

**NEW ISSUE - BOOK ENTRY ONLY**

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

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code. 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.*

**\$15,000,000\***  
**WILSON AREA SCHOOL DISTRICT**  
**(Northampton County, Pennsylvania)**  
**General Obligation Bonds, Series of 2024**

**Bonds Dated:** Date of Delivery  
**Principal Due:** March 15, as shown on inside cover  
**Denomination:** Integral multiples of \$5,000

**Interest Payable:** March 15 and September 15  
**First Interest Payment:** March 15, 2025  
**Form:** DTC Book-Entry Only

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

**General:** The General Obligation Bonds, Series of 2024 (the “Bonds” or “2024 Bonds”) in the aggregate principal amount of \$15,000,000\* are being issued by the Wilson Area School District (the “School District”), a public school district located in Northampton County, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by Fulton Bank, National Association, as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See “**BOOK-ENTRY ONLY SYSTEM**” herein. Interest on the Bonds is payable initially on March 15, 2025, and thereafter, semiannually on March 15 and September 15 of each year.

**Security:** The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on October 21, 2024, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law. (see “**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**”, **APPENDIX A - “TAXING POWERS AND LIMITS**” and “**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**” – “**Taxpayer Relief Act (Act 1)**” herein).

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

**Purpose:** The proceeds of the Bonds will be used to undertake capital projects consisting of the design and construction of additions and renovations to the School District’s existing facilities, and to pay the costs of issuing the Bonds.

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to prior sale and subject to the receipt of the approving legal opinion to be issued by King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, Bond Counsel. Certain additional matters will be passed upon for the School District by its Counsel, Donald F. Spry II, Esquire, Bethlehem, Pennsylvania, Solicitor to the School District, and for the Underwriter by its limited scope underwriter’s counsel, McNees Wallace & Nurick, Lancaster, Pennsylvania. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about December \_\_\_\_, 2024.



\*Preliminary, subject to change.

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

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**BOND MATURITY SCHEDULE**

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(March 15)	Principal	Interest			CUSIP
<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Numbers</u> <sup>(1)</sup>

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

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<sup>\*</sup>Preliminary, subject to change.

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

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

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

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

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**SUMMARY PAGE**

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

<b>Issuer</b> .....	Wilson Area School District, Northampton County, Pennsylvania (the "School District").
<b>Bonds</b> .....	The General Obligation Bonds, Series of 2024 in the principal amount of \$15,000,000* (the "Bonds"), dated as of the date of delivery, maturing on March 15, ____ through March 15, ____.  Interest on the Bonds shall be payable semiannually on March 15 and September 15. See " <b>DESCRIPTION OF THE BONDS</b> " herein.
<b>Optional Redemption</b> .....	The Bonds stated to mature on or after March 15, 20__, are subject to redemption prior to maturity at the option of the School District in whole or, from time to time, in part, in any order of maturities as the School District shall select, on any date or dates on or after _____, 20__, at a price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption.
<b>Form</b> .....	Book-Entry Only.
<b>Application of Proceeds</b> .....	Proceeds of the Bonds will be used to undertake capital projects consisting of the design and construction of additions and renovations to the School District's existing facilities, and to pay the costs of issuing the Bonds.
<b>Security</b> .....	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
<b>Rating</b> .....	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign the School District an underlying rating of "____" (____ outlook). (See " <b>RATING</b> " herein.)
<b>Continuing Disclosure Undertaking</b> .....	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See " <b>CONTINUING DISCLOSURE UNDERTAKING</b> " and " <b>APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE</b> ".)

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\*Preliminary, subject to change.

