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. The referendum was **NOT** approved by the voters.

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

Status of the Bonds Under Act 1

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

Act 130 of 2008

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district has implemented a personal income tax in accordance with the Taxpayer Relief Act, an increased personal income tax, in a revenue neutral manner. To replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place a binding referendum question on the ballot at a general or municipal election for approval by the voters.

The School District currently does not levy an occupation tax.

Act 48 of 2003 – Limitation on School District Fund Balances

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 year that includes an estimated ending unreserved and undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

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

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

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 48. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 48 NOR 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.

⁽¹⁾Effective June 30, 2011, GASB 54 fund designations renamed.

Tax Levy Trends

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

**TABLE 6
WILLIAM PENN SCHOOL DISTRICT
TAX RATES**

Fiscal Year	Real Estate (mills)	Real Estate Transfer (%)
2020-21	28.1793	0.50
2021-22	28.1800	0.50
2022-23	28.9500	0.50
2023-24	30.7100	0.50
2024-25	31.6300	0.50

Source: School District officials.

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

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
<i>School District</i>	28.1793	28.1800	28.9500	30.7100	31.6300
<i>Municipalities within the School District</i>	2020	2021	2022	2023	2024
Aldan Borough	5.2100	5.2100	5.2100	5.2100	5.2100
Colwyn Borough	18.2000	18.2000	18.2000	18.2000	18.2000
Darby Borough.....	14.1401	14.1401	14.6401	15.6500	15.6500
East Lansdowne Borough.....	7.3600	7.3600	7.3600	8.8600	9.1900
Lansdowne Borough.....	7.3039	7.3039	7.3039	7.3039	7.3039
Yeadon Borough	5.5820	5.5820	6.8320	8.8320	8.8320
<i>Delaware County</i>	2.9990	2.9990	2.9990	3.149	3.149

Source: School District Budgets and Pennsylvania Department of Community & Economic Development - Municipal Statistics

Real Property Tax

The real property tax (excluding delinquent collections) produced \$47,873,391 in 2023-24, approximately 36.6 percent of total revenue. The tax is levied during the month of July of each year. Taxpayers who remit on or before August 30 receive a 2 percent discount, and those who remit subsequent to March 15 are assessed a 10 percent penalty. The School District permits installment payments for residential property owners with first installment due August 10.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide assessment was in 2021.

**TABLE 8
WILLIAM PENN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Fiscal Year	Market Value	Assessed Value	Ratio
2019-20	\$1,422,609,552	\$1,128,199,784	79.30%
2020-21	1,485,511,563	1,123,111,846	75.60%
2021-22	1,485,511,562	1,877,473,635	126.39%
2022-23	1,841,334,050	1,871,915,071	101.66%
2023-24	1,843,498,135	1,874,742,324	101.69%

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

**TABLE 9
WILLIAM PENN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2022 Market Value	2022 Assessed Value	2023 Market Value	2023 Assessed Value
<i>School District</i>	\$1,841,334,050	\$1,871,915,071	\$1,843,498,134	\$1,874,742,324
Aldan Borough	263,991,247	247,201,892	263,060,792	246,555,689
Colwyn Borough	63,149,253	57,113,172	63,374,155	57,243,911
Darby Borough	257,636,093	272,217,423	259,732,347	273,989,297
East Lansdowne Borough	104,960,588	109,442,476	103,850,714	108,785,689
Lansdowne Borough	603,587,235	619,118,439	605,089,437	621,074,599
Yeadon Borough	548,009,634	566,821,669	548,390,689	567,093,139
Delaware County	56,190,922,472	58,168,637,193	56,682,227,303	58,656,831,445

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

**TABLE 10
WILLIAM PENN SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2019-20	2020-21	2021-22	2022-23	2023-24
Residential	\$958,060,231	\$954,617,825	\$1,533,628,777	\$1,530,929,813	\$1,530,398,974
Lots	6,240,516	6,634,031	9,305,934	9,101,844	9,104,311
Industrial	161,808,341	160,069,074	326,508,204	324,154,234	327,796,472
Commercial	2,090,696	1,790,916	8,030,720	7,729,180	7,442,567
Total	<u>\$1,128,199,784</u>	<u>\$1,123,111,846</u>	<u>\$1,877,473,635</u>	<u>\$1,871,915,071</u>	<u>\$1,874,742,324</u>

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

**TABLE 11
WILLIAM PENN SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

Fiscal School Year	Tax Levy	Current Collections Amount	Current Year Collections As a Percent	Total Collections Amount⁽¹⁾	Total Collections As a Percent
2019-20	\$53,145,827	\$48,633,143	91.51%	\$52,834,033	99.41%
2020-21	\$45,997,851	\$45,468,152	98.85%	\$50,569,003	109.94%
2021-22	\$49,502,872	\$45,455,780	91.82%	\$50,016,641	101.04%
2022-23	\$49,900,880	\$45,374,047	90.93%	\$50,019,309	100.24%
2023-24	\$53,282,512	\$47,873,391	89.85%	\$52,493,356	98.52%

⁽¹⁾Includes penalties, less discounts and exonerations.
Source: School District officials.

The ten largest real property taxpayers, together with their assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 6.8 percent of total assessed value.

**TABLE 12
WILLIAM PENN SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS**

Owner	2024-25 Assessed Value
Parkview Court Assoc LLC	\$29,083,600
Velocity Venture Partners ⁽²⁾	24,724,350
1412 Lansdowne Realty LLC	8,864,320
Fitzgerald Mercy Medical Center ⁽¹⁾	7,990,640
Yeadon Propco LLC	7,632,830
Providence Village Assoc LLC	7,198,090
Mercy Catholic Medical Center	7,092,690
Makemie Court LP	6,540,290
GT Apartments LP	6,458,330
Forest Creek Management LLC	4,935,840
Total	\$110,520,980

⁽¹⁾Taxpayer initiated appeal.
⁽²⁾School District initiated appeal.
Source: School District officials.

Other Taxes

Under Act 511, the School District levies one-half percent under the Real Estate Transfer Tax. In 2023-24 the School District collected \$706,148 from the transfer tax or less than one percent of total revenue. The Act 511 limit, equal to 12 mills on the market value of real property, was \$22,121,978.

COMMONWEALTH AID TO SCHOOL DISTRICTS

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

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the “Reimbursable Percentage” assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction (“CARF”) (17.43%) or the wealth based Market Value Aid Ratio (“MVAR”) currently (73.38%), whichever is higher. The Reimbursable Percentage is determined through a process known as the “Planning and Construction Workbook” or “PlanCon”.

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

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

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

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

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

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DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the debt of the William Penn School District as of January 6, 2025 including the issuance of the Bonds.

**TABLE 13
WILLIAM PENN SCHOOL DISTRICT
DEBT STATEMENT
(As of January 6, 2025) ***

NONELECTORAL DEBT	Gross Outstanding
School Revenue Bonds, Series A of 2025	\$13,470,000
School Revenue Bonds, Series B of 2025	13,000,000
General Obligation Bonds, Series of 2024	9,995,000
General Obligation Bonds, Series of 2023	9,695,000
General Obligation Notes, Series of 2022	9,730,000
General Obligation Notes, Series of 2021	3,492,000
General Obligation Bonds, Series of 2020	9,800,000
General Obligation Bonds, Series of 2019	15,480,000
General Obligation Bonds, Series of 2015	220,000
General Obligation Note (SPSBA - QCSB), Series of 2011	190,278
General Obligation Note (SPSBA - QCSB), Series B of 2010	7,810,000
TOTAL NONELECTORAL DEBT	<u>\$92,882,278</u>
LEASE RENTAL DEBT	
TOTAL LEASE RENTAL DEBT	<u>\$0</u>
TOTAL PRINCIPAL OF DIRECT DEBT	<u>\$92,882,278</u>

*Includes the estimated Bonds offered through this Official Statement.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$92,882,278*. After adjustment for available funds and estimated State aid, the local effort of direct debt will total \$88,997,131*.

TABLE 14
WILLIAM PENN SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of January 6, 2025)*

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid ⁽¹⁾
<u>DIRECT DEBT</u>		
Nonelectoral Debt	\$92,882,278	\$88,997,131
Lease Rental Debt	0	0
<i>TOTAL DIRECT DEBT</i>	\$92,882,278	\$88,997,131
<u>OVERLAPPING DEBT</u>		
Delaware County, General Obligations ⁽²⁾	\$12,470,047	\$12,470,047
Municipal Debt	13,263,551	13,263,551
<i>TOTAL OVERLAPPING DEBT</i>	\$25,733,598	\$25,733,598
<i>TOTAL DIRECT AND OVERLAPPING DEBT</i>	\$118,615,876	\$114,730,730
<u>DEBT RATIOS</u>		
Per Capita	\$2,806.55	\$2,714.62
Percent 2023-24 Assessed Value	6.33%	6.12%
Percent 2023-24 Market Value	6.43%	6.22%

*Includes the estimated Bonds offered through this Official Statement.

⁽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.”

⁽²⁾Pro rata 3.2 percent of \$390,162,125 principal amount outstanding.

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2021-22	\$106,239,853
Total Revenues for 2022-23	113,820,542
Total Revenues for 2023-24	121,278,595
<i>Total</i>	\$341,338,990
Annual Arithmetic Average (Borrowing Base)	\$113,779,663

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

Net Nonelectoral Debt and Lease Rental Debt Limit:	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
225% of Borrowing Base	\$256,004,243	\$92,882,278	\$161,121,965

*Includes the Bonds offered through this Official Statement.

Debt Service Requirements

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

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

**TABLE 15
WILLIAM PENN SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

<u>Fiscal Year</u>	<u>Other General Obligation Debt</u>	<u>Series A of 2025</u>			<u>Series B of 2025</u>			<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2024-25	\$4,344,758							
2025-26	4,396,853							
2026-27	4,402,926							
2027-28	4,407,552							
2028-29	4,401,820							
2029-30	4,384,618							
2030-31	4,385,682							
2031-32	4,383,483							
2032-33	4,382,060							
2033-34	4,384,061							
2034-35	4,379,553							
2035-36	4,379,501							
2036-37	4,378,718							
2037-38	4,383,147							
2038-39	4,075,557							
2039-40	4,082,789							
2040-41	4,074,813							
2041-42	4,075,451							
2042-43	2,125,169							
2043-44	2,127,488							
2044-45	2,126,863							
2045-46	2,123,338							
2046-47	2,126,869							
2047-48	2,127,000							
2048-49	2,124,500							
2049-50	2,127,750							
2050-51	2,126,250							
Total	\$96,838,564							

*Totals may not add due to rounding.

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

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

2023-24 State Aid Received.....	\$62,626,976
2023-24 Debt Service Requirements.....	\$3,391,793
Maximum Future Debt Service Requirements after Issuance of Bonds.....	
Coverage of 2023-24 Debt Service Requirements.....	18.46 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds.....	times

*Assumes current State Aid Ratio. See "COMMONWEALTH AID TO SCHOOL DISTRICTS".

Future Financing

The School District is considering issuing up to \$20 million in the next 1-2 years to complete various capital improvement projects, if necessary. If refunding opportunities arise with regard to outstanding debt, the School District will also consider issuing debt to take advantage of such opportunities.

LABOR RELATIONS

School District Employees

There are presently approximately 553 full-time employees of the School District, including 438 teachers and administrators, and 115 full-time support personnel including secretaries.

The School District's teachers are represented by the William Penn Education Association, an affiliate of the Pennsylvania State Education Association, under a contract with the School District which expires on June 20, 2025. The secretarial support staff is represented by the William Penn Educational Support Personnel Association under a contract which expires on June 30, 2025. Both collective bargaining agreements are currently in negotiations.

Pension Program

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

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

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

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

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

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

Annual School District contributions have been as follows:

2019-20	\$12,375,673
2020-21	\$11,273,382
2021-21	\$13,166,145
2022-23	\$14,724,886
2023-24 (budgeted)	\$14,500,000

At June 30, 2023, the School District reported a liability of \$114,170,000 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 its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2023, the School District's proportion was 0.2568% which was a decrease of 0.005% from its proportion measured as of June 30, 2022.

As of June 30, 2023, the PSERS plan was 61.60% 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 at June 30, 2023. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009. For a full description of the plan, please refer to Appendix "E" - Audit Report - Fiscal year Ended June 30, 2023.

ABSENCE OF LITIGATION

The Authority

There is no action, suit or proceeding before any court, public board or body pending or, to the knowledge of the Authority, threatened against or affecting the Authority, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds, the Indenture, the Lease or the Sublease or the validity or enforceability of the Bonds, the Indenture, the Lease or the Sublease.

The School District

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the Indenture, the Lease or the Sublease, the validity of the Bonds, or any proceedings of the School District taken in connection with the issuance or sale of the Bonds, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the School District.

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 will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Authority and 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 Authority and the School District with its respective covenants contained in the Indenture, the Sublease, the Resolution and its representations in the Tax Compliance Certificate executed by the Authority and the School District on the date of issuance of the Bonds relating to actions to be taken by the Authority and 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, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, individuals who otherwise qualify for the earned income credit and 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 § 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 B. 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 Commonwealth 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 B 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.

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; the Authority, the School District and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Official Statement inclusive of its Appendices.

Cybersecurity

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

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

Climate Change

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

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15-c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB through the MSRB’s Electronic Municipal Market Access (“EMMA”) System, which may be accessed on the internet at <http://www.emma.msrb.org>, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) substantially in the form attached hereto as Appendix C.

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

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

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

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

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined “obligated persons”) with respect to municipal securities issues) are made available through EMMA.

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

Fiscal Year Ending	Filing Due Date	Audit	Filing Dates:		Budget
			Operating Data		
6/30/2024	12/31/2024	12/31/2024 ⁽¹⁾	12/31/2024	1/31/2025 ⁽³⁾	12/31/2024
6/30/2023	12/31/2023	12/31/2023 ⁽²⁾	12/31/2023	3/15/2024 ⁽³⁾	12/31/2023
6/30/2022	12/31/2022	12/23/2022	12/22/2022	8/18/2023 ⁽³⁾	12/29/2022
6/30/2021	12/31/2021	12/22/2021	12/14/2021	3/23/2022 ⁽³⁾	12/14/2021
6/30/2020	12/31/2020	12/18/2020	11/30/2020	3/23/2022 ⁽³⁾	11/30/2020

⁽¹⁾The unaudited financial statements and failure to timely file notice was filed on this date, followed by the filing of the audited financial statements to EMMA on 1/31/2025.

⁽²⁾The unaudited financial statements and failure to timely file notice was filed on this date, followed by the filing of the audited financial statements to EMMA on 3/1/2024.

⁽³⁾The School District failed to timely file its Operating Data for the applicable fiscal year. In addition, a portion of the School District's operating data, consisting of "Assessments by Municipality and Land Use" were inadvertently not included in the original operating data filings; however, the School District did subsequently file this data to EMMA, along with failure to timely file notices.

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

RATINGS

S&P Global Ratings ("S&P") is expected to assign its municipal bond rating of "AA" (Stable Outlook) to the Bonds and has done so with the understanding that upon delivery of the Bonds, a municipal bond insurance policy with respect to the Bonds will be issued by BAM. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, New York, New York 10041-0003.

Moody's Ratings ("Moody's") has assigned its enhanced rating of "Aa3" based upon the additional security provided by the Commonwealth of Pennsylvania's Act 150 School District Intercept Program to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Ratings, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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

Neither the Authority or the School District nor the Underwriter has undertaken to maintain a particular rating on the Bonds.

UNDERWRITING

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

The Underwriter has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter

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

LEGAL OPINIONS

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, Philadelphia, Pennsylvania, Bond Counsel to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon for the School District and Authority by Sweet Stevens Katz & Williams LLP, of New Britain, Pennsylvania as Solicitor to the School District and counsel of the Authority and by Dilworth Paxson, LLP, of Philadelphia, Pennsylvania, Underwriter's Counsel.

FINANCIAL ADVISOR

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

MISCELLANEOUS

The Authority has no responsibility for the School District's compliance with the Continuing Disclosure Agreement or for the contents of, or any omissions from, the financial information, operating data or notices provided thereunder.

The references herein to the Indenture, the Lease, the Sublease, statutes and other materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof, copies of which will be furnished by the Authority upon request.

The information contained in this Official Statement has been compiled or prepared from official and other sources deemed to be reliable and, although not guaranteed as to the completeness or accuracy, is believed to be correct as of this date. Statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The information contained in this Official Statement should not be construed as representing all the conditions affecting the Authority, the School District or the Bonds.