**WILSON AREA SCHOOL DISTRICT**  
**(Northampton County, Pennsylvania)**  
2040 Washington Blvd.  
Easton, Pennsylvania 18042

**BOARD OF SCHOOL DIRECTORS**

Judith Herbstreith .....	President
Janis Krieger .....	Vice- President
Stephanie Arnold .....	Secretary
Linda Baskwell .....	Treasurer
Jeffrey Breidinger, Sr. ....	Member
Maggie Hall .....	Member
Jonathan Jones .....	Member
Allyson Palinkas .....	Member
Molly Sunderlin .....	Member
Holly Waugh .....	Member

**SCHOOL ADMINISTRATION**

John Martuscelli .....	Acting Superintendent of Schools
Stephanie Arnold .....	Business Manager

**BOND COUNSEL**

King, Spry, Herman, Freund & Faul, LLC  
Bethlehem, Pennsylvania

**SOLICITOR**

Donald F. Spry II, Esquire  
Bethlehem, Pennsylvania

**UNDERWRITER**

Raymond James & Associates, Inc.  
Lancaster, Pennsylvania

**LIMITED SCOPE UNDERWRITER'S COUNSEL**

McNees Wallace& Nurick LLC  
Lancaster, Pennsylvania

**PAYING AGENT**

Fulton Bank, National Association  
Lancaster, Pennsylvania

**OFFICIAL STATEMENT**

**\$15,000,000\***

**WILSON AREA SCHOOL DISTRICT**

**(Northampton County, Pennsylvania)**

**General Obligation Bonds, Series of 2024**

**INTRODUCTION**

This Official Statement is furnished by the Wilson Area School District (the "School District"), a public school district located in Northampton County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2024 (the "Bonds") in the aggregate principal amount of \$15,000,000\*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on October 21, 2024 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

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

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

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

**PURPOSE OF THE ISSUE**

The proceeds of the Bonds will be used to undertake capital projects consisting of the design and construction of additions and renovations to the School District's existing facilities, and to pay the costs of issuing the Bonds.

**SOURCES AND USES OF FUNDS**

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

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

\*Preliminary, subject to change.

## DESCRIPTION OF THE BONDS

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

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

### Payment of Principal and Interest

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

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

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

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

### Transfer, Exchange and Registration of Certificated Bonds

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

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



## REDEMPTION OF BONDS

### Mandatory Sinking Fund Redemptions

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

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

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

### Optional Redemption

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

### Notice of Redemption

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

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

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

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

### Manner of Redemption

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

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

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

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

### BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General Obligation Pledge

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

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

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

## **Sinking Fund**

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

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

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

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

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

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

## **Pennsylvania Budget Adoption Impasses**

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

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

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

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

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

**During a state budget impasse, school districts in the Commonwealth cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain**

**block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code. Act 85 of 2016 was adopted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See “Act 85 of 2016” below.**

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

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

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

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

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

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

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

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

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

#### **BONDHOLDER CONSIDERATIONS**

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

#### **Cybersecurity**

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

various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

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

### **Climate Change**

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

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

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

## **CONTINUING DISCLOSURE UNDERTAKING**

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

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

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

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

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

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

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

<b>Fiscal Year</b>	<b>Filing Due Date</b>	<b>Filing Dates:</b>		
		<b>Audit</b>	<b>Operating Data</b>	<b>Budget</b>
6/30/2023	3/26/2024	11/01/2024 <sup>(1)</sup>	11/08/2024 <sup>(1)</sup>	11/08/2024 <sup>(1)</sup>
6/30/2022	3/27/2023	11/01/2024 <sup>(1)</sup>	11/08/2024 <sup>(1)</sup>	11/08/2024 <sup>(1)</sup>
6/30/2021	3/27/2022	11/01/2024 <sup>(1)</sup>	11/08/2024 <sup>(1)</sup>	11/08/2024 <sup>(1)</sup>
6/30/2020	3/27/2021	11/01/2024 <sup>(1)</sup>	11/08/2024 <sup>(1)</sup>	11/08/2024 <sup>(1)</sup>
6/30/2019	3/26/2020	3/24/2020	11/08/2024 <sup>(1)</sup>	12/20/2019

<sup>(1)</sup> A “Failure to Timely File Notice” was filed to EMMA on 11/8/2024. Although filed, it was not timely filed.

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements. The School District has engaged the services of Raymond James & Associates, Inc., as Dissemination Agent in order to assist the School District with facilitating remedial filings, as well as future ongoing compliance with the School District’s continuing disclosure undertakings in accordance with the Rule.