The Authority has not assisted in the preparation of this Official Statement, except for the statements under the Section captioned "THE AUTHORITY" and "ABSENSE OF LITIGATION - The Authority" herein and, except for these sections, the Authority is not responsible for any statements made in this Official Statement. Except for the authorization, execution and delivery of documents required to affect the issuance of the Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the Bonds. Accordingly, except as foreshadowed, the Authority assumes no responsibility for the disclosures set forth in this Official Statement.

The undersigned, being the duly appointed Chairperson of the Authority and being duly authorized so to do, does hereby certify that the foregoing Official Statement is in form and content as authorized by the Board of the Authority, and that as of the date hereof, the information in this Official Statement under the headings "THE AUTHORITY" and "ABSENSE OF LITIGATION - The Authority" as it relates to the Authority, does not contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements contained herein in light of the circumstances under which they were made not misleading.

Other than with respect to information concerning Build America Mutual Assurance Company ("BAM") contained under the caption "BOND INSURANCE" and Appendix D - "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" herein, none of the information in this Official Statement has been supplied or verified by BAM and BAM makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information; (ii) the validity of the Bonds; or (iii) the tax exempt status of the interest on the Bonds.

The information contained in this Official Statement should not be construed as representing all the conditions affecting the Authority, the School District or the Bonds.

WILLIAM PENN SCHOOL DISTRICT AUTHORITY

By: _____
Chairperson, Authority Board

APPROVED:

WILLIAM PENN SCHOOL DISTRICT
Delaware County, Pennsylvania

By: _____
President, Board of School Directors

Appendix A
Demographic and Economic Information
Relating to the William Penn School District

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Population

Table A-1 shows recent population trends for the School District, Delaware County and Pennsylvania. Table A-2 shows 2020 age composition by household families for Delaware County and for the Commonwealth. Average household size was slightly higher for Delaware County than the statewide average.

**TABLE A-1
RECENT POPULATION TRENDS**

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
<i>School District</i>	42,116	43,308	0.28%
Delaware County.....	558,979	576,830	0.31%
Pennsylvania	12,702,379	13,002,700	0.23%

Source: U.S. Census Bureau, Census 2010-2020.

**TABLE A-2
AGE COMPOSITION BY HOUSEHOLD FAMILIES**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	Persons Per Household
Delaware County	22.2%	61.4%	16.4%	2.20
Pennsylvania.....	20.9	60.9	18.2	2.50

Source: U.S. Census Bureau, 2020.

Employment

Overall employment data are not compiled for the School District or the municipality within it, but such data are compiled for the Philadelphia Metropolitan Division.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
PHILADELPHIA, PA METROPOLITAN DIVISION
(Delaware and Philadelphia – PA Counties)
NONFARM JOBS – NOT SEASONALLY ADJUSTED

Establishment Data	Industry Employment				Net Change From:	
	Mar 2024	Feb 2024	Jan 2024	Mar 2023	Feb 2024	Mar 2023
TOTAL NONFARM	3,084,100	3,065,200	3,047,000	3,052,600	18,900	31,500
TOTAL PRIVATE	2,734,500	2,716,700	2,705,400	2,712,800	17,800	21,700
GOODS PRODUCING	301,400	299,600	299,200	303,300	1,800	-1,900
Construction, Natural Resources, and Mining	120,000	117,600	117,400	122,400	2,400	-2,400
Manufacturing	181,400	182,000	181,800	180,900	-600	500
Durable Goods	92,200	92,800	92,800	92,000	-600	200
Non-Durable Goods	89,200	89,200	89,000	88,900	0	300
SERVICE-PROVIDING	2,782,700	2,765,600	2,747,800	2,749,300	17,100	33,400
PRIVATE SERVICE-PROVIDING	2,433,100	2,417,100	2,406,200	2,409,500	16,000	23,600
Trade, Transportation, and Utilities	535,200	534,600	541,200	543,600	600	-8,400
Wholesale Trade	121,000	120,500	121,000	121,300	500	-300
Retail Trade	275,200	273,900	278,000	280,100	1,300	-4,900
Transportation, Warehousing, and Utilities	139,000	140,200	142,200	142,200	-1,200	-3,200
Information	52,900	52,800	52,300	54,200	100	-1,300
Financial Activities	229,900	229,600	229,300	228,900	300	1,000
Finance and insurance	188,300	188,300	188,000	188,400	0	-100
Professional and Business Services	490,200	487,700	487,200	498,000	2,500	-7,800
Professional and technical services	250,300	249,500	250,000	254,800	800	-4,500
Administrative and waste services	171,400	169,400	168,700	174,400	2,000	-3,000
Education and Health Services	734,500	730,200	713,800	701,000	4,300	33,500
Health care and social assistance	589,000	584,700	581,600	557,300	4,300	31,700
Hospitals	143,500	143,200	143,000	139,700	300	3,800
Leisure and Hospitality	267,400	259,800	259,100	262,000	7,600	5,400
Accommodation and food services	216,000	211,300	210,100	214,500	4,700	1,500
Other Services	123,000	122,400	123,300	121,800	600	1,200
Government	349,600	348,500	341,600	339,800	1,100	9,800
Federal Government	56,300	56,300	56,000	53,600	0	2,700
State Government	56,700	56,200	52,600	54,900	500	1,800
Local Government	236,600	236,000	233,000	231,300	600	5,300
Data benchmarked to March 2023	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor and Industry – www.paworkstats.state.pa.us

Major employers near the School District for Quarter 2, 2024 include:

Employer
The Boeing Company
Delaware County
Wawa Inc.
Villanova University
Prospect CCMC LLC
SAP of America Inc.
United Parcel Service Inc.
Federal Government
Giant Food Stores LLC
Elwyn

Source: Center for Workforce Information & Analysis

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>	Compound Average Annual % Rate
Delaware County							
Civilian Labor Force (000)	301.5	294.7	282.3	298.6	301.1	304.9	0.26%
Employment (000)	289.9	267.8	271.2	288.8	293.0	294.1	0.52%
Unemployment (000)	11.6	26.9	11.1	9.7	8.1	10.8	-6.12%
Unemployment Rate	3.80%	9.10%	3.90%	3.30%	2.70%	3.50%	
Pennsylvania							
Civilian Labor Force (000)	6,492.0	6,483.0	6,406.0	6,479.0	6,485.0	6,602.0	0.34%
Employment (000)	6,208.0	5,894.0	5,999.0	6,196.0	6,296.0	6,355.0	0.56%
Unemployment (000)	284.0	589.0	407.0	283.0	189.0	247.0	-5.23%
Unemployment Rate	4.40%	9.10%	6.30%	4.40%	2.90%	3.70%	

⁽¹⁾As of June 2024

Source: PA Department of Labor & Industry

Income

Table A-5 shows recent trends in per capita income for the School District, Delaware County and Pennsylvania over the 2010-2020 period. Per capita income in the School District and in the County is somewhat higher than average per capita income in the Commonwealth.

TABLE A-5
TRENDS IN PER CAPITA INCOME*

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
School District	\$23,985	\$27,711	1.45%
Delaware County	39,067	40,740	0.42%
Pennsylvania.....	27,049	35,518	2.76%

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

Source: Census, Pennsylvania State Data Center.

Commercial Activity

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Delaware County	\$9,257,449	\$9,510,061	\$9,134,845	\$9,768,201	\$10,596,620
Pennsylvania.....	244,709,540	251,185,116	274,685,600	297,770,327	310,912,244

Source: The Nielson Company.

Medical Facilities

Complete diagnostic, operative and post-operative medical care is offered by the Mercy Health Corp. with subsidiaries, including Fitzgerald Mercy Hospital, Misericordia Hospital, Liberty Health Services and Mercy Health Plan, located in or near the School District. In addition, listed below are other medical/health system providers within or near the School District. Also, Haverford State Hospital, a public institution, and the Elwyn Institute, a private non-profit institution, offer services for the treatment of the mentally handicapped and neurologically impaired.

<u>Provider Name</u>	<u>Location</u>
Crozer-Keystone Health System - Divisions:	Upland Borough
Springfield Hospital (Division)	Springfield Township
Taylor Hospital	Ridley Park Borough
Delaware County Memorial Hospital (Division)	Upper Darby Township
Kindred Hospital	Haverford Township
Riddle Memorial Hospital	Media Borough

Transportation

Among the highways servicing the School District are U.S. 13 (Philadelphia, Chester and Wilmington Pike) and the Philadelphia-Baltimore Pike. Additional highways servicing Delaware County are U.S. Route 30 (Lancaster Pike), U.S. Route 322 (28th Division Highway), Interstate 95 and Interstate 476 (Mid-county Expressway). The Commodore Barry Bridge provides direct connection between Delaware County and New Jersey.

A variety of transportation facilities are provided throughout the County by Conrail (main-line freight) and the Red Arrow rail lines of Southeastern Pennsylvania Transportation School District (SEPTA) as well as a number of bus lines. Airport facilities are available at the Philadelphia International Airport in Philadelphia and Delaware Counties, providing commercial and international passenger and freight service throughout the nation and the world.

Water and Sewer Service

Residents of the School District are provided with water by the Philadelphia Suburban Water Supply Company, a subsidiary of the Philadelphia Suburban Corporation. Sewer facilities for the School District are provided by the Delaware County Regional Water Quality Control Authority (DELCORA) and the Darby Creek Joint Authority.

Higher Education

Colleges and Universities located within Delaware County include Haverford College, Swarthmore College, Widener University, Villanova University, Cheyney State University, Eastern College, Neumann University, the Delaware County Campus of Pennsylvania State University, the Edmonda Campus of Gwynedd-Mercy College and the Community College of Delaware County.

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APPENDIX B
Form of Opinion of Bond Counsel

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[PROPOSED FORM OF BOND COUNSEL OPINION]

_____, 2025

**Re: \$ _____ Aggregate Principal Amount
William Penn School District Authority
School Revenue Bonds
(William Penn School District Project), Series A of 2025 and Series B of 2025**

To the Purchasers of the Within-Described Bonds:

We have served as Bond Counsel to the William Penn School District Authority (the “Authority”), in connection with the issuance of its \$ _____ aggregate principal amount, School Revenue Bonds (William Penn School District Project), Series A of 2025 (the “Series A Bonds”) and \$ _____ aggregate principal amount, School Revenue Bonds (William Penn School District Project), Series B of 2025 (the “Series B Bonds, and together with the Series A Bonds, the “Bonds”). The Bonds are issued under the provisions of the Municipality Authorities Act § 53 Pa. C.S. Ch. 56, as amended (the “Act”), a Resolution (“Resolution”) adopted on December 16, 2024 by the Board of the Authority and pursuant to a Trust Indenture, dated as of _____, 2025 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The Series A Bonds are being issued for the purpose of providing funds which will be used by the William Penn School District, Delaware County, Pennsylvania (the “School District”) for: (i) funding a deposit to the School District’s general fund for payment of certain operating expenses of the School District; and (ii) paying a portion of the costs and expenses of issuing the Bonds and a premium on a municipal bond insurance policy being issued by Build America Mutual Assurance Company (the “Bond Insurer”), covering payment of the principal and interest on the Series A Bonds in accordance with the terms set forth in the bond insurance policy. The Series B Bonds are being issued for the purpose of providing funds which will be used by the School District for: (i) funding the costs of planning, designing, constructing, furnishing and equipping of certain facilities of the School District, including, alterations, renovations and additions to the Penn Wood High School Cypress Street Campus, the Penn Wood High School Green Avenue Campus, the Wm. B. Evans Elementary School and the East Lansdowne Elementary School and/or undertaking various other capital improvement projects for the benefit of this School District; and (ii) paying a portion of the costs and expenses of issuing the Bonds and a premium on a municipal bond insurance policy being issued by the Bond Insurer covering payment of the principal and interest on the Series B Bonds in accordance with the terms set forth in the bond insurance policy.

The School District, as lessor, and the Authority, as lessee, have entered into a Lease Agreement, dated as of _____, 2025 (the “Lease”), pursuant to which the School District has leased a tract of land and the improvements situated thereon, including a school building (“Leased Premises”), to the Authority. In accordance with the Lease, the Authority will pay to the School District a lump sum lease rental payment funded with proceeds of the Bonds.

Pursuant to a Sublease Agreement, dated as of _____, 2025 (the “Sublease”), between the Authority, as sublessor, and the School District, as sublessee, the Authority will sublease the Leased Premises to the School District for certain sublease rental payments (the “Sublease Rental Payments”), which Sublease Rental Payments will be payable by the School District in the amounts and at the times necessary to enable the Authority to timely pay in full all debt service on the Bonds. The School District has entered into the Sublease in accordance with the terms and provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. C.S. Chs. 80-82 (“Debt Act”), and in accordance with the Debt Act, the School District has covenanted in the Sublease to: (i) include the amount of the Sublease Rental Payments for each fiscal year when such Sublease Rental Payments are payable in its budget for such fiscal year; (ii) appropriate such amounts from its general revenues for the payment of such Sublease Rental Payments; and (iii) duly and punctually pay or cause to be paid from the Sublease Rental Payments at the dates and place at in the manner stated in the Sublease. For such budgeting, appropriation and payment, the School District has pledged its full faith, credit and taxing power, within the limits established by law.

Pursuant to provisions of an Assignment, dated as of _____, 2025 (the “Assignment”), from the Authority to the Trustee, the Authority has, among other things, pledged, assigned and granted to the Trustee substantially all of its right, title and interest in and to the Sublease (except for certain indemnification rights, rights to receive notices, rights to provide approvals and rights to be reimbursed for certain costs and expenses that it may incur, as provided in the Sublease).

As Bond Counsel for the Authority, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania (“Commonwealth”); (b) the Act; (c) the Debt Act; (d) the relevant provisions of the Pennsylvania Public School Code of 1949, as amended; (e) the proceedings of the Authority relative to the issuance of the Bonds including the Indenture, the Lease, the Sublease and the Assignment; (f) the Resolution; (g) the proceedings of the Board of School Directors of the School District with respect to the authorization, issuance and sale of the Bonds; (h) a Certificate of Approval issued by the Department in respect of the proceedings authorizing the incurrence of lease rental debt by the School District; and (i) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof (“Tax Compliance Certificate”) of officials of the Authority and the School District having responsibility for issuing the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (“Code”), an opinion of Counsel to the Authority as to various matters, an opinion of the Solicitor to the School District as to various matters, and the other documents, certifications and instruments listed in the Closing Index filed with the Trustee on the date of original delivery of the Bonds. We have also examined a fully executed and authenticated Bond of each Series, or a true copy thereof, and we 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 Counsel to the Authority with respect to all matters of fact and law set forth therein.

Except with respect to paragraph 5 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

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

1. The Authority is a body corporate and politic, is validly existing under the laws of the Commonwealth and has the corporate power and lawful authority: (a) to execute and deliver the Indenture, the Lease and the Sublease; and (b) to issue and deliver the Bonds.

2. The Indenture, the Lease and the Sublease have been duly executed and delivered by the Authority and, assuming due authorization, execution and delivery thereof by the other parties thereto, are legal, valid and binding obligations of the Authority enforceable in accordance with the respective 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 ("Creditors' Rights Limitations").

3. The Bonds have been duly authorized, executed, authenticated, issued and delivered, and are the legal, valid and binding obligations of the Authority, payable solely from the revenues received by the Authority pursuant to the Sublease, and are enforceable in accordance with the terms thereof, except to the extent enforcement thereof may be affected by Creditors' Rights Limitations.

4. 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.

5. 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 School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

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

We call to your attention the fact that the Bonds are payable solely from amounts to be received by the Authority under the Sublease and that the Bonds are special, limited obligations of the Authority, and neither the full faith or general credit of the Authority, the Commonwealth of Pennsylvania or any political subdivision thereof (except the School District's obligations under the Sublease) is pledged to the payment of the principal of or interest on the Bonds. The Authority has no taxing power.

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

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

APPENDIX C
Form of Continuing Disclosure Agreement

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WILLIAM PENN SCHOOL DISTRICT AUTHORITY
Delaware County, Pennsylvania
School Revenue Bonds
(William Penn School District Project)
Series A of 2025 and Series B of 2025

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered this ___ day of _____, 2025, by the William Penn School District, Delaware County, Pennsylvania (the “School District”), in connection with the issuance and sale by the William Penn School District Authority (the “Authority”) of its \$ _____ aggregate principal amount School Revenue Bonds (William Penn School District Project), Series A of 2025 and its \$ _____ aggregate principal amount School Revenue Bonds (William Penn School District Project), Series B of 2025 (collectively, the “Bonds”). The Bonds are being issued by the Authority pursuant to a Trust Indenture, dated as of March 1, 2025 (the “Indenture”), by and between the Authority and the U.S. Bank Trust Company, National Association, as trustee, and the proceeds thereof are being loaned to the School District to undertake the Project further described therein.