### NO LITIGATION

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

### TAX MATTERS

#### Federal

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

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code.

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

##### *Other Federal Tax Matters*

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

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

#### Pennsylvania

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

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

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

**Other**

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

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

**LEGAL OPINIONS**

The issuance of the Bonds is subject to the approving legal opinion of King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, as Bond Counsel to the School District, substantially in the form of Appendix C. Certain additional matters will be passed upon for the School District by its Counsel, Donald F. Spry II, Esquire, Bethlehem, Pennsylvania, Solicitor to the School District, and for the Underwriter by its limited scope underwriter’s counsel, McNeas Wallace & Nurick, Lancaster, Pennsylvania.

**RATINGS**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) has assigned the School District an underlying rating of “AA-” (stable outlook).

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

**UNDERWRITING**

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the “Underwriter”) subject to certain conditions, has purchased the Bonds from the School District at a purchase price of \$\_\_\_\_\_ (representing the par amount of the Bonds of \$\_\_\_\_\_, [plus/less] an original issue [premium/discount] of \$\_\_\_\_\_ less an underwriting discount of \$\_\_\_\_\_). The Underwriter’s obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

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

**PAYING AGENT**

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

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



**CERTAIN OTHER MATTERS**

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

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

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

**WILSON AREA SCHOOL DISTRICT**  
**Northampton County, Pennsylvania**

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

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**APPENDIX A**

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

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## DESCRIPTION OF THE SCHOOL DISTRICT

### Introduction

The Wilson Area School District (the “School District”) is located in Northampton County approximately 75 miles west of New York City, 65 miles north of Philadelphia and 20 miles from the center of the Allentown-Bethlehem-Easton area. The School District is comprised of the Boroughs of Glendon, West Easton and Wilson, as well as Williams Township. The close proximity to the major eastern coast markets and business centers, this section of Pennsylvania is experiencing rapid population growth produced by migration from New York and the New Jersey areas.

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

### School Facilities

<u>School</u>	<u>Year</u> <u>Constructed</u>	<u>Additions/</u> <u>Alterations</u>	<u>Grades</u>	<u>2024-25 (est.)</u> <u>Enrollment</u>
<b><u>Elementary</u></b>				
Avona Elementary .....	2000	---	K-4	203
Wilson Borough Elementary .....	1980	2003	K-4	285
Williams Township Elementary .....	1956	1994/2003	K-4	249
<b><u>Secondary</u></b>				
Wilson Area Intermediate School .....	2011	---	5-8	647
Wilson Area High School.....	1994	---	9-12	719

Source: School District Officials.

### Pupil Enrollment

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

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2020-21 .....	1,067	1,035	2,102
2021-22 .....	1,108	1,032	2,140
2022-23 .....	1,086	1,024	2,110
2023-24 .....	1,083	1,040	2,123
2024-25 (Estimated) .....	1,038	1,065	2,103
2025-26 (Projected) .....	1,035	1,077	2,112

Source: School District Officials.