The School District, intending to be legally bound, hereby agrees as follows:

Section 1. Definitions

In this Disclosure Agreement and any agreement supplemental hereto (except as otherwise expressly provided or unless the context clearly otherwise requires) terms used as defined terms in the recitals hereto shall have the same meanings throughout this Disclosure Agreement, and, in addition, the following terms shall have the meanings specified below.

“Annual Financial Information” shall mean annual financial or operating data regarding the School District of the nature contained in the Official Statement relating to the Bonds of the type included under the caption “TAXING POWERS OF THE SCHOOL DISTRICT - Table 6 (Tax Rates), Table 8 (Real Property Assessment Data), Table 11 (Real Property Tax Collection Data) and Table 12 (Ten Largest Real Property Taxpayers)”, which financial and operating data of the School District shall also consist of the School District’s budget for the current fiscal year and annual audited financial statements. The School District’s annual audited financial statements are prepared according to accounting methods and procedures which conform to guidelines adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants’ Audit Guide, Audits of States and Local Government based upon financial statements of the School District prepared in conformity with the accounting practices prescribed or permitted by the Department.

The operating data referred to above may be included in the School District’s annual audited financial statements and if so does not need to be separately posted.

“Bond Insurer” shall mean Build America Mutual Assurance Company.

“Business Day” shall mean any day other than a Saturday, Sunday or a day on which the School District is authorized by law or executive order to remain closed.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“Department” shall mean the Pennsylvania Department of Community and Economic Development.

“Disclosure Agreement” shall mean this agreement and all amendments and supplements hereto.

“Disclosure Representative” shall mean the Board Secretary or Business Administrator of the School District or such other official or employee of the School District as shall be designated in writing by the School District to an Agent (as hereinafter defined).

“EMMA” shall mean the Electronic Municipal Market Access System maintained by the MSRB at <http://emma.msrb.org/>, which serves as the sole nationally recognized municipal securities information repository under the Rule.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). 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.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the School District’s Official Statement, dated March 26, 2024.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with its purchase and reoffering of the Bonds.

“Registered Owner or Owners” shall mean the person or persons in whose name a Bond is registered on the books of the School District kept by the trustee for that purpose in accordance with the Indenture and the Bonds. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term Registered Owner or Owners shall also mean and include, for the purposes of this Disclosure Agreement, the beneficial owners of the Bonds who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise have or share: (a) voting power which includes the power to vote, or to direct the voting of, the Bonds; or (b) investment power which includes the power to dispose or to direct the disposition of a Bond. Beneficial owners of book-entry credits may file their names and addresses with the School District for purposes of receiving notices or giving direction under this Disclosure Agreement; provided, however, that the School District or the Agent, if appropriate, may require owners of book-entry credits to establish proof of ownership of such book-entry credits.

“Reportable Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Resolution” shall mean the School District’s Resolution adopted on December 16, 2024.

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

“Securities Depository” shall mean The Depository Trust Company, New York, New York, and its nominee, Cede & Co.

All capitalized terms and phrases used in this Disclosure Agreement and not defined above or elsewhere herein shall have the same meanings as set forth in the Resolution or the Indenture.

Section 2. Authorization and Purpose of Disclosure Agreement

This Disclosure Agreement is authorized to be executed and delivered by the School District pursuant to Section 9 of the Resolution in order to assist the Participating Underwriter in complying with the requirements of the Rule.

The School District is the only obligated person with respect to the Bonds for the purposes of the Rule.

Section 3. Annual Financial Information

(a) By the 1st day of March, of each year following the close of each fiscal year of the School District, commencing on March 1, 2026 with regard to the School District’s fiscal year ending June 30, 2025, the School District shall file the Annual Financial Information for such fiscal year with the MSRB via EMMA.

(b) If the School District is unable to file its annual audited financial statements as part of its filing of the Annual Financial Information required by Section 3(a) above, it shall file in a timely manner with the MSRB via EMMA an annual financial report (the “Interim Report”) for the most recent fiscal year of the School District which may, but need not, be its comprehensive annual financial report, if any, but which shall include, at a minimum, its unaudited financial statements for such fiscal year presented in conformity with generally accepted accounting principles; provided, however, if the School District files the Interim Report, the School District shall also file with the MSRB via EMMA such independently audited financial statements as soon as it becomes available.

Section 4. Reportable Events

(a) The School District agrees that it shall provide, in a timely manner, not in excess of ten (10) Business Days after the occurrence of the event, to the MSRB via EMMA, notice of any of the following events (“Reportable 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 status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bond holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the School District¹;
- (13) The consummation of a merger, consolidation, or acquisition involving the School District, the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (14) Appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) Incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affects holders of the Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the School District, any of which reflect financial difficulties.

The foregoing sixteen Reportable Events are quoted from the Rule. The Rule requires the listing of the Reportable Events set forth in clauses (1) through (16) above although some of such events may not be applicable to the Bonds.

(b) Whenever the School District concludes that a Reportable Event has occurred, it shall file in a timely manner not in excess of ten (10) Business Days after the occurrence of such event, a notice of such occurrence specifying the Reportable Event with the MSRB via EMMA and the Bond Insurer.

(c) The School District shall obtain a written acknowledgment of or a receipt (including an electronic receipt or confirmation) for any notice delivered to the MSRB via EMMA, which shall specify, among other things, the date the notice was received. All such written acknowledgements or receipts of notice returned to the School District shall be retained by the School District until the termination of this Disclosure Agreement.

(d) The School District agrees that it will also provide to the MSRB via EMMA notice of any failure by the School District to timely file the Annual Financial Information required by Section 3 hereof.

Section 5. Amendment; Waiver

(a) Notwithstanding any other provision of this Disclosure Agreement, the School District may amend this Disclosure Agreement or waive any of the provisions hereof, provided that no such amendment or waiver shall be executed by the School District or effective unless:

(1) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in identity, nature or status of the School District or the governmental operations conducted by the School District;

(2) this Disclosure Agreement, as amended by the amendment or waiver, would have been the written undertaking contemplated by the Rule at the time of original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) the amendment or waiver does not materially impair the interests of the Registered Owners of the Bonds.

(b) Evidence of compliance with the conditions set forth in clause (a) of this Section 5 shall be satisfied by the delivery to the School District of an opinion of counsel having recognized experience and skill in the issuance of municipal securities and federal securities law, to the effect that the amendment or waiver satisfies the conditions set forth in clauses (a)(1), (2), and (3) of this Section 5.

(c) Notice of any amendment or waiver containing an explanation of the reasons therefor shall be prepared and filed by the Disclosure Representative, at the time of filing of the Annual Financial Information filed pursuant to Section 3 hereof. The Disclosure Representative shall also send notice of the amendment or waiver to each Registered Owner.

Section 6. Other Information

Nothing in this Disclosure Agreement shall preclude the School District from disseminating any other information with respect to the School District or the Bonds, using the means of communication provided in this Disclosure Agreement or otherwise, in addition to the Annual Financial Information and the notices of Reportable Events specifically provided for herein, nor shall the School District be relieved of complying with any applicable law relating to the availability and inspection of records, if any. Any election by the School District to furnish any information not specifically provided for herein in any notice given pursuant to this Disclosure Agreement or by the means of communication provided for herein shall not be deemed to be an additional contractual undertaking and the School District shall have no obligation to furnish such information in any subsequent notice or by the same means of communication.

Section 7. Default

(a) In the event that the School District fails to comply with any provision of this Disclosure Agreement, any Registered Owner of the Bonds shall have the right, by suit, action or proceeding at law or in equity, to compel the School District to perform each and every term, provision and covenant contained in this Disclosure Agreement applicable to the School District.

(b) A default under this Disclosure Agreement shall not be or be deemed to be a default under the Bonds or the Indenture and the sole remedy in the event of a failure by the School District to comply with the provisions hereof shall be the action to compel performance described in clause (a) above.

Section 8. Concerning the School District

The School District may execute any powers hereunder and perform any duties required of it through attorneys, agents, and other experts, officers, or employees, selected by it, and the written advice of such counsel or other experts shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

Section 9. Agent

(a) The School District may appoint an entity to serve as disclosure agent (the “Agent”) to assist the School District in carrying out its obligations under this Disclosure Agreement. The School District may discharge the Agent with or without appointing a successor Agent. The Agent shall not be responsible in any manner for the content of any notice or report prepared by the School District pursuant to this Disclosure Agreement.

(b) The duties and obligations of the Agent shall be as set forth in an agreement between the parties.

Section 10. Term of Disclosure Agreement

This Disclosure Agreement shall terminate: (1) upon payment or provision for payment in full of the Bonds; (2) upon repeal or rescission of Section (b)(5) of the Rule; or (3) upon a final determination that Section (b)(5) of the Rule is invalid or unenforceable.

Section 11. Beneficiaries

This Disclosure Agreement shall inure solely to the benefit of the School District and the Registered Owners, from time to time, of the Bonds and nothing herein contained shall confer any right upon any other person.

Section 12. Notices

Any written notice to or demand may be served, presented or made to the persons named below and shall be sufficiently given or filed for all purposes of this Disclosure Agreement if deposited in the United States mail, first class postage prepaid or in a recognized form of overnight mail or by telecopy or electronic mail with confirmation of receipt, addressed:

(a) To the School District or the Disclosure Representative at:

William Penn School District
100 Green Avenue Annex
Lansdowne, PA 19050
Fax: (610) 284-8054
Telephone No.: (610) 284-8038
Attention: Business Administrator

(b) To the Bond Insurer:

Build America Mutual Assurance Company
200 Liberty Street, 27th Floor
New York, NY 10281
Attn: Surveillance, Re: Policy Nos. _____ and _____
Fax: (212) 962-1710 _____
Telephone No.: (212) 235-2500
Email: notices@buildamerica.com

(c) To the MSRB at <http://emma.msrb.org>; or such other address as may be designated by the MSRB.

Section 13. No Personal Recourse

No personal recourse shall be had for any claim based on this Disclosure Agreement against any member, officer, or employee, past, present or future, of the Authority or the Board of School Directors of the School District (including without limitation, the Disclosure Representative), or of any successor bodies of such, either directly or through the Authority, the Board of School Directors of the School District or successor bodies of such, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

Section 14. Controlling Law

This Disclosure Agreement and all matters arising out of or related to this Disclosure Agreement shall be governed by and construed in accordance with the laws of the Commonwealth, without regard to its conflict of laws principles.

Section 15. Successors and Assigns

All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the School District shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 16. Headings for Convenience Only

The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

Section 17. Counterparts

This Disclosure Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, WILLIAM PENN SCHOOL DISTRICT, DELAWARE COUNTY, PENNSYLVANIA, has caused this Disclosure Agreement to be executed by the (Vice) President of the Board of School Directors of the School District and attested by the (Assistant) Secretary of the School District, respectively, and its corporate seal to be hereunto affixed, all as of the day and year first above written.

**WILLIAM PENN SCHOOL DISTRICT,
DELAWARE COUNTY, PENNSYLVANIA**

(SEAL)

By: _____
(Vice) President

Attest: _____
(Assistant) Secretary

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APPENDIX D
Specimen Municipal Bond Insurance Policy

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BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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APPENDIX E
Audited Financial Report
For FYE June 30, 2024

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WILLIAM PENN SCHOOL DISTRICT

Innovation. Opportunity. Success.

**WILLIAM PENN SCHOOL DISTRICT
LANSDOWNE, PENNSYLVANIA**

FINANCIAL STATEMENTS

JUNE 30, 2024

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WILLIAM PENN SCHOOL DISTRICT

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WILLIAM PENN SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

December 20, 2024

Board of School Directors
William Penn School District
Lansdowne, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the William Penn School District ("the District"), Lansdowne, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Board of School Directors
William Penn School District

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.

Report on Summarized Comparative Information

We have previously audited the William Penn School District's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated February 27, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12, and the schedule of the District's proportionate share of the net pension liability – PSERS, schedule of District pension contributions – PSERS, schedule of District's proportionate share of the net OPEB liability – PSERS, schedule of District OPEB contributions – PSERS, and schedule of changes in the net OPEB liability and related ratios – single employer plan on pages 57 through 61 be presented to supplement the basic financial statements. Such information, 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 federal awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

Board of School Directors
William Penn School District

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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 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.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP

**WILLIAM PENN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2024**

Management's Discussion and Analysis of the financial performance of the William Penn School District ("the District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers also should review the basic financial statements and the accompanying notes to enhance their understanding of the District's financial performance.

DISTRICT BACKGROUND

The William Penn School District is located in Delaware County, Pennsylvania and spans across 6 Boroughs. The District is comprised of 9 Districts which are each represented with one member on the Board of School Directors. As of December 20, 2024, 3 out of the 4 newly elected, or reelected, Board members have completed their annual training. Historically, approximately 48 percent of the District's revenue comes from the State and 48 percent from local effort; primarily property tax. Currently, the District has the second highest property tax rate in Delaware County. Additionally, the District provides free lunch to students under the CEP provision of the National School Lunch Program.

FINANCIAL HIGHLIGHTS

The trends of prior years indicated that during the fiscal year 2023-2024, the District would experience a year of increases in the costs for salaries, retirement contributions, and health benefits for its employees.

The District ended fiscal year 2023-2024 with a deficit fund balance in the general fund of \$4,685,172.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components:

1. Entity-wide financial statements;
2. Fund financial statements; and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Entity-wide Financial Statements

The *entity-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. There are two entity-wide statements presented in this report.

WILLIAM PENN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2024

- The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.
- The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the entity-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

In the entity-wide financial statements, the District's activities are divided into two categories:

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

The entity-wide financial statements can be found on pages 13-14 of this report.

Fund Financial Statements

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

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

WILLIAM PENN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2024

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

The District maintains three individual governmental fund types. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and debt service fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 15-19 of this report.

Proprietary Funds – The District maintains one type of proprietary fund, the food service fund. This fund is an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the entity-wide financial statements but provide more detail and additional information, such as cash flows.

The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Fiduciary Funds – The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds or student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and by those to whom the assets belong.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the entity-wide financial statements because the resources of those funds are *not* available to support the District's own programs.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the entity-wide and fund financial statements. The *notes to the financial statements* can be found on pages 25-56 of this report.

Entity-wide Financial Analysis

The District's total net deficit decreased by \$5,348,712, or 4.94%, during the year to (\$103,016,874) at June 30, 2024. (See Table A-1.)

**WILLIAM PENN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2024**

**Table A-1
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
ASSETS						
Current and other assets	\$ 41,929,285	\$ 29,099,279	\$1,017,105	\$1,150,965	\$ 42,946,390	\$ 30,250,244
Capital assets	73,343,026	60,978,897	1,189,632	1,134,985	74,532,658	62,113,882
TOTAL ASSETS	115,272,311	90,078,176	2,206,737	2,285,950	117,479,048	92,364,126
Deferred outflows of resources	27,842,544	27,744,602	-	-	27,842,544	27,744,602
LIABILITIES						
Current and other liabilities	23,387,460	22,399,645	1,514,511	759,334	24,901,971	23,158,979
Long-term liabilities	206,567,951	185,286,375	-	-	206,567,951	185,286,375
TOTAL LIABILITIES	229,955,411	207,686,020	1,514,511	759,334	231,469,922	208,445,354
Deferred inflows of resources	16,868,544	20,028,960	-	-	16,868,544	20,028,960
NET POSITION (DEFICIT)						
Net investment in capital assets	9,019,460	4,108,442	1,189,632	1,134,985	10,209,092	5,243,427
Restricted	6,634,408	5,943,001	-	-	6,634,408	5,943,001
Unrestricted (Deficit)	(119,362,968)	(119,943,645)	(497,406)	391,631	(119,860,374)	(119,552,014)
TOTAL NET POSITION (DEFICIT)	\$ (103,709,100)	\$ (109,892,202)	\$ 692,226	\$1,526,616	\$ (103,016,874)	\$ (108,365,586)

Most of the District's assets are invested in capital assets (buildings, land, right-to-use lease assets, and equipment) because of the necessity for buildings and related capital items needed to operate instructional programs.

The results of this year's operations as a whole are reported in the statement of activities on page 14. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories reduce the expense amounts, thus showing the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local taxes assessed to taxpayers, and grants and entitlements not restricted to specific programs, the majority of which is the basic education subsidy provided by the Commonwealth of Pennsylvania.

Table A-2 takes the information from that statement and rearranges it slightly so the reader can see the District's total revenues and expenses for the year.