## SCHOOL DISTRICT FINANCES

### Financial Reporting

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

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

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

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

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

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

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

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

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

**Summary and Discussion of Financial Results**

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

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

	<b>ACTUAL</b>				<b>Estimated</b>	<b>Budgeted</b>
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>Revenues</b>						
Local Sources.....	\$27,713,003	\$28,405,400	\$27,662,069	\$28,699,160	\$29,057,347	\$27,570,610
State Sources.....	14,312,763	14,024,121	14,431,093	15,730,841	16,313,898	14,934,153
Federal Sources.....	<u>748,112</u>	<u>1,743,205</u>	<u>1,685,419</u>	<u>3,218,865</u>	<u>3,377,378</u>	<u>782,993</u>
<b>Total Revenues</b> .....	<b>\$42,773,878</b>	<b>\$44,172,726</b>	<b>\$43,778,581</b>	<b>\$47,648,866</b>	<b>\$48,748,623</b>	<b>\$43,287,756</b>
<b>Expenditures</b>						
Instructional Services.....	\$25,054,670	\$24,787,906	\$26,575,827	\$27,730,875	\$27,024,962	\$27,432,756
Support Services .....	11,868,372	11,066,145	11,644,803	13,008,346	13,493,010	13,323,503
Noninstructional Services .....	970,992	806,923	941,153	945,567	994,968	1,130,923
Capital Outlay.....	0	95,000	13,532	319,976	1,278,460	159,167
Debt Service.....	<u>3,997,591</u>	<u>4,481,099</u>	<u>4,478,030</u>	<u>4,560,590</u>	<u>4,160,200</u>	<u>4,280,400</u>
<b>Total Expenditures</b> .....	<b>\$41,891,625</b>	<b>\$41,237,073</b>	<b>\$43,653,345</b>	<b>\$46,565,354</b>	<b>\$46,951,600</b>	<b>\$46,326,749</b>
<b>Other Financing Sources (Uses)</b>						
Interfund Transfers in (out).....	\$0	\$0	\$0	\$0	\$0	\$75,000
Extraordinary Item – Losses .....	5,508	441	0	0	0	0
Refund of prior year revenues.....	78,263	73,797	171,566	(4,336)	95,000	0
Issuance of financed purchase obligation.....	(1,647,171)	0	0	0	0	0
Proceeds from refunding bonds .....	(20,530,000)	0	0	0	0	0
Payment to refunded debt escrow .....	21,938,382	0	0	0	0	0
Sale of capital assets .....	0	0	0	0	0	0
Budgetary Reserve .....	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>
<b>Total Other Financing Sources (Uses).....</b>	<b><u>\$70,018</u></b>	<b><u>(\$159,238)</u></b>	<b><u>(\$256,566)</u></b>	<b><u>(\$80,664)</u></b>	<b><u>(\$180,000)</u></b>	<b><u>(\$160,000)</u></b>
<b>Excess Expenditures Over (Under) Revenues.....</b>	<b>\$952,271</b>	<b>\$2,776,415</b>	<b>(\$131,330)</b>	<b>\$1,002,848</b>	<b>\$1,617,023</b>	<b>(\$3,198,993)</b>
<b>Beginning Fund Balance.....</b>	<b><u>\$9,279,823</u></b>	<b><u>\$10,345,191</u></b>	<b><u>\$13,121,606</u></b>	<b><u>\$12,990,276</u></b>	<b><u>\$13,993,124</u></b>	<b><u>\$15,610,147</u></b>
<b>Prior period adjustment.....</b>	<b><u>\$113,097</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>Fund Balance June 30.....</b>	<b><u>\$10,345,191</u></b>	<b><u>\$13,121,606</u></b>	<b><u>\$12,990,276</u></b>	<b><u>\$13,993,124</u></b>	<b><u>\$15,610,147</u></b>	<b><u>\$12,411,154</u></b>

Source: Audits and Budget.

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## TAXING POWERS AND LIMITS

### In General

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

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

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

#### Taxpayer Relief Act (Act 1)

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

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

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



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

“Index” is defined in Act 1 as follows:

INDEX

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

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

STATEWIDE AVERAGE WEEKLY WAGE

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

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

<u>Fiscal Year</u>	<u>Index %</u>
2024-25	6.8
2023-24	5.4
2022-23	4.5
2021-22	4.0
2020-21	3.4

Source: Pennsylvania Department of Education website.

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

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

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

**Limitations on School District Fund Balance**

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

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

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

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

\*Applicable to the School District

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

**TAX REVENUES OF THE SCHOOL DISTRICT**

**Tax Levies**

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

<b>Municipality</b>	<b>Real Estate (Mills)</b>		
	<b>School District</b>	<b>Municipal</b>	<b>County</b>
Glendon Borough.....	60.466	11.64	11.80
West Easton Borough .....	60.466	11.70	11.80
Williams Township.....	60.466	2.25	11.80
Wilson Borough.....	60.466	20.00	11.80

<b>Municipality</b>	<b>Local Services</b>		<b>Real Estate Transfer</b>		<b>Earned Income</b>	
	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>	<b>Municipal</b>	<b>School</b>
Glendon Borough.....	\$ 5.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%
West Easton Borough .....	\$ 0.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%
Williams Township.....	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%
Wilson Boro.....	\$ 47.00	\$ 5.00	0.5%	0.5%	0.5%	0.5%

Source: School District Officials

**Real Estate Tax Collection Record**

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

<b>Fiscal Year</b>	<b>Adjusted Total Levy</b>	<b>Current Collections</b>	<b>Current Percent Collected</b>	<b>Total Collections<sup>(1)</sup></b>	<b>Total Percent Collected</b>
2018-19	\$23,633,393	\$22,671,703	94.8%	\$22,975,407	97.2%
2019-20	24,236,025	22,976,682	94.8	23,751,906	98.0
2020-21	25,295,802	23,592,871	93.3	24,365,955	96.3
2021-22	25,583,032	22,625,814	88.4 <sup>(2)</sup>	23,513,804	91.9
2022-23	24,722,049	22,693,437	91.8	23,860,722	96.5

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

<sup>(2)</sup>Low collection rate, due to COVID and high unemployment.

Source: School District Officials.

**Trends in Market and Assessed Valuations**

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

<u>Fiscal Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2018-2019	\$1,151,375,661	\$429,721,100	37.32%
2019-2020	1,193,824,647	431,036,400	36.11%
2020-2021	1,195,499,952	431,614,600	36.10%
2021-2022	1,231,193,158	415,013,500	33.71%
2022-2023	1,236,951,833	415,645,900	33.60%

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

**Ten Most Valuable Taxable Parcels in the School District**

The following table represents the ten real estate parcels having the highest assessed values in the School District. These taxpayers represent approximately 3.69% of the School District’s total most recent assessed value.

<u>Taxpayer</u>	<u>Taxable Assessed Valuation</u>
LT Apartments	\$ 2,620,600
Chrin Brothers, Inc.	2,147,700
2410 Northampton Street LLC	1,995,000
Mehra A. Associate LLC	1,775,100
Skyline Investment Group Easton LLC	1,274,800
SK Holdings LLC	1,201,200
Bilco II, LLC	1,125,500
Cole LA Easton PA LLC	1,104,400
CSGBH Easton PA I LLC	1,066,100
LIDL US Operations LLC	1,030,300
<b>Totals</b>	<b>\$15,340,700</b>

Source: County Assessment Office

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## COMMONWEALTH AID TO SCHOOL DISTRICTS

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

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

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

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

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

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds after said bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's MVAR is currently higher at 55.62%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

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

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

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

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

**DEBT STATEMENT AND DEBT LIMITS**

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

<b><u>DIRECT DEBT</u></b>	<b><u>Gross</u></b>	<b><u>Project</u></b>	<b><u>Effective</u></b>	<b><u>State</u></b>	<b><u>Local</u></b>
<b><u>NONELECTORAL DEBT</u></b>	<b><u>Outstanding</u></b>	<b><u>Reimbursable</u></b>	<b><u>Reimbursement<sup>(1)</sup></u></b>	<b><u>Share</u></b>	<b><u>Share</u></b>
<b><u>Issue Type</u></b>		<b><u>Percent (%)</u></b>			
General Obligation Bonds, Series of 2024.....	\$15,000,000	0.00%	0.00%	\$ 0	\$15,000,000
General Obligation Bonds, Series of 2019.....	5,725,000	22.16%	12.33%	705,629	5,019,371
<b>Total Principal of Nonelectoral Debt.....</b>	<b>\$20,725,000</b>			<b>\$705,629</b>	<b>\$20,019,371</b>
<b><u>LEASE RENTAL DEBT</u></b>					
<b>Total Principal of Lease Rental Debt .....</b>	<b>\$0</b>				
<b>TOTAL DIRECT DEBT .....</b>	<b>\$20,725,000</b>				
<b><u>OVERLAPPING DEBT</u></b>					
Component Municipalities Debt.....	\$690,001				
Northampton County <sup>(2)</sup> .....	1,248,710				
<b>Total Principal of Overlapping Debt.....</b>	<b>\$1,938,711</b>				
<b>TOTAL DIRECT AND OVERLAPPING DEBT .</b>	<b>\$22,663,711</b>				
<b><u>DEBT RATIOS OF DIRECT DEBT</u></b>					
Market Valuation of Real Estate.....	1.68%				
Assessed Valuation of Real Estate.....	4.99%				
Per Capita (2020 Population).....	\$1,258				
<b><u>DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT</u></b>					
Market Valuation of Real Estate.....	1.83%				
Assessed Valuation of Real Estate.....	5.45%				
Per Capita (2020 Population).....	\$1,376				
<b><u>FINANCIAL FACTORS OF THE SCHOOL DISTRICT</u></b>					
Market Value .....	\$1,236,951,833				
Assessed Value .....	\$415,645,900				
Population (2020) .....	16,470				