**WILLIAM PENN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2024**

**Table A-2
Changes in Net Position from Operating Results**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
REVENUES						
Program Revenues:						
Charges for services	\$ 15,210	\$ 3,543	\$ 119,555	\$ 142,404	\$ 134,765	\$ 145,947
Operating grants and Contributions	39,764,416	36,857,304	3,902,261	4,200,395	43,666,677	41,057,699
General Revenues:						
Property taxes and other taxes levied for general purposes	54,968,137	49,254,186	-	-	54,968,137	49,254,186
Taxes levied for specific purposes	749,859	875,249	-	-	749,859	875,249
Grants, subsidies, and contributions, not restricted	37,910,407	32,646,215	-	-	37,910,407	32,646,215
Investment earnings (loss)	944,885	495,784	2,667	2,606	947,552	498,390
Other	622,504	892,490	-	-	622,504	892,490
TOTAL REVENUES	<u>134,975,418</u>	<u>121,024,771</u>	<u>4,024,483</u>	<u>4,345,405</u>	<u>138,999,901</u>	<u>125,370,176</u>
EXPENSES						
Instruction	86,451,908	78,511,094	-	-	86,451,908	78,511,094
Instructional student support	8,521,053	7,946,590	-	-	8,521,053	7,946,590
Administrative and financial support services	12,583,511	11,312,135	-	-	12,583,511	11,312,135
Operation and maintenance of plant services	8,391,243	7,149,240	-	-	8,391,243	7,149,240
Pupil transportation	8,008,910	6,342,679	-	-	8,008,910	6,342,679
Other	4,886,968	4,278,507	4,807,596	4,292,211	9,694,564	8,570,718
TOTAL EXPENSES	<u>128,843,593</u>	<u>115,540,245</u>	<u>4,807,596</u>	<u>4,292,211</u>	<u>133,651,189</u>	<u>119,832,456</u>
Transfers	51,277	57,060	(51,277)	(57,060)	-	-
CHANGE IN NET POSITION (DEFICIT)	<u>\$ 6,183,102</u>	<u>\$ 5,541,586</u>	<u>\$ (834,390)</u>	<u>\$ (3,866)</u>	<u>\$ 5,348,712</u>	<u>\$ 5,537,720</u>

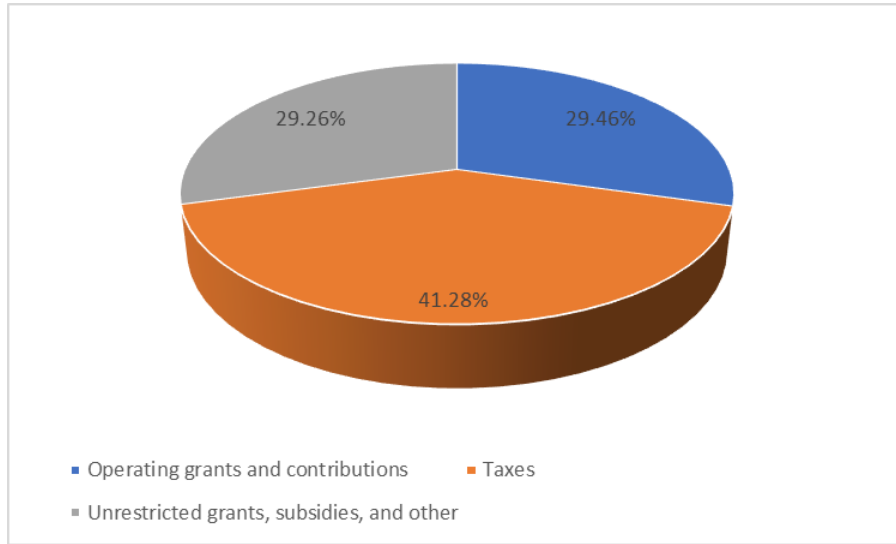
Revenues increased mainly due to an increase in taxes, general grants, and operating grants and contributions from the prior year due to an increase in funding received from both the state and federal government.

Expenses increased in the current year mainly due to increases in salaries/benefits, special education related expenses, as well as an increase in pension and OPEB related expenses.

Table A-3 shows revenues in a pie graph to help the reader understand the source of the District's revenues.

**WILLIAM PENN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2024**

**Table A-3
Governmental Activities Revenues**



Financial Analysis of the District's 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 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 government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$12,394,678. Of this total, (\$5,363,799) constitutes unassigned deficit fund balance, and \$678,627 constitutes nonspendable fund balance related to prepaid expenditures. Fund balance of \$10,445,442 is assigned for capital purchases related to unspent bond proceeds. The remaining \$6,634,408 of the fund balance is restricted for debt service.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, the total fund deficit of the general fund was \$4,685,172, a decrease of \$5,261,691 from the prior year. The decrease in fund balance was due to current year expenditures and other financing uses in excess of revenues and other financing sources.

The capital projects fund has a total fund balance of \$10,445,442. The fund balance increased by \$11,422,724 due to the issuance of bonds.

**WILLIAM PENN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2024**

The debt service fund has a total fund balance of \$6,634,408, all of which is restricted for future debt service payments. The fund balance increased by \$691,407 due to general fund transfers into the fund and gains on investments exceeding current year debt service payments.

Proprietary Funds – The District's proprietary funds provide the same type of information found in the entity-wide financial statements, but in more detail.

Total net position of the food service fund at the end of the year amounted to \$692,226, a decrease of \$834,390 compared to the prior year.

General Fund Budgetary Highlights

During the fiscal year, the Board authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on page 19. The District exceeded budget on expenditures due to the need for additional instructional and special educational services. Most of these overages were covered by federal funds. The remaining overages were mitigated by state revenues exceeding budget.

While there were changes to individual budget line items from the original to final budget, there were no variances between total original and final budget amounts.

Capital Asset and Debt Administration

Capital Assets – The District had investments in capital assets for its governmental and business-type activities as of June 30, 2024 in the amount of \$74,532,658 (net of accumulated depreciation/amortization). This represents an increase of \$12,418,776. This increase is due to current year additions exceeding current year depreciation/amortization expense. Below is a schedule of the District's capital assets, net of related depreciation/amortization. More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

**Table A-4
Capital Assets - Net of Depreciation**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land and land improvements	\$ 5,549,806	\$ 5,620,576	\$ -	\$ -	\$ 5,549,806	\$ 5,620,576
Construction-in-progress	15,675,389	14,473,231	-	-	15,675,389	14,473,231
Buildings and building improvements	50,385,219	38,655,094	-	-	50,385,219	38,655,094
Right-to-use asset	237,340	318,785	-	-	237,340	318,785
Furniture and equipment	1,495,272	1,911,211	1,189,632	1,134,985	2,684,904	3,046,196
TOTAL	<u>\$73,343,026</u>	<u>\$60,978,897</u>	<u>\$ 1,189,632</u>	<u>\$ 1,134,985</u>	<u>\$74,532,658</u>	<u>\$62,113,882</u>

**WILLIAM PENN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONT'D)
JUNE 30, 2024**

Long-term Debt

At June 30, 2024, the District had \$74,317,000 in general obligation bonds and notes outstanding. The District also had \$242,353 in leases outstanding. More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The District's contribution to the retirement system is projected to increase over the next several years.
- The District's salary costs are expected to increase over the next several years due to contractual increases.
- The mandated direct and indirect costs associated with Special Education services will continue to be a major component of the District's budgeting process.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, students, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Robert Kaufmann, Business Administrator/Board Secretary, William Penn School District, 100 Green Avenue, Lansdowne, Pennsylvania 19050-1699, 610-284-8000 ext. 222.

WILLIAM PENN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024
(With Summarized Comparative Data for June 30, 2023)

	Governmental	Business-type	Totals	
	Activities	Activities	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	\$ 19,133	\$ 349,672	\$ 368,805	\$ 7,476,767
Investments	19,291,246	-	19,291,246	1,331,709
Investments with fiscal agent	6,615,275	-	6,615,275	5,935,409
Taxes receivable	8,070,766	-	8,070,766	5,414,880
Due from other governments	7,352,806	631,081	7,983,887	7,181,655
Other receivables	342,198	-	342,198	1,977,646
Prepaid expenses	678,627	-	678,627	845,505
Inventories	-	36,352	36,352	86,673
Land	5,098,070	-	5,098,070	5,098,070
Land improvements	2,464,647	-	2,464,647	2,464,647
Construction-in-progress	15,675,389	-	15,675,389	14,473,231
Buildings and building improvements	103,668,495	-	103,668,495	88,718,748
Furniture and equipment	8,132,943	2,542,741	10,675,684	10,078,940
Right-to-use lease assets	603,276	-	603,276	603,276
Accumulated depreciation/amortization	(62,299,794)	(1,353,109)	(63,652,903)	(59,323,030)
TOTAL ASSETS	115,713,077	2,206,737	117,919,814	92,364,126
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred amount on refunding	32,402	-	32,402	64,801
Deferred outflows related to pension	21,310,884	-	21,310,884	20,322,832
Deferred outflows related to OPEB	6,499,258	-	6,499,258	7,356,969
TOTAL DEFERRED OUTFLOWS OF RESOURCES	27,842,544	-	27,842,544	27,744,602
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 143,555,621	\$ 2,206,737	\$ 145,762,358	\$ 120,108,728
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Bank overdraft	\$ 471,638	\$ -	\$ 471,638	\$ -
Accounts payable and other accrued liabilities	9,420,176	310,997	9,731,173	6,443,522
Retainage payable	711,736	-	711,736	-
Internal balance	(1,203,514)	1,203,514	-	-
Accrued salaries and benefits	10,757,472	-	10,757,472	10,138,962
Accrued interest	835,178	-	835,178	576,802
Unearned revenue	2,394,774	-	2,394,774	3,226,346
Long-term liabilities				
Portion due or payable within one year:				
Bonds and notes payable, net	2,783,000	-	2,783,000	2,640,351
Lease liability	80,244	-	80,244	82,450
Accumulated compensated absences	50,546	-	50,546	50,546
Portion due or payable after one year:				
Bonds and notes payable, net	71,628,987	-	71,628,987	53,786,400
Lease liability	162,109	-	162,109	237,016
Accumulated compensated absences	777,568	-	777,568	616,525
Net pension liability	115,175,000	-	115,175,000	114,170,000
Net OPEB liability	15,910,497	-	15,910,497	16,476,434
TOTAL LIABILITIES	229,955,411	1,514,511	231,469,922	208,445,354
DEFERRED INFLOWS OF RESOURCES:				
Deferred amount on refunding	147,070	-	147,070	189,039
Deferred inflows related to pension	2,774,664	-	2,774,664	5,914,190
Deferred inflows related to OPEB	13,946,810	-	13,946,810	13,925,731
TOTAL DEFERRED INFLOWS OF RESOURCES	16,868,544	-	16,868,544	20,028,960
NET POSITION (DEFICIT):				
Net investment in capital assets	9,019,460	1,189,632	10,209,092	5,243,427
Restricted for debt service	6,634,408	-	6,634,408	5,943,001
Unrestricted (deficit)	(118,922,202)	(497,406)	(119,419,608)	(119,552,014)
TOTAL NET POSITION (DEFICIT)	(103,268,334)	692,226	(102,576,108)	(108,365,586)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	\$ 143,555,621	\$ 2,206,737	\$ 145,762,358	\$ 120,108,728

The accompanying notes are an integral part of these financial statements.

**WILLIAM PENN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(With Summarized Comparative Data for the Year Ended June 30, 2023)**

	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position (Deficit)			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals	
							2024	2023
GOVERNMENTAL ACTIVITIES:								
Instruction	\$ 86,454,726	\$ -	\$ 32,758,975	\$ -	\$ (53,695,751)	\$ -	\$ (53,695,751)	\$ (48,839,352)
Instructional student support	8,521,057	-	1,145,245	-	(7,375,812)	-	(7,375,812)	(7,116,200)
Administrative and financial support services	12,583,517	-	1,150,111	-	(11,433,406)	-	(11,433,406)	(10,249,208)
Operation and maintenance of plant services	8,391,246	-	865,814	-	(7,525,432)	-	(7,525,432)	(6,388,281)
Pupil transportation	8,008,915	-	2,916,664	-	(5,092,251)	-	(5,092,251)	(3,158,027)
Student activities	1,572,232	15,210	167,994	-	(1,389,028)	-	(1,389,028)	(1,563,841)
Community services	110,193	-	12,923	-	(97,270)	-	(97,270)	(116,267)
Interest on long-term debt and bond issuance costs	3,204,544	-	1,035,242	-	(2,169,302)	-	(2,169,302)	(1,248,222)
TOTAL GOVERNMENTAL ACTIVITIES	<u>128,846,430</u>	<u>15,210</u>	<u>40,052,968</u>	<u>-</u>	<u>(88,778,252)</u>	<u>-</u>	<u>(88,778,252)</u>	<u>(78,679,398)</u>
BUSINESS-TYPE ACTIVITIES:								
Food service	4,807,596	119,555	3,902,261	-	-	(785,780)	(785,780)	50,588
TOTAL BUSINESS-TYPE ACTIVITIES	<u>4,807,596</u>	<u>119,555</u>	<u>3,902,261</u>	<u>-</u>	<u>-</u>	<u>(785,780)</u>	<u>(785,780)</u>	<u>50,588</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 133,654,026</u>	<u>\$ 134,765</u>	<u>\$ 43,955,229</u>	<u>\$ -</u>	<u>(88,778,252)</u>	<u>(785,780)</u>	<u>(89,564,032)</u>	<u>(78,628,810)</u>
GENERAL REVENUES AND TRANSFERS								
Property taxes levied for general purposes					54,968,137	-	54,968,137	49,254,186
Taxes levied for specific purposes					749,859	-	749,859	875,249
Grants and entitlements not restricted to specific programs					38,065,458	-	38,065,458	32,646,215
Investment earnings (loss)					944,885	2,667	947,552	498,390
Miscellaneous					622,504	-	622,504	892,490
TRANSFERS					51,277	(51,277)	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					<u>95,402,120</u>	<u>(48,610)</u>	<u>95,353,510</u>	<u>84,166,530</u>
CHANGE IN NET POSITION (DEFICIT)					<u>6,623,868</u>	<u>(834,390)</u>	<u>5,789,478</u>	<u>5,537,720</u>
NET POSITION (DEFICIT), BEGINNING OF YEAR					<u>(109,892,202)</u>	<u>1,526,616</u>	<u>(108,365,586)</u>	<u>(113,903,306)</u>
NET POSITION (DEFICIT), END OF YEAR					<u>\$ (103,268,334)</u>	<u>\$ 692,226</u>	<u>\$ (102,576,108)</u>	<u>\$ (108,365,586)</u>

The accompanying notes are an integral part of these financial statements.

**WILLIAM PENN SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024
(With Summarized Comparative Data for June 30, 2023)**

	General Fund	Capital Projects Fund	Debt Service Fund	Totals	
				2024	2023
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 19,133	\$ 19,133	\$ 7,058,259
Investments	557,963	18,733,283	-	19,291,246	1,331,709
Investments with fiscal agent	-	-	6,615,275	6,615,275	5,935,409
Taxes receivable	8,070,766	-	-	8,070,766	5,414,880
Due from other funds	7,351,441	-	-	7,351,441	1,460,604
Due from other governments	7,352,806	-	-	7,352,806	6,535,871
Prepaid expenditures	678,627	-	-	678,627	845,505
Other receivables	342,198	-	-	342,198	1,977,646
TOTAL ASSETS	\$ 24,353,801	\$ 18,733,283	\$ 6,634,408	\$ 49,721,492	\$ 30,559,883
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)					
LIABILITIES:					
Bank overdraft	\$ 471,638	\$ -	\$ -	\$ 471,638	\$ -
Accounts payable and other accrued liabilities	7,991,998	1,428,178	-	9,420,176	6,124,333
Retainage payable	-	711,736	-	711,736	-
Due to other funds	-	6,147,927	-	6,147,927	1,020,459
Accrued salaries and benefits	10,757,472	-	-	10,757,472	10,138,962
Accumulated compensated absences	50,546	-	-	50,546	50,546
Unearned revenues	2,394,774	-	-	2,394,774	3,226,346
TOTAL LIABILITIES	21,666,428	8,287,841	-	29,954,269	20,560,646
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - taxes	6,931,779	-	-	6,931,779	4,456,999
TOTAL DEFERRED INFLOWS OF RESOURCES	6,931,779	-	-	6,931,779	4,456,999
FUND BALANCES (DEFICIT):					
Nonspendable - prepaid expenditures	678,627	-	-	678,627	845,505
Assigned	-	10,445,442	-	10,445,442	-
Restricted	-	-	6,634,408	6,634,408	5,943,001
Unassigned (deficit)	(4,923,033)	-	-	(4,923,033)	(1,246,268)
TOTAL FUND BALANCES (DEFICIT)	(4,244,406)	10,445,442	6,634,408	12,835,444	5,542,238
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	\$ 24,353,801	\$ 18,733,283	\$ 6,634,408	\$ 49,721,492	\$ 30,559,883

The accompanying notes are an integral part of these financial statements.