<sup>(1)</sup>Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See “**Commonwealth Aid to School Districts**” herein.  
<sup>(2)</sup>School District’s pro rata 1.29% share of the County’s \$96,640,000 principal amount outstanding.

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

**FUTURE FINANCING**

The School District does anticipate issuing additional long-term debt in the approximate amount of \$25 million to fund its capital improvement plan in the near future.

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

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

	<u>2021-22</u>	<u>2022-23</u>	<u>Estimated</u> <u>2023-24</u>
<b>Total General Fund Revenues</b> .....	\$43,778,581	\$47,648,866	\$48,748,623
<b>Less: Required Deductions</b>			
a. Rental and Sinking Fund Reimbursement.....	564,372	553,924	511,568
b. Revenues for Self-Liquidating Debt.....	0	0	0
c. Interest Earned on Sinking Funds.....	0	0	0
d. Grant and Gifts for Capital Projects.....	0	0	0
e. Sale of Equipment and Non-Recurring Items (i.e., insurance recoveries)	29,336	0	0
<b>Total Deductions</b> .....	<u>593,708</u>	<u>553,924</u>	<u>511,568</u>
<b>Total Net General Fund Revenues</b> .....	\$43,184,873	\$47,094,942	\$48,237,055
<b>Total Net Revenues for Three Years</b> .....		\$138,516,870	
<b>Borrowing Base - Average Net Revenues for Three-Year Period</b> .....		\$46,172,290	
<b>Computation of Borrowing Capacity</b>			
Debt Limitation - 225% of Borrowing Base.....		\$103,887,652	
Less: Net Non-Electoral and Lease Rental Debt.....		<u>20,725,000</u>	
<b>Current Non-Electoral and Lease Rental Borrowing Capacity</b> .....		<u>\$83,162,652</u>	

**LABOR RELATIONS**

**Employees and Labor Contracts**

There are presently 246 employees of the School District, including teachers, administrators, and support personnel including secretaries, maintenance staff, cafeteria workers and aides.

The School District and its professional employees, represented by the Wilson Area Education Association, are currently under a contract expiring August 31, 2026. The support staff, represented by the Wilson Area Education Personnel Association, is currently under a contract that expires June 30, 2028. The School District and the Associations are in good relations.

**Pension Program**

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

Contributions are required by active members, school district, and the Commonwealth 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. On December 16, 2022, the PSERS Board certified the employer rate, to be paid by the School District, of 34.00% for the 2023-24 fiscal year, which begins July 1, 2023.

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

Under Act 5 of 2017 ("Act 5") PSERS transitioned from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members' classifications, certain classes of

active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019, will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

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

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

<u>Fiscal Year</u>	<u>Amount</u>
2019-20	\$3,747,991
2020-21	3,757,306
2021-22	2,765,747
2022-23	4,036,402
2023-24	(Budgeted) 4,298,669

On June 30, 2023, the School District reported a liability of \$53,662,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS' total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. This method was changed beginning with the System’s fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District’s one-year reported covered payroll as it related to PSERS’ total one-year report covered payroll. On June 30, 2022 (measurement date), the School District's proportion was 0.1207%, which was an increase of 0.0044% from its proportion measured as of June 30, 2021.