**WILLIAM PENN SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2024**

TOTAL GOVERNMENTAL FUND BALANCES \$ 12,835,444

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 5,098,070	
Land improvements	2,464,647	
Buildings and building improvements	103,668,495	
Furniture and equipment	8,132,943	
Right-to-use lease asset	603,276	
Construction-in-progress	15,675,389	
Accumulated depreciation/amortization	<u>(62,299,794)</u>	73,343,026

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Bonds and notes payable, net	(74,411,987)	
Accumulated compensated absences	(777,568)	
Lease liability	(242,353)	
Accrued interest	(835,178)	
Net pension liability	(115,175,000)	
Net OPEB liability	<u>(15,910,497)</u>	(207,352,583)

Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.

6,931,779

Issuance of debt resulted in deferred charges which will be amortized over the life of new debt but do not represent current rights.

Deferred loss on refunding	32,402	
Deferred gain on refunding	<u>(147,070)</u>	(114,668)

Deferred inflows and outflows of resources related to the District's pension and OPEB plans do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:

Deferred outflows related to pension	21,310,884	
Deferred outflows related to OPEB	6,499,258	
Deferred inflows related to pension	(2,774,664)	
Deferred inflows related to OPEB	<u>(13,946,810)</u>	<u>11,088,668</u>

NET DEFICIT OF GOVERNMENTAL ACTIVITIES \$ (103,268,334)

The accompanying notes are an integral part of these financial statements.

WILLIAM PENN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024
(With Summarized Comparative Data for the Year Ended June 30, 2023)

	General Fund	Capital Projects Fund	Debt Service Fund	Totals	
				2024	2023
REVENUES					
Local sources	\$ 54,379,122	\$ 497,499	\$ -	\$ 54,876,621	\$ 51,968,776
State sources	62,637,581	-	-	62,637,581	57,218,765
Federal sources	15,475,030	-	-	15,475,030	12,279,004
TOTAL REVENUES	<u>132,491,733</u>	<u>497,499</u>	<u>-</u>	<u>132,989,232</u>	<u>121,466,545</u>
EXPENDITURES					
Current:					
Instruction	85,276,350	-	-	85,276,350	79,084,042
Support services	37,119,476	-	1,312	37,120,788	33,071,365
Operation of noninstructional services	1,716,572	-	-	1,716,572	1,920,391
Capital outlays	7,995,963	8,545,025	-	16,540,988	14,892,252
Debt service	3,493,483	-	1,009,103	4,502,586	4,095,212
TOTAL EXPENDITURES	<u>135,601,844</u>	<u>8,545,025</u>	<u>1,010,415</u>	<u>145,157,284</u>	<u>133,063,262</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,110,111)</u>	<u>(8,047,526)</u>	<u>(1,010,415)</u>	<u>(12,168,052)</u>	<u>(11,596,717)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	19,690,000	-	19,690,000	9,995,000
Proceeds from lease	-	-	-	-	287,145
Bond premium	-	303,295	-	303,295	-
Bond discounts	-	(5,117)	-	(5,117)	(142,713)
Bond issuance cost	-	(517,928)	-	(517,928)	(256,842)
Unrealized gain (loss)	-	-	204,777	204,777	(104,763)
Refund of prior year expenditures	-	-	-	-	423,663
Refund of prior year receipts	(265,046)	-	-	(265,046)	-
Transfers in	51,277	-	1,497,045	1,548,322	1,580,037
Transfers out	(1,497,045)	-	-	(1,497,045)	(1,522,977)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,710,814)</u>	<u>19,470,250</u>	<u>1,701,822</u>	<u>19,461,258</u>	<u>10,258,550</u>
NET CHANGE IN FUND BALANCES	<u>(4,820,925)</u>	<u>11,422,724</u>	<u>691,407</u>	<u>7,293,206</u>	<u>(1,338,167)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>576,519</u>	<u>(977,282)</u>	<u>5,943,001</u>	<u>5,542,238</u>	<u>6,880,405</u>
FUND BALANCES, END OF YEAR	<u>\$ (4,244,406)</u>	<u>\$ 10,445,442</u>	<u>\$ 6,634,408</u>	<u>\$ 12,835,444</u>	<u>\$ 5,542,238</u>

The accompanying notes are an integral part of these financial statements.

**WILLIAM PENN SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 7,293,206
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays (\$16,540,988) exceeded depreciation/amortization (\$4,176,859) in the period.	12,364,129
Because some revenues 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. Unavailable revenues increased by this amount this year.	2,474,780
The repayment of the principal of long-term debt consumes current financial resources of governmental funds. This transaction, however, has no effect on net position. Also, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(17,898,553)
In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) – 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 (essentially, the amounts actually paid).	(161,043)
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, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(258,376)
Pension expenses in the statement of activities differ from the amount reported in the governmental funds because pension expenses are recognized on the statement of activities based on the District's proportionate share of the expenses of the cost-sharing pension plan, whereas pension expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.	3,122,578
OPEB expenses in the statement of activities differ from the amount reported in the governmental funds because OPEB expenses are recognized on the statement of activities based on the District's proportionate share of the expenses of the cost-sharing OPEB plan, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists.	(312,853)
CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,623,868</u>

The accompanying notes are an integral part of these financial statements.

**WILLIAM PENN SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 55,030,289	\$ 55,027,288	\$ 54,379,122	\$ (648,166)
State sources	60,301,432	60,301,432	62,637,581	2,336,149
Federal sources	3,445,679	3,445,679	15,475,030	12,029,351
TOTAL REVENUES	<u>118,777,400</u>	<u>118,774,399</u>	<u>132,491,733</u>	<u>13,717,334</u>
EXPENDITURES				
Instruction:				
Regular programs	53,286,918	52,283,968	53,324,813	(1,040,845)
Special programs	22,140,384	22,140,384	28,551,318	(6,410,934)
Vocational programs	1,591,860	1,591,860	1,466,980	124,880
Other instructional programs	196,606	196,563	1,630,939	(1,434,376)
Dual enrollment programs	403,000	403,000	302,300	100,700
Total Instruction	<u>77,618,768</u>	<u>76,615,775</u>	<u>85,276,350</u>	<u>(8,660,575)</u>
Support Services:				
Pupil personnel services	6,223,769	5,243,769	4,987,569	256,200
Instructional staff services	3,325,633	3,298,773	2,143,538	1,155,235
Administrative services	6,473,237	8,166,797	8,773,546	(606,749)
Pupil health	1,427,148	1,427,148	1,288,781	138,367
Business services	1,141,181	1,141,181	953,341	187,840
Operation and maintenance of plant services	7,218,123	7,218,123	8,306,165	(1,088,042)
Student transportation services	6,778,280	6,778,280	7,976,221	(1,197,941)
Central support services	2,332,830	2,332,830	2,690,315	(357,485)
Other support services	34,440	34,440	-	34,440
Total Support Services	<u>34,954,641</u>	<u>35,641,341</u>	<u>37,119,476</u>	<u>(1,478,135)</u>
Operation of Noninstructional Activities:				
Student activities	1,548,520	1,828,520	1,606,540	221,980
Community services	200,000	200,000	110,032	89,968
Total Operation of Noninstructional Services	<u>1,748,520</u>	<u>2,028,520</u>	<u>1,716,572</u>	<u>311,948</u>
Capital outlay	-	-	7,995,963	(7,995,963)
Debt service	4,155,471	4,155,471	3,493,483	661,988
TOTAL EXPENDITURES	<u>118,477,400</u>	<u>118,441,107</u>	<u>135,601,844</u>	<u>(17,160,737)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>300,000</u>	<u>333,292</u>	<u>(3,110,111)</u>	<u>(3,443,403)</u>
OTHER FINANCING SOURCES (USES)				
Refund of prior year receipts	-	-	(265,046)	(265,046)
Transfers out	(300,000)	(333,292)	(1,497,045)	(1,163,753)
Transfers in	-	-	51,277	51,277
TOTAL OTHER FINANCING USES	<u>(300,000)</u>	<u>(333,292)</u>	<u>(1,710,814)</u>	<u>(1,377,522)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(4,820,925)</u>	<u>\$ (4,820,925)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>576,519</u>	
FUND BALANCE, END OF YEAR			<u>\$ (4,244,406)</u>	

The accompanying notes are an integral part of these financial statements.

**WILLIAM PENN SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2024 AND 2023**

	Food Service Fund	
	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 349,672	\$ 418,508
Due from other governments	631,081	645,784
Inventories	36,352	86,673
Total Current Assets	1,017,105	1,150,965
CAPITAL ASSETS:		
Property and equipment	2,542,741	2,335,080
Accumulated depreciation	(1,353,109)	(1,200,095)
Capital Assets, Net	1,189,632	1,134,985
TOTAL ASSETS	\$ 2,206,737	\$ 2,285,950
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	\$ 310,997	\$ 319,189
Due to other funds	1,203,514	440,145
Total Current Liabilities	1,514,511	759,334
NET POSITION:		
Investment in capital assets	1,189,632	1,134,985
Unrestricted (deficit)	(497,406)	391,631
Total Net Position	692,226	1,526,616
TOTAL LIABILITIES AND NET POSITION	\$ 2,206,737	\$ 2,285,950

The accompanying notes are an integral part of these financial statements.

WILLIAM PENN SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Food Service Fund	
	2024	2023
OPERATING REVENUES		
Food service revenues	\$ 119,555	\$ 142,404
TOTAL OPERATING REVENUES	119,555	142,404
OPERATING EXPENSES		
Professional and contract services	4,403,498	3,872,437
Other operating costs	251,084	317,785
Depreciation	153,014	101,989
TOTAL OPERATING EXPENSES	4,807,596	4,292,211
OPERATING LOSS	(4,688,041)	(4,149,807)
NONOPERATING REVENUES		
Earnings on investments	2,667	2,606
State sources	122,001	67,278
Federal sources	3,780,260	4,133,117
TOTAL NONOPERATING REVENUES	3,904,928	4,203,001
INCOME (LOSS) BEFORE TRANSFERS	(783,113)	53,194
TRANSFERS		
Transfers out	(51,277)	(57,060)
TOTAL TRANSFERS	(51,277)	(57,060)
CHANGE IN NET POSITION	(834,390)	(3,866)
NET POSITION, BEGINNING OF YEAR	1,526,616	1,530,482
NET POSITION, END OF YEAR	\$ 692,226	\$ 1,526,616

The accompanying notes are an integral part of these financial statements.

**WILLIAM PENN SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	Food Service Fund	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	\$ 119,555	\$ 142,404
Payments to suppliers	(3,598,000)	(3,180,408)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(3,478,445)	(3,038,004)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State sources	122,477	65,813
Federal sources	3,543,403	3,775,788
Transfers in	(51,277)	(57,060)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,614,603	3,784,541
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(207,661)	(667,796)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(207,661)	(667,796)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Earnings on investments	2,667	2,606
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,667	2,606
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,836)	81,347
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	418,508	337,161
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 349,672	\$ 418,508
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (4,688,041)	\$ (4,149,807)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	153,014	101,989
Donated commodities	251,084	317,785
Decrease (Increase) in:		
Accounts payable	(8,192)	76,241
Due from other funds	-	262,316
Inventories	50,321	(86,673)
Increase (Decrease) in:		
Due to other funds	763,369	440,145
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (3,478,445)	\$ (3,038,004)
SUPPLEMENTAL DISCLOSURES:		
Noncash noncapital financing activity:		
Donated commodities	\$ 251,084	\$ 317,785

The accompanying notes are an integral part of these financial statements.

**WILLIAM PENN SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2024 AND 2023**

	Private-purpose Trust		Custodial Fund Student Activities	
	2024	2023	2024	2023
ASSETS				
Cash and cash equivalents	\$ 101,758	\$ 103,153	\$ 127,324	\$ 2,004,461
TOTAL ASSETS	<u>\$ 101,758</u>	<u>\$ 103,153</u>	<u>\$ 127,324</u>	<u>\$ 2,004,461</u>
LIABILITIES AND NET POSITION				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,722,340
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,722,340</u>
NET POSITION:				
Reserved for trust	101,758	103,153	-	-
Reserved for student activities	<u>-</u>	<u>-</u>	<u>127,324</u>	<u>282,121</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 101,758</u>	<u>\$ 103,153</u>	<u>\$ 127,324</u>	<u>\$ 2,004,461</u>

The accompanying notes are an integral part of these financial statements.

WILLIAM PENN SCHOOL DISTRICT
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Private-purpose Trust		Custodial Fund Student Activities	
	2024	2023	2024	2023
ADDITIONS				
Local contributions	\$ 3,998	\$ 7,902	\$ -	\$ -
Member contributions	-	-	158,708	311,606
TOTAL ADDITIONS	<u>3,998</u>	<u>7,902</u>	<u>158,708</u>	<u>311,606</u>
DEDUCTIONS				
Fees paid and scholarships awarded	5,393	9,181	-	-
Student activities	-	-	313,505	112,181
TOTAL DEDUCTIONS	<u>5,393</u>	<u>9,181</u>	<u>313,505</u>	<u>112,181</u>
CHANGE IN NET POSITION	(1,395)	(1,279)	(154,797)	199,425
NET POSITION, BEGINNING OF YEAR	<u>103,153</u>	<u>104,432</u>	<u>282,121</u>	<u>82,696</u>
NET POSITION, END OF YEAR	<u>\$ 101,758</u>	<u>\$ 103,153</u>	<u>\$ 127,324</u>	<u>\$ 282,121</u>

The accompanying notes are an integral part of these financial statements.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The William Penn School District ("the District") complies with accounting principles generally accepted in the United States of America ("GAAP"), which include all relevant Governmental Accounting Standards Board ("GASB") pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Reporting Entity

The District was established under the laws of the Commonwealth of Pennsylvania as a school district of the second class. The District exists to provide education and related services to the residents of the Boroughs of Aldan, Colwyn, Darby, East Lansdowne, Lansdowne, and Yeadon.

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of the District. The District is not a component unit of another reporting entity, nor does it have any component units.

Basis of Presentation

Entity-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements exclude fiduciary activities.

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

The entity-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the District and for each governmental program. Expenses are those that are specifically associated with a service or program and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

Internal activity is limited to interfund transfers which are eliminated to avoid "doubling up" revenues and expenses.

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding borrowing attributed to acquiring, constructing, or improving those assets. Net position is reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes results from special revenue and capital projects funds and the restrictions on their net asset use. Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted." When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The nonmajor funds are presented in a single column on the governmental fund financial statements. Fiduciary fund financial statements are represented by fund type.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

- The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Capital Projects Fund** is used to account for the acquisition, construction, and renovation of major capital facilities.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- The **Debt Service Fund** is used to account for the required sinking fund deposits and related debt payments.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue and similar revenue streams to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured, as well as expenditures related to compensated absences, are recognized when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District does not attempt to allocate all "building-wide costs" to the enterprise fund. Thus, general fund expenditures which partially benefit the enterprise fund (utilities, janitorial services, insurance, etc.) are not recognized proportionately in the enterprise fund. Similarly, the enterprise fund does not recognize a cost for the building space it occupies.

The District's only proprietary fund is the food service fund, which is a major enterprise fund. This fund accounts for the revenues and costs of feeding students; it distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of this fund are food service charges. Operating expenses for this fund include contracted food service costs, supplies, and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds are restricted to account for assets held by the District in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, and other funds.

The District has one private-purpose fund that accounts for activities in various scholarship funds, whose sole purpose is to provide annual scholarships to particular students as prescribed by donor stipulations. In addition, the District has one custodial fund, which accounts for funds held on behalf of students of the District.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

All investments are reported at fair value with the exception of the District's nonnegotiable certificates of deposit and qualified investment pools that maintain a \$1 net asset value per share which are recorded at amortized cost per the requirements of GASB's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification").

Fair Value Measurement

In establishing the fair value of investments, the District uses the following hierarchy. The lowest available level of valuation is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property Taxes

Property taxes are assessed against individual properties based on property ownership as of July 1. Taxes are levied on July 1 and are payable in the following periods:

July 1 - August 31	-	Discount period, 2% of gross levy
September 1 - October 31	-	Face period
November 1 to collection	-	Penalty period, 10% of gross levy
February 28	-	Lien date

An installment payment plan is available to residential property owners who have been approved as homestead owners by the Delaware County Board of Assessments, with three equal installments due as follows:

August 31	-	one third of the gross levy
October 31	-	one third of the gross levy
December 31	-	one third of the gross levy

In order to participate in the installment payment plan, homestead owners must forego the opportunity to make payment at the 2% of gross levy discount rate.

The District's taxes are billed and collected by the District. The tax on real estate for public school purposes for fiscal 2023-2024 was 30.71 mills (\$30.71 for \$1,000 of assessed valuation) for the entire District.

Inventories

All inventories are valued at the lower of cost (first-in, first-out method) or market. The costs for inventories of governmental activities are recorded as expenditures at the time individual inventory items are purchased.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental and business-type activities columns in the entity-wide financial statements and the proprietary fund financial statements. Such assets are recorded at historical cost if purchased or constructed. Capital assets are defined by the District as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Capital assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Land improvements	15-20 years
Buildings and building improvements	20-50 years
Furniture and equipment	5-10 years
Right-to-use lease asset	life of lease

Compensated Absences

The District's policies regarding vacation, personal, and sick time permit employees to accumulate earned but unused time. The liability for these compensated absences is recorded as long-term debt in the entity-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities, net of premiums and discounts, in the entity-wide financial statements and the proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the straight-line method.

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

Fund Equity

Fund balances of the governmental funds are classified as applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of School Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of School Directors.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Finance Committee or the Business Manager may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first and then unrestricted resources - committed, assigned, or unassigned - in order as needed.

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the financial statements will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense/expenditure) until that time. Deferred amounts on the refunding of bonds are reflected as deferred outflows of resources on the entity-wide statement of net position. Delinquent taxes not collected within 60 days of year end and, therefore, not available under modified accrual reporting, are reflected as deferred inflows of resources on the general fund balance sheet. Pension and OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net pension and OPEB liabilities under full accrual basis reporting, are reported as a deferred outflow of resources on the entity-wide statement of net position. Certain changes to the net pension and OPEB liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the entity-wide statement of net position.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, presentation of prior year totals by fund and activity type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted for the general fund on the modified accrual basis of accounting. All annual appropriations lapse at the end of the fiscal year. Project-length financial plans are adopted for the capital projects fund. The other funds did not have legally adopted annual budgets for the year ended June 30, 2024.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2024, the carrying amount of the District's deposits was \$126,249, and the bank balance was \$4,130,802. Of the bank balance, \$284,600 was covered by federal depository insurance, and \$1,585,404 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the District's name. Of the remaining cash deposits of the District, \$2,248,853 are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF"), and \$11,945 are in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized rating organization, and is subject to an independent annual audit.

Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows: Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

and credit of the political subdivision; (d) shares of an investment company registered under the Investment Company Act of 1940; or (e) deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Savings and Loan Insurance Corporation ("FSLIC"), or the National Credit Union Share Insurance Fund ("NCUSIF") to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

The District's investments at June 30, 2024, categorized within the fair value hierarchy, were as follows:

Investments Held at Fair Value Level	Fair Value	Level 1
U.S. Treasury Bonds	\$ 6,615,275	\$ 6,615,275
Total at Fair Value	6,615,275	\$ 6,615,275
Investments Measured at Amortized Costs		
PLGIT	18,733,475	
Pennsylvania Treasurer's INVEST Program	10,060	
Univest Bank	547,711	
Total at Amortized Cost	19,291,246	
Total Investments	\$ 25,906,521	

The District is invested in the Pennsylvania Local Government Investment Trust ("PLGIT"), a 2a7-like pool. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PLGIT is administered by PFM Asset Management, LLC, and the pool is audited annually by Ernst & Young LLP, an independent certified public accountant. Also, the District is invested in the Pennsylvania Treasurer's INVEST Program, a 2a7-like pool that maintains a \$1 per share asset value.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2024, the District's investments in U.S. Treasury bonds and notes had maturity dates greater than 5 years.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

Credit Risk

The District has an investment policy that limits its investment choices to those with the highest two credit ratings available for such instruments issued by a recognized organization. As of June 30, 2024, INVEST, PSDLAF, and PLGIT were rated as AAAM by a nationally recognized statistical credit rating company. The District's investments in U.S. Treasury bonds and notes are backed by the full faith and credit of the U.S. government and are not considered to have credit risk.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities</i>				
Capital assets not being depreciated/amortized:				
Land	\$ 5,098,070	\$ -	\$ -	\$ 5,098,070
Construction-in-progress	14,473,231	16,151,905	14,949,747	15,675,389
Total Capital Assets Not Being Depreciated/Amortized	<u>19,571,301</u>	<u>16,151,905</u>	<u>14,949,747</u>	<u>20,773,459</u>
Capital assets being depreciated/amortized:				
Buildings and building improvements	88,718,748	14,949,747	-	103,668,495
Furniture and equipment	7,743,860	389,083	-	8,132,943
Right-to-use lease asset	603,276	-	-	603,276
Land improvements	2,464,647	-	-	2,464,647
Total Capital Assets Being Depreciated/Amortized	<u>99,530,531</u>	<u>15,338,830</u>	<u>-</u>	<u>114,869,361</u>
Less accumulated depreciation/amortization for:				
Buildings and building improvements	50,063,654	3,219,622	-	53,283,276
Furniture and equipment	5,832,649	805,022	-	6,637,671
Right to use lease asset	284,491	81,445	-	365,936
Land improvements	1,942,141	70,770	-	2,012,911
Total Accumulated Depreciation/Amortization	<u>58,122,935</u>	<u>4,176,859</u>	<u>-</u>	<u>62,299,794</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>41,407,596</u>	<u>11,161,971</u>	<u>-</u>	<u>52,569,567</u>
Governmental Activities Assets, Net	<u>\$ 60,978,897</u>	<u>\$ 27,313,876</u>	<u>\$ 14,949,747</u>	<u>\$ 73,343,026</u>

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Business-type Activities</i>				
Capital assets being depreciated:				
Furniture and equipment	\$ 2,335,080	\$ 207,661	\$ -	\$ 2,542,741
Less accumulated depreciation	1,200,095	153,014	-	1,353,109
Business-type Activities Assets, Net	<u>\$ 1,134,985</u>	<u>\$ 54,647</u>	<u>\$ -</u>	<u>\$ 1,189,632</u>

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

Governmental Activities:		
Instruction		\$ 2,997,314
Instructional student support		279,850
Administrative and financial support services		431,052
Operation and maintenance of plant services		263,142
Pupil transportation		<u>205,501</u>
Total Depreciation/Amortization Expense - Governmental Activities		<u>\$ 4,176,859</u>
Business-type Activities:		
Food Service		<u>\$ 153,014</u>

NOTE 5 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2024 is as follows:

<u>Receivable By</u>	<u>Amount</u>	<u>Payable From</u>	<u>Amount</u>
General Fund	\$ 6,147,927	Capital Projects Fund	\$ 6,147,927
General Fund	<u>1,203,514</u>	Food Service	<u>1,203,514</u>
	<u>\$ 7,351,441</u>		<u>\$ 7,351,441</u>

Interfund balances between the general, food service, and capital projects funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are repaid shortly after year end.

The general fund transferred \$1,497,045 to the debt service fund during the year ended June 30, 2024 to support future debt service. The food service fund transferred \$51,277 to the general fund as a part of the indirect cost allocation charges permitted by Pennsylvania Department of Education.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 GENERAL LONG-TERM LIABILITIES

The following summarizes the changes in general long-term liabilities for the year ended June 30, 2024:

	Balance 06/30/23	Additions	Reductions	Balance 06/30/24	Current Portion
Bonds and notes payable	\$ 56,631,000	\$19,690,000	\$ 2,004,000	\$ 74,317,000	\$2,784,056
Bond discount	(279,876)	(5,117)	(16,337)	(268,656)	(16,337)
Bond premium	75,627	303,295	15,279	363,643	15,281
Lease liability	319,466	-	77,113	242,353	80,244
Net pension liability	114,170,000	1,005,000	-	115,175,000	-
Net OPEB liability	16,476,434	-	565,937	15,910,497	-
Accumulated compensated absences	667,071	161,043	-	828,114	50,546
TOTALS	<u>\$188,059,722</u>	<u>\$21,154,221</u>	<u>\$ 2,645,992</u>	<u>\$206,567,951</u>	<u>\$2,913,790</u>

Payments of long-term liabilities from bonds payable are to be funded by the debt service fund while long-term liabilities from compensated absences, other postemployment benefits, and net pension liability are paid out of the fund from which the liability was incurred.

General Obligation Notes:

Series B of 2010 QZAB, requiring sinking fund deposits through September 2028, bearing interest of 6.495%, interest payable semi-annually in March and September. \$ 15,000,000

Series C of 2011 QSCB, requiring sinking fund deposits through September 2029, bearing interest of 5.088%, interest payable semi-annually in March and September. 685,000

Series of 2021, issued July 26, 2021 in the amount of \$8,310,000 with interest rate of 0.83% payable semi-annually on March 1 and September 1. The note matures on September 1, 2025. The proceeds of the bonds were used to refund the outstanding balance of the Series A and B of the 2016 bonds. 3,492,000

General Obligation Bonds:

Series of 2015, issued April 7, 2015 in the amount of \$9,680,000 with variable interest rates ranging between 0.70% to 4.00% payable semi-annually on May 15 and November 15. The bonds mature in annual installments of \$5,000 to \$2,760,000 through November 2038. The proceeds of the bond were to be used toward various capital projects. 225,000

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 GENERAL LONG-TERM LIABILITIES (cont'd)

Series of 2019, issued December 23, 2019 in the amount of \$16,100,000 with variable interest rates ranging between 1.50% to 3.00% payable semi-annually on May 15 and November 15. The bonds mature in annual installments of \$85,000 to \$3,595,000 through November 2039. The proceeds of the bonds were to be used to refund the Series of 2012 and 2013 bonds, refund the Series of 2017 note, and finance various construction projects of the District.

15,630,000

Series of 2020, issued February 19, 2020 in the amount of \$9,995,000 with variable interest rates ranging between 1.30% to 2.60% payable semi-annually on May 15 and November 15. The bonds mature in annual installments of \$5,000 to \$2,695,000 through November 2039. The proceeds of the bonds were used to refund a portion of the Series of 2015.

9,865,000

Series of 2022, issued June 29, 2022 in the amount of \$9,995,000 with variable interest rates ranging between 4.00% to 4.25% payable semi-annually on March 1 and September 1. The bonds mature in annual installments of \$135,000 to \$6,295,000 through September 2027. The proceeds of the bonds were used to fund renovations and alterations to the Athletic Field and Elementary Schools.

9,730,000

Series of 2023, issued October 3, 2023 in the amount of \$9,695,000 with an interest rate of 5.00% payable semi-annually on March 15 and September 15. The bonds mature in annual installments of \$95,000 to \$800,000 through March 2051. The proceeds of the bonds were used to fund renovations and alterations to the High School, Elementary Schools, and various other District capital improvements.

9,695,000

Series of 2024, issued April 30, 2024 in the amount of \$9,995,000 with variable interest rates ranging between 3.00% to 5.00% payable semi-annually on March 15 and September 15. The bonds mature in annual installments of \$5,000 to \$1,225,000 through March 2051. The proceeds of the bonds were used to fund renovations and alterations to the High School, Elementary Schools, and various other District capital improvements.

9,995,000

TOTAL

\$ 74,317,000

Bonds and Notes payable is comprised of the following:

Bonds and Notes payable, at face	\$ 74,317,000
Unamortized premium	363,643
Unamortized discount	<u>(268,656)</u>
Bonds and Notes payable, net	<u>\$ 74,411,987</u>

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 GENERAL LONG-TERM LIABILITIES (cont'd)

Amounts due in one year	\$ 2,783,000
Amounts due after one year	<u>71,628,987</u>
Bonds and Notes payable, net	<u>\$ 74,411,987</u>

Presented below is a summary of debt service requirements to maturity by years:

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2025	\$ 2,784,056	\$ 3,030,868	\$ 5,814,924
2026	2,844,056	3,052,069	5,896,125
2027	2,953,056	3,029,956	5,983,012
2028	3,013,056	3,012,941	6,025,997
2029	3,118,056	2,509,270	5,627,326
2030-2034	13,228,049	8,849,589	22,077,638
2035-2039	14,825,000	6,795,688	21,620,688
2040-2044	12,165,000	4,330,563	16,495,563
2045-2049	8,395,000	2,233,569	10,628,569
2050-2041	<u>3,955,000</u>	<u>299,000</u>	<u>4,254,000</u>
	67,280,329	37,143,513	104,423,842
Sinking Fund Deposits	<u>7,036,671</u>	-	<u>7,036,671</u>
	<u>\$ 74,317,000</u>	<u>\$ 37,143,513</u>	<u>\$ 111,460,513</u>

NOTE 7 AUTHORITY RENTALS

The District has entered into a lease agreement with the Delaware County Community College Authority ("DCCCA") to provide rental payments to retire the DCCCA's outstanding debt obligations. The lease agreements generally provide that in the event the DCCCA either retires all of its outstanding obligations which were issued to finance school facilities construction or acquisition, or accumulate sufficient reserves to cover such obligations prior to the expiration of the applicable schedules, there will be no subsequently scheduled rental payments made. Inasmuch as the annual rentals include reserve funds which either are invested by the DCCCA or used for advance retirement of obligations, it is anticipated that less than scheduled rentals will eventually be paid.

Future DCCCA rental payments are as follows:

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 AUTHORITY RENTALS (cont'd)

<u>Year Ending June 30,</u>	
2025	\$ 129,479
2026	129,453
2027	129,333
2028	129,356
2029	129,375
2030-2034	585,944
2035-2039	312,745
2040-2044	313,837
2045-2049	<u>111,352</u>
Total	1,970,874
Less: interest requirements	<u>594,496</u>
Outstanding rental payments	<u>\$ 1,376,378</u>

NOTE 8 PENSION PLAN

Plan Description

The District contributes to a governmental cost-sharing multiple-employer defined pension plan administered by the Commonwealth of Pennsylvania Public School Employees' Retirement System ("PSERS"). Benefit provisions of the plan are established under the provisions of the PSERS Code (Act No. 96 of October 2, 1975) and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement, disability, legislatively mandated *ad hoc* cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of the member's employment in the public school sector. The PSERS issues an annual comprehensive financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PSERS, P.O. Box 125, Harrisburg, PA 17108-0125. The publication is also available on the PSERS website at www.pasers.state.pa.us/publications/cafr/index.htm.

Benefits Provided

The 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 became 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

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

age 65 with a minimum of three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service. Benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested, and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2½%, depending upon the membership class, of the member's final average salary as defined in the Code, multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25% (Membership Class T-C), or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the system after June 30, 2001 and before July 1, 2011 contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Membership Class T-D, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the system after June 30, 2011 automatically contribute at the Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Class T-E contribution rate to fluctuate between 7.50% and 9.50%, and Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2024, the rate of the employer contribution was 34.00% of covered payroll, allocated 33.09% to pensions, 0.27% to the Act 5 defined contribution plan, and 0.64% for healthcare premium assistance. The District's contribution to PSERS for the year ended June 30, 2024 was \$14,141,884.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2024, the District reported a liability of \$115,175,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.2589%, which was an increase of 0.0021% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$11,019,306. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 3,259,000	\$ -
Difference between expected and actual experience	26,000	1,577,000
Changes in assumptions	1,719,000	-
Changes in proportions	2,165,000	1,153,000
Difference between employer contributions and proportionate share of total contributions	-	44,664
Contributions subsequent to the date of measurement	<u>14,141,884</u>	<u>-</u>
	<u>\$ 21,310,884</u>	<u>\$ 2,774,664</u>

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

An amount of \$14,141,884 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts will be reported as deferred outflows and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ 2,221,671
2026	(2,698,917)
2027	3,783,582
2028	<u>1,088,000</u>
	<u>\$ 4,394,336</u>

Actuarial Assumptions

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

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, including inflation of 2.50%
- Salary increase – effective average of 4.50%, which reflects an allowance for inflation of 2.50% for real wage growth and 2.00% 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 long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

A schedule of plan investments by asset class, target allocations, and long-term expected real rate of return is as follows:

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

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

Discount Rate

The discount 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 which are 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 net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 PENSION PLAN (cont'd)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$ 149,299,000	\$ 115,175,000	\$ 86,385,000

Pension Plan Fiduciary Net Position

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

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

The PSERS provides premium assistance, which is a governmental cost sharing, multiple-employer other postemployment benefits plan ("OPEB") for all eligible retirees who qualify and elect to participate. Employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the system can participate in the premium assistance program if they satisfy the following criteria:

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

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

- Attain Medicare eligibility with 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.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

OPEB Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit OPEB plan that provides postemployment benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the PSERS plan include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. The PSERS issues a publicly available annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$273,521 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$4,686,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.2590%, which was an increase of 0.0020% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of \$142,611. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 11,000	\$ -
Change in the proportionate share of the net OPEB liability	185,000	200,000
Change in assumptions	405,000	887,000
Difference between expected and actual experience	31,000	46,000
Difference between employer contributions and proportionate share of total contributions	2,177	-
Contributions subsequent to the date of measurement	<u>273,521</u>	<u>-</u>
	<u>\$ 907,698</u>	<u>\$ 1,133,000</u>

An amount of \$273,521 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources relating to OPEB and will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ (145,414)
2026	(103,604)
2027	(127,615)
2028	(121,925)
2029	<u>(265)</u>
	<u>\$ (498,823)</u>

Actuarial Assumptions

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

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 4.13%, S&P 20-year Municipal Bond Rate

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality 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%.
- Change in Assumptions: The discount rate used to measure the total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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 Board. Under the program, as defined in the retirement code, employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	100.0%	1.2%
	<u>100.0%</u>	

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

Discount Rate

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

Sensitivity of the System's Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual premium assistance. As of June 30, 2023, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the District's net OPEB liability for June 30, 2023, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's net OPEB liability	\$ 4,686,000	\$ 4,686,000	\$ 4,686,000

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

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

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Proportionate share of the net OPEB liability	\$ 5,298,000	\$ 4,686,000	\$ 4,174,000

OPEB Plan Fiduciary Net Position

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

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The District administers a single employer defined benefit healthcare plan (the Retiree Health Plan) for employees who meet the eligibility requirements upon retirement. The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. Under the GASB Codification, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. A plan report is available in the District office.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2024, the District paid \$464,097 to plan members eligible for receiving benefits.

Participants

As of July 1, 2023, the plan had 594 participants (573 active, 21 retired).

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2023. The total OPEB liability as of July 1, 2023 was determined by rolling forward the system's total OPEB liability as of the July 1, 2022 actuarial valuation to the July 1, 2023 measurement date using the actuarial assumptions noted below.

Discount Rate

The discount used to measure the total OPEB liability was 4.13%.

Salary Increases

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators, a merit increase which varies from 2.75% to 0%.

Withdrawal

Rates of withdrawal vary by age, gender, and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
25	4.55%	3.90%
30	4.55%	3.90%
35	1.68%	2.83%
40	1.42%	1.67%
45	1.41%	1.60%
50	1.89%	2.08%
55	3.63%	3.66%
60	5.49%	5.94%

Mortality Rates

Mortality rates are based upon the PubT-2010 Headcount-weighted Mortality Table including rates for contingent survivors for teachers and the PubG-2010 Headcount-weighted Mortality Table including rates for contingent survivors for all other employees.

Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Disability

No disability was assumed.

Percent of Eligible Retirees Electing Coverage in Plan

Ninety percent of employees eligible for subsidized coverage are assumed to elect coverage. Ten percent of employees not eligible for subsidized coverage are assumed to elect coverage.

Percent Married at Retirement

One hundred percent of employees are assumed to be married, and seventy percent are assumed to have a spouse elect coverage in the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Per Capita Claims Cost

The per capita claims cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows:

The per capita claims cost for medical and prescription drugs is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

<u>Age</u>	<u>Medical and Prescription Drug Combined</u>	
	<u>Males</u>	<u>Females</u>
45-49	\$ 8,275	\$ 11,950
50-54	10,959	13,506
55-59	13,347	14,132
60-64	17,418	16,235

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the healthcare cost trend rate.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Healthcare Cost Trend

The healthcare cost trend was 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Cost Method – Entry Age Normal

Under the entry age normal cost method, the normal cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The accrued liability as of the valuation date is the excess of the present value of future benefits over the present value of future normal cost. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets. Actuarial gains and losses serve to reduce or increase the unfunded accrued liability.

Participant Data

Participant data is based on census information as of June 2024, and due to the timing of District turnover, the data is believed to be representative of the population for the 2023-2024 school year.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

	1% Decrease <u>3.13%</u>	Current Discount Rate <u>4.13%</u>	1% Increase <u>5.13%</u>
Total OPEB liability	\$ 12,066,443	\$ 11,224,497	\$ 10,424,504
Fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability	<u>\$ 12,066,443</u>	<u>\$ 11,224,497</u>	<u>\$ 10,424,504</u>

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 10,008,297	\$ 11,224,497	\$ 12,641,576
Fiduciary net position	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability	<u>\$ 10,008,297</u>	<u>\$ 11,224,497</u>	<u>\$ 12,641,576</u>

Changes in Total OPEB Liability

Total OPEB liability - beginning	<u>\$11,745,434</u>
Service cost	790,818
Interest	500,448
Difference between expected and actual experience	(1,592,547)
Changes of assumptions	167,914
Benefit payments	<u>(387,570)</u>
Net change	<u>(520,937)</u>
Total OPEB liability - ending	<u>\$11,224,497</u>

The amount of OPEB expense for the single employer plan recognized by the District was \$443,763 for the year ended June 30, 2024. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 4,958,257	\$ 3,615,788
Difference between expected and actual experience	169,206	9,198,022
Benefit payments subsequent to measurement date	<u>464,097</u>	<u>-</u>
	<u>\$ 5,591,560</u>	<u>\$12,813,810</u>

An amount of \$464,097 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized in OPEB expense as follows:

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Year Ending June 30,

2025	\$ (383,406)
2026	(383,406)
2027	(373,805)
2028	(314,839)
2029	(723,543)
Thereafter	<u>(5,507,348)</u>
	<u>\$ (7,686,347)</u>

NOTE 11 NET OPEB LIABILITY AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

The District's aggregate net OPEB liability and deferred inflows and outflows of resources are as follows:

	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District Plan (See Note 10)	\$ 11,224,497	\$ 5,591,560	\$ 12,813,810
PSERS Plan (See Note 9)	<u>4,686,000</u>	<u>907,698</u>	<u>1,133,000</u>
Total	<u>\$ 15,910,497</u>	<u>\$ 6,499,258</u>	<u>\$ 13,946,810</u>

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages during the 2023-2024 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13 UNCERTAINTIES

Grants

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditures which may be disallowed pursuant to the terms of these

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 13 UNCERTAINTIES (cont'd)

grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 14 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund functions incurred expenditures in excess of appropriations in the following amount for the year ended June 30, 2024:

Instruction - regular programs	\$	1,038,007
Instruction - special programs	\$	6,410,934
Instruction - other instructional programs	\$	1,434,376
Support Services - administrative services	\$	606,749
Support Services - operation and maintenance of plant services	\$	1,088,042
Support Services - student transportation services	\$	1,197,941
Support Services - central support services	\$	357,485
Capital Outlay	\$	7,995,963

The excess of expenditures over appropriations was financed in part by savings in other budgeted line items, as well as revenues received being higher than budget and fund balance.

NOTE 15 HEALTHCARE TRUST

The District participates in the Delaware County Public Schools Healthcare Trust ("the Trust"), a cost-sharing multiple-employer welfare benefit plan administered by the Delaware County Intermediate Unit. Both the District and employees contribute to the cost of insurance premiums. The Trust was established in 2013 to provide school districts with medical coverage at an affordable price. The Trust works with a broker consultant and carriers to create comprehensive health benefits. The Trust has an excess (stop-loss) insurance policy to limit the self-insured loss retention on individual health insurance claims. The policy provides insurance for losses in excess of the maximum self-insured loss retention of \$250,000. The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. The Trust can be reached at 200 Yale Avenue, Morton, PA 19070.

The District's contributions to the Trust, including that of its employees for the year ended June 30, 2024, totaled \$10,159,773.

NOTE 16 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$119,362,968 includes the effect of the deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, and the deferred outflows related to the pension and OPEB plans. This is offset by the District's actuarially determined pension and

WILLIAM PENN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 16 DEFICIT NET POSITION (cont'd)

OPEB liabilities, and the deferred inflows related to the pension and OPEB plans. Business-type activities and the food service fund reported an unrestricted net deficit amount of \$497,406 resulting from the effect of incurring expenses before resources were available to offset these expenses. The deficit will be eliminated in the subsequent year once resources are available.

The general fund reported a deficit unassigned fund balance of \$5,363,799. The deficit resulted from the effect of incurring expenditures before resources were available to offset these expenditures. The deficit will be eliminated in the subsequent year once resources are available.

NOTE 17 COMMITMENTS

Capital Improvement Commitments

As of June 30, 2024, the District was in the process of several capital projects. Construction commitments completed to date are as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Completed 6/30/2024</u>	<u>Commitment</u>
School:			
East Lansdowne	\$ 6,773,279	\$ 5,041,394	\$ 1,731,885
Evans	9,281,898	6,748,455	2,533,443
PWMS	889,000	330,000	559,000
Total Commitments Related to Construction-in-progress	<u>\$ 16,944,177</u>	<u>\$ 12,119,849</u>	<u>\$ 4,824,328</u>

Additionally, at June 30, 2024, the District had \$3,555,540 in construction-in-progress not subject to construction commitments.

NOTE 18 SUBSEQUENT EVENTS

In November of 2024, the District issued bonds in the amount of \$13,000,000. Funds from this debt issuance will be used to fund planning, designing, acquiring, constructing, installing and equipping of renovations and alterations to Penn Wood High School Cypress Street Campus, the Penn Wood High School Green Avenue Campus, the Wm. B. Evans Elementary School and the East Lansdowne Elementary School and/or undertaking various other capital improvement projects for the benefit of the District.

The District has evaluated all subsequent events through December 20, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**WILLIAM PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE									
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
District's proportion of the net pension liability	0.2589%	0.2568%	0.2618%	0.2496%	0.2579%	0.2569%	0.2764%	0.2545%	0.2699%	0.2702%
District's proportion of the net pension liability - dollar value	\$ 115,175,000	\$ 114,170,000	\$ 107,486,000	\$ 122,901,000	\$ 120,652,000	\$ 123,325,000	\$ 136,510,000	\$ 126,122,000	\$ 116,908,000	\$ 106,947,000
District's covered employee payroll	\$ 40,588,260	\$ 36,456,128	\$ 36,009,323	\$ 36,091,205	\$ 35,551,000	\$ 32,209,178	\$ 34,648,517	\$ 35,065,540	\$ 33,633,024	\$ 34,485,192
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	283.76%	313.17%	298.49%	340.53%	339.38%	382.89%	393.99%	359.68%	347.60%	310.12%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WILLIAM PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 14,141,884	\$ 13,925,832	\$ 12,391,438	\$ 12,066,724	\$ 12,040,026	\$ 11,589,626	\$ 10,223,193	\$ 10,117,367	\$ 8,766,385	\$ 6,894,770
Contributions in relation to the contractually required contribution	<u>14,141,884</u>	<u>13,925,832</u>	<u>12,391,438</u>	<u>12,066,724</u>	<u>12,040,026</u>	<u>11,589,626</u>	<u>10,223,193</u>	<u>10,117,367</u>	<u>8,766,385</u>	<u>6,894,770</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 42,737,637	\$ 40,588,260	\$ 36,456,128	\$ 36,009,323	\$ 36,091,205	\$ 35,551,000	\$ 32,209,178	\$ 34,648,517	\$ 35,065,540	\$ 33,633,024
Contributions as a percentage of covered employee payroll	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WILLIAM PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)**

	MEASUREMENT DATE					
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's proportion of the net OPEB liability	0.2590%	0.2570%	0.2616%	0.2495%	0.2579%	0.2569%
District's proportion of the net OPEB liability - dollar value	\$ 4,686,000	\$ 4,731,000	\$ 6,200,000	\$ 5,391,000	\$ 5,485,000	\$ 5,356,000
District's covered employee payroll	\$ 40,588,260	\$ 36,456,128	\$ 36,009,323	\$ 36,091,205	\$ 35,551,000	\$ 32,209,178
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	11.55%	12.98%	17.22%	14.94%	15.20%	15.07%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%

Note: The above information is presented as of the Plan's measurement date.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WILLIAM PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 273,521	\$ 304,412	\$ 291,649	\$ 294,713	\$ 303,166	\$ 295,073
Contributions in relation to the contractually required contribution	<u>273,521</u>	<u>304,412</u>	<u>291,649</u>	<u>294,713</u>	<u>303,166</u>	<u>295,073</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 42,737,637	\$ 40,588,260	\$ 36,456,128	\$ 36,009,323	\$ 36,091,205	\$ 35,551,000
Contributions as a percentage of covered employee payroll	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

**WILLIAM PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Single Employer Plan**

	MEASUREMENT DATE					
	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018
<u>TOTAL OPEB LIABILITY</u>						
Service cost	\$ 790,818	\$ 1,246,849	\$ 474,476	\$ 503,500	\$ 368,109	\$ 402,750
Interest cost	500,448	350,500	717,549	722,487	654,209	682,110
Change in benefit terms	-	-	-	-	61,766	-
Difference between expected and actual experience	(1,592,547)	-	(9,521,760)	-	465,016	-
Changes in assumptions	167,914	(3,792,230)	2,995,051	-	(1,003,951)	-
Benefit payments	(387,570)	(405,067)	(1,168,169)	(1,536,983)	(2,017,626)	(1,977,539)
NET CHANGE IN TOTAL OPEB LIABILITY	(520,937)	(2,599,948)	(6,502,853)	(310,996)	(1,472,477)	(892,679)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	11,745,434	14,345,382	20,848,235	21,159,231	22,631,708	23,524,387
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 11,224,497</u>	<u>\$ 11,745,434</u>	<u>\$ 14,345,382</u>	<u>\$ 20,848,235</u>	<u>\$ 21,159,231</u>	<u>\$ 22,631,708</u>
<u>PLAN FIDUCIARY NET POSITION</u>						
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	-	-	-	-	-	-
Benefit payments	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	-	-	-	-	-	-
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	-	-	-	-	-	-
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
DISTRICT'S NET OPEB LIABILITY	<u>\$ 11,224,497</u>	<u>\$ 11,745,434</u>	<u>\$ 14,345,382</u>	<u>\$ 20,848,235</u>	<u>\$ 21,159,231</u>	<u>\$ 22,631,708</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 41,067,935	\$ 35,866,315	\$ 29,979,352	\$ 29,979,352	\$ 29,248,148	\$ 28,805,920
District's net OPEB liability as a percentage of covered payroll	27.33%	32.75%	47.85%	69.54%	72.34%	78.57%
Expected average remaining service years of all participants	7	7	7	7	8	9

The requirement is to show information for 10 years; however, until a full 10-year trend is compiled, the Plan shall present information for the years for which information is available.

SINGLE AUDIT SUPPLEMENT



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

December 20, 2024

Board of School Directors
William Penn School District
Lansdowne, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the William Penn School District ("the District"), Lansdowne, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings of recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

Board of School Directors
William Penn School District

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 [Entity Name]'s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and recommendation as items 2024-001, 2024-002, and 2024-006 to be material weaknesses.

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. We consider the deficiencies described in accompanying schedule of findings and recommendation as items 2024-003, 2024-004, and 2024-005 to be to be significant deficiencies.

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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying findings and recommendations. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


BARBACANE, THORNTON & COMPANY LLP



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

December 20, 2024

Board of School Directors
William Penn School District
Lansdowne, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the William Penn 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 each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence

we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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


BARBACANE, THORNTON & COMPANY LLP

**WILLIAM PENN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal/Pass-through Grantor Program Title	Source Code	Federal ALN	Pass-through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received For Year	Accrued (Unearned) Revenue 07/01/2023	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/2024	Passed Through to Subrecipient
U.S. Department of Education											
Passed through Pennsylvania Department of Education											
Title I	I	84.010	013-24-0484	09/07/23-09/30/24	\$ 2,608,063	\$ 1,805,534	\$ -	\$ 2,555,447	\$ 2,555,447	\$ 749,913	\$ -
Title I	I	84.010	013-23-0484	11/21/22-09/30/23	2,629,539	2,151,441	1,942,090	209,351	209,351	-	-
Title I	I	84.010	013-22-0484	09/30/21-09/30/22	2,673,418	352,364	271,363	-	-	(81,001)	-
Title I - Sch Improvement Project	I	84.010	042-24-0484	07/24/23-09/30/24	326,363	261,090	-	326,363	326,363	65,273	-
Title I - Sch Improvement Project	I	84.010	042-23-0484	01/25/23-09/30/23	356,576	-	(104,660)	20,256	20,256	(84,404)	-
Title I - Sch Improvement Project	I	84.010	042-22-0484	03/13/20-09/30/22	332,281	(151,612)	(160,381)	-	-	(8,769)	-
Title I - Sch Improvement Project	I	84.010	042-21-0484	12/30/20-09/30/21	301,481	-	200	-	-	200	-
Total ALN 84.010						4,418,817	1,948,612	3,111,417	3,111,417	641,212	-
Title II - Improv Teacher Quality	I	84.367	020-22-0484	09/30/21-09/30/22	319,063	131,770	131,770	-	-	-	-
Title II - Improv Teacher Quality	I	84.367	020-23-0484	09/30/22-09/30/23	264,034	184,941	208,059	-	-	23,118	-
Title II - Improv Teacher Quality	I	84.367	020-24-0484	09/07/23-09/30/24	278,242	190,706	-	278,242	278,242	87,536	-
Total ALN 84.367						507,417	339,829	278,242	278,242	110,654	-
Title III - Language Inst LEP	I	84.365	010-21-0484	09/14/20-09/30/21	44,949	-	2,000	-	-	2,000	-
Title III - Language Inst LEP	I	84.365	010-22-0484	09/30/21-09/30/22	44,834	(9,621)	(9,621)	-	-	-	-
Title III - Language Inst LEP	I	84.365	010-23-0484	11/21/22-09/30/23	34,821	28,490	28,490	-	-	-	-
Title III - Language Inst LEP	I	84.365	010-24-0484	09/07/23-09/30/24	29,643	6,841	-	6,118	6,118	(723)	-
Total ALN 84.365						25,710	20,869	6,118	6,118	1,277	-
Title IV - Student Support and Academic Achievement	I	84.424	144-23-0484	11/21/22-09/30/23	171,986	76,279	43,154	5,391	5,391	(27,734)	-
Title IV - Student Support and Academic Achievement	I	84.424	144-24-0484	09/07/23-09/30/24	205,855	79,175	-	121,115	121,115	41,940	-
Total ALN 84.424						155,454	43,154	126,506	126,506	14,206	-
Cares Act - Esser Fund Local	I	84.425D	200-20-0484	03/13/20-09/30/22	1,862,620	-	62,576	-	-	62,576	-
CARES Act - ESSER Fund Local - ESSER II	I	84.425D	200-21-0484	03/13/20-09/30/23	7,800,333	-	(323,094)	711,945	711,945	388,851	-
ARP ESSER Homeless Children and Youth	I	84.425W	181-21-2485	07/01/21-09/30/24	68,051	1,745	(6,980)	250	250	(8,475)	-
ARP - ESSER III	I	84.425U	223-21-0484	03/13/20-09/30/24	15,777,816	8,319,212	(2,557,907)	9,392,151	9,392,151	(1,484,968)	-
ARP - ESSER III 2.5%	I	84.425U	224-21-0484	03/13/20-09/30/24	119,393	23,879	23,879	-	-	-	-
ARP - ESSER III 7% - Learning Loss	I	84.425U	225-21-0484	03/13/20-09/30/24	875,922	557,405	581,277	-	-	23,872	-
ARP - ESSER III 7% - After School	I	84.425U	225-21-0484	03/13/20-09/30/24	175,184	111,482	(31,852)	100,513	100,513	(42,821)	-
ARP - ESSER III 7% - Summer School	I	84.425U	225-21-0484	03/13/20-09/30/24	175,184	111,480	(31,851)	175,184	175,184	31,853	-
Total ALN 84.425						9,125,203	(2,283,952)	10,380,043	10,380,043	(1,029,112)	-
Passed through Delaware County I. U.											
IDEA	I	84.027	N/A	07/01/23-06/30/24	1,078,555	-	-	1,078,555	1,078,555	1,078,555	-
						-	-	1,078,555	1,078,555	1,078,555	-
I.D.E.A. - Preschool Grants	I	84.173	N/A	07/01/23-06/30/24	3,179	-	-	3,179	3,179	3,179	-
Total Special Education Cluster						-	-	1,081,734	1,081,734	1,081,734	-
TOTAL U.S. DEPARTMENT OF EDUCATION						14,232,601	68,512	14,984,060	14,984,060	819,971	-

**WILLIAM PENN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal/Pass-through Grantor Program Title	Source Code	Federal ALN	Pass-through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received For Year	Accrued (Unearned) Revenue 07/01/2023	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue 06/30/2024	Passed Through to Subrecipient
U.S. Department of Agriculture											
Passed through Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	1,713,378	-	2,097,827	2,097,827	384,449	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	387,767	387,767	-	-	-	-
Supply Chain Assistance	I	10.555	N/A	07/01/23-06/30/24	N/A	113,508	-	113,508	113,508	-	-
Passed through Pennsylvania Department of Agriculture											
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	251,084	-	251,084	251,084	-	-
Total ALN 10.555						<u>2,465,737</u>	<u>387,767</u>	<u>2,462,419</u>	<u>2,462,419</u>	<u>384,449</u>	<u>-</u>
Passed through Pennsylvania Department of Education											
School Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	1,008,896	-	1,234,877	1,234,877	225,981	-
School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	236,891	236,891	-	-	-	-
Total ALN 10.553						<u>1,245,787</u>	<u>236,891</u>	<u>1,234,877</u>	<u>1,234,877</u>	<u>225,981</u>	<u>-</u>
Passed through Pennsylvania Department of Education											
Summer Food Service Program	I	10.559	N/A	07/01/23-06/30/24	N/A	74,386	-	74,386	74,386	-	-
Total Child Nutrition Cluster						<u>3,785,910</u>	<u>624,658</u>	<u>3,771,682</u>	<u>3,771,682</u>	<u>610,430</u>	<u>-</u>
Passed through Pennsylvania Department of Education											
Pandemic EBT Local Admin Funds	I	10.649	N/A	07/01/23-06/30/24	N/A	8,578	-	8,578	8,578	-	-
						<u>8,578</u>	<u>-</u>	<u>8,578</u>	<u>8,578</u>	<u>-</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>3,794,488</u>	<u>624,658</u>	<u>3,780,260</u>	<u>3,780,260</u>	<u>610,430</u>	<u>-</u>
U.S. Department of Welfare											
Passed through Pennsylvania Department of Human											
Medical Assistance Program	I	93.778	N/A	07/01/23-06/30/24	N/A	78,477	-	78,477	78,477	-	-
TOTAL U.S. DEPARTMENT OF WELFARE						<u>78,477</u>	<u>-</u>	<u>78,477</u>	<u>78,477</u>	<u>-</u>	<u>-</u>
TOTAL FEDERAL AWARDS						<u>\$ 18,105,566</u>	<u>\$ 693,170</u>	<u>\$ 18,842,797</u>	<u>\$ 18,842,797</u>	<u>\$ 1,430,401</u>	<u>\$ -</u>
Total Education Stabilization Funds (ALN 84.425D, 84.425U and 84.425W)						<u>\$ 9,125,203</u>	<u>\$ (2,283,952)</u>	<u>\$ 10,380,043</u>	<u>\$ 10,380,043</u>	<u>\$ (1,029,112)</u>	<u>\$ -</u>

Source Code:

I = Indirect Funding

WILLIAM PENN SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

All expenditures included in the schedule of expenditures of federal awards are presented on the basis that expenditures are reported to the respective federal grantor agencies. Accordingly, certain expenditures are recorded when the federal obligation is determined.

NOTE C NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN 10.555, National Summer Food Program, include federal surplus food consumed by the District during the 2023-2024 fiscal year.

NOTE E BUILD AMERICA BONDS

The District was eligible to participate in the School Construction Bonds Program through the American Recovery and Reinvestment Act. As such, the District is eligible for reimbursement of certain amounts relating to the future debt service due on the bonds. These reimbursements are not considered federal financial assistance. The amount recognized for the year ended June 30, 2024 was \$412,493.

NOTE F INDIRECT COST RATE

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

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SCHEDULE OF FINDINGS AND RECOMMENDATIONS

WILLIAM PENN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? X Yes No
- Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

 Yes X No

Identification of major programs:

CFDA Numbers
84.027, 84.173
84.425D, 84.425W, 84.425U

Name of Federal Program or Cluster
Special Education Cluster
Education Stabilization Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

WILLIAM PENN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2024-001 INVOICE PROCESSING

Condition

During our audit of the current fiscal year, we observed a significant delay in the processing of several material invoices. These delays necessitated material adjusting journal entries to properly accrue missed invoices, ensuring the accurate reporting of accounts payable and expenditures. Additionally, the untimely processing of invoices contributed to the understatement of expenditures in board reports, potentially leading to misinformed oversight decisions by governance bodies. Management is responsible for establishing and maintaining an effective system of internal controls over financial reporting, and timely invoice processing is a critical component of such controls.

Criteria

Timely processing of invoices is essential to ensure that all accounts payable and expenditure activity is accurately recorded in the District's accounting system. This practice is fundamental for providing governance bodies with accurate financial information to support informed decision-making.

Cause

The delay in invoice processing was primarily due to staff turnover in the District's business office during the year, which led to gaps in oversight and workflow continuity.

Recommendation

We recommend that the District implement an additional layer of oversight within the business office by assigning a secondary staff member to verify the receipt and processing of invoices. This added measure would help ensure that all financial transactions are accurately and promptly recorded in the accounting system. Furthermore, it would provide District management and the board with reliable financial data throughout the year, fostering more accurate and informed governance.

WILLIAM PENN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2024-002 CIRCUMVENTION OF EXPENDITURE APPROVAL PROCESS

Condition

During our current year audit, we became aware that there were instances where employees bypassed the District's expenditure approval process. The established controls require employees to submit purchase orders into the District's accounting system for approval, ensuring that actual expenditures align with budgeted amounts on an account-by-account basis. However, in these instances, employees directly contacted vendors without obtaining an approved purchase order, and vendors fulfilled these requests despite this being contrary to District policy. This circumvention resulted in actual expenditures exceeding budgeted amounts.

Criteria

Circumvention of established expenditure approval controls undermines the integrity of financial information, potentially leading to inaccurate data being used by governance bodies for decision-making.

Cause

Employees disregarded the District's expenditure approval processes during the year.

Recommendation

We recommend that the District enforce its expenditure approval process by implementing strong deterrents against circumvention, including disciplinary actions for non-compliance. Clear communication of these consequences, coupled with consistent enforcement, will discourage such actions and support the production of accurate financial information for the board and other governance bodies.

2024-003 INEFFECTIVE BUDGETING RESULTING IN FUND DEFICIT

Condition

The District's budget process did not adequately anticipate significant expenditures for the fiscal year, resulting in overspending in key operational areas. For instance, actual expenditures in the General Fund exceeded budgeted amounts by 13%, primarily due to unbudgeted special education costs.

Criteria

Sound financial management and applicable state statutes require public entities, including school districts, to adopt and maintain balanced budgets, ensuring expenditures do not exceed available revenues and resources.

WILLIAM PENN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Cause

The budgeting process lacked accurate forecasting methods, and there was insufficient review of historical spending trends and expected changes in operational needs.

Recommendation

The District should improve its budgeting process by:

- Implementing more robust forecasting tools to account for anticipated changes in costs.
- Regularly reviewing historical expenditure patterns to identify trends.
- Strengthening oversight mechanisms to monitor budget compliance throughout the fiscal year.
- Providing training to staff involved in the budget preparation and review process.

2024-004 BANK RECONCILIATIONS

Condition

During our current year audit, we observed some instances where bank reconciliations were not completed accurately to reconcile the bank balances with the general ledger balances. This deficiency resulted in adjustments to the fiscal year's financial activity to account for transactions that were not recorded from the bank statements. The failure to perform accurate and timely bank reconciliations can lead to incomplete financial records.

Criteria

Timely and accurate monthly bank reconciliations are essential to ensure that all financial activity is appropriately recorded in the District's accounting system. They serve as a critical internal control to identify discrepancies and maintain the accuracy of financial reporting.

Cause

The inaccuracies were due to a lack of proper review of bank reconciliations during the fiscal year.

Recommendation

We recommend that the District ensure all bank accounts are reconciled accurately on a monthly basis and that these reconciliations are subject to a formal review process. This practice will enhance the completeness and accuracy of the financial records and provide District management and the board with reliable financial information throughout the year.

WILLIAM PENN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2024-005 CENSUS DATA SUBMITTED TO ACTUARY

Condition

During our current year audit of census data submission to the actuary, we identified discrepancies between the information in employee personnel files and the data submitted to the actuary. Specifically, one sampled employee's personnel file could not be located, and two other sampled instances revealed mismatched retirement dates between the personnel files and the documentation provided to the actuary. These discrepancies may lead to the potential of inaccurate figures produced by the actuary for retirement and Other Post-Employment Benefits (OPEB) as reported in the financial statements.

Criteria

Accurate and complete data submission to the actuary is essential to ensure the reliability of pension and OPEB calculations and their proper presentation in the financial statements.

Cause

The discrepancies were caused by a lack of thorough review of personnel files and the data submitted to the actuary.

Recommendation

We recommend that the District:

- Ensure all personnel files are securely maintained and readily accessible.
- Conduct an annual review of personnel file data to verify consistency with the information submitted to the actuary.
- Establish a formal reconciliation process between personnel records and actuary submissions to ensure data accuracy.
- Implementing these measures will improve the accuracy of census data submitted to the actuary, supporting reliable actuarial valuations and accurate financial reporting of pension and OPEB liabilities.

2024-006 – TRIAL BALANCE ERRORS

Condition

During the audit process, multiple errors were identified in the trial balance and brought to management's attention for correction. While much of the information needed for these corrections was available within the District, the fact that these errors were not identified and addressed by management prior to the audit highlights a deficiency in the District's financial reporting processes.

WILLIAM PENN SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Criteria

Effective internal controls over the preparation of the trial balance should enable the identification and correction of material misstatements to ensure the trial balance is accurately stated before submission for audit purposes.

Cause

The deficiencies in the trial balance preparation were due to turnover in the finance department, which disrupted continuity and oversight.

Recommendation

We recommend that the District implement a detailed review of the unaudited trial balance prior to its submission for audit purposes. This review process should include the reconciliation of key accounts and cross-verification of supporting documentation. Strengthening the review process will reduce the likelihood of material adjusting journal entries being required during the audit, improving the efficiency and accuracy of financial reporting.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

WILLIAM PENN SCHOOL DISTRICT

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MANAGEMENT'S RESPONSE TO FINDINGS AND RECOMMENDATIONS

Management has reviewed the audit findings within the audited financial statements for the fiscal year 2023-2024. The William Penn School District concurs with recommendations contained herein. The following is management's response to the fiscal year 2023-2024 findings.

2024-001 – Invoice Processing

Name of Contact Person

Robert Kaufmann, Business Administrator

Corrective Action

Accounts payable items were identified by Management but not accrued due to how long after year end they were paid. A large contributor to the delay in payment of invoices was staff turnover both in the business office and other areas where invoices were being emailed to previous employees. In most instances the invoices should already be encumbered and be reflected in Board Reports.

Proposed Completion Date

June 30, 2025

2024-002 – Circumvention of Expenditure Approval Process

Name of Contact Person

Robert Kaufmann, Business Administrator

Corrective Action

The District has notified and reminded all employees that are responsible for requesting orders in the system that under no circumstances are they to order something from a vendor without an approved Purchase Order. Doing so will make them personally liable as the District is not responsible for items purchased without a Purchase Order.

Proposed Completion Date

June 30, 2025

WILLIAM PENN SCHOOL DISTRICT

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MANAGEMENT'S RESPONSE TO FINDINGS AND RECOMMENDATIONS (CONT'D)

2024-003 – Ineffective Budgeting Resulting in Fund Deficit

Name of Contact Person

Robert Kaufmann, Business Administrator

Corrective Action

The District has experienced unprecedented amounts of incoming students needing to be placed in Special Programs and the severity of student need has also increased. While these specific items may not have been predictable, we are working on enhancing our forecasting by creating a multi-year forecast with our financial consultants to fine-tune our budget creation process.

Proposed Completion Date

June 30, 2025

2024-004 – Bank Reconciliations

Name of Contact Person

Robert Kaufmann, Business Administrator

Corrective Action

The difference in the bank reconciliation was due to the Athletic Fund being moved from an old legacy system into our normal accounting software. A transaction was miss-recorded for long outstanding checks that caused the error. The amount is highly immaterial and will not recur.

Proposed Completion Date

June 30, 2025

WILLIAM PENN SCHOOL DISTRICT

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MANAGEMENT'S RESPONSE TO FINDINGS AND RECOMMENDATIONS (CONT'D)

2024-005 – Census Data Submitted to Actuary

Name of Contact Person

Robert Kaufmann, Business Administrator

Corrective Action

The District is currently in the process of digitizing personnel files and linking the data to the accounting software. This process should fix any discrepancy between the software and the physical personnel files.

Proposed Completion Date

June 30, 2025

2024-006 – Trial Balance Errors

Name of Contact Person

Robert Kaufmann, Business Administrator

Corrective Action

The Business Office experienced turnover during the year that impacted processes through September of 2024. Additionally, we had federal monitoring occurring during our usual audit preparation time which diverted our attention. With personnel in place and monitoring not scheduled in September, we do not believe this will be an ongoing issue.

Proposed Completion Date

June 30, 2025