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

Source: School District Audit and PSERS

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

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

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

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

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

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**APPENDIX B**

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

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**DEMOGRAPHIC AND STATISTICAL INFORMATION**

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

**Population**

	<u>2010</u>	<u>2020</u>
School District.....	15,421	16,470
Northampton County.....	297,735	312,951
Pennsylvania .....	12,702,379	13,002,700

Source: U.S. Bureau of Census.

**Age Composition  
(2020)**

	<u>Percent Under 18</u>	<u>Percent 65 and Over</u>
School District.....	23.7	16.0
Northampton County.....	23.3	15.7
Pennsylvania .....	23.8	15.6

Source: U.S. Bureau of Census.

**Family Income  
(2020-5 Year Estimates)**

	<u>Median Household</u>	<u>Per Capita</u>	<u>% of Families in Poverty</u>
School District.....	\$89,850	\$43,989	5.0
Northampton County.....	82,201	42,643	10.6
Pennsylvania .....	73,170	41,234	12.0

Source: U.S. Bureau of Census.

**Housing Characteristics  
(July 1, 2023)**

	<u>Housing Units</u>	<u>Households</u>	<u>Persons Per Household</u>
Northampton County.....	130,434	120,384	2.51
Pennsylvania .....	5,839,963	5,193,727	2.42

Source: U.S. Bureau of Census.

**Educational Institutions**

Northampton County is endowed with a good range of institutions of higher learning. The four private institutions offering undergraduate and graduate degrees in the area are Lafayette College in Easton; Lehigh University and Moravian College, both in Bethlehem; and Muhlenberg College in Allentown. Northampton County Community College, with its main campus located in Bethlehem.

**Transportation**

School District residents have many major highways located in or close to the School District. U.S. Route 33 connects the school district north to U.S. I-80 and south to U.S. Route 22 and U.S. I-78. I-80 traveling east connects to New Jersey and New York, while traveling west continues through Pennsylvania on to Ohio. U.S. Route 22 and I-78 connect to School District residents east to New Jersey and west to Allentown.

The School District is also provided with air service by Allentown-Bethlehem-Easton Airport located just south of the limits. Passenger and freight service is provided by a number of major airlines. In recent years the airport completely modernized its terminal and landing facilities to handle the newest jets and the increased passenger demand. Non-commercial flying facilities are provided at Allentown’s Queen City Municipal Airport. Bus service is provided for residents by the Lehigh and Northampton Transportation Authority and the Greyhound Bus Company.

**Medical Facilities**

**Institution**

Easton Hospital  
 Coordinated Health Orthopedic Hospital  
 St. Lukes Hospital – Anderson Campus

**Location**

Easton  
 Bethlehem  
 Easton

**Recreation**

The residents of the School District can take advantage of the County’s more than 1,300 acres of outdoor recreational parks to enjoy camping, picnicking, hiking, bicycling, boating and fishing. Several sites also have athletic facilities for softball, tennis and basketball. Other recreational and cultural resources located within the Lehigh Valley include State Game Lands, major arenas, museums, historic sites, regional festivals and a regional family amusement park.

**ECONOMIC INFORMATION**

**Ten Largest Employers in Northampton County  
 1st Quarter, 2024**

Wal-Mart Associates Inc.  
 Lehigh University  
 Bethlehem Area School District  
 United Parcel Service Inc.  
 Northampton County  
 Wind Creek  
 FedEx Ground Package System Inc.  
 Victaulic Company  
 Saint Luke’s Hospital  
 Giant Food Stores LLC

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

**ALLENTOWN - BETHLEHEM - EASTON METROPOLITAN STATISTICAL AREA**  
 (Carbon, Lehigh and Northampton Counties, PA; Warren County, NJ)

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

TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT	RATE (%)	SEASONALLY ADJUSTED <sup>4</sup>			
					LABOR FORCE	EMPLOYMENT	UNEMPLOYMENT	RATE (%)
August 2024	462,100	442,200	19,800	4.3	463,800	447,100	16,700	3.6
July	468,500	449,200	19,400	4.1	464,400	447,800	16,600	3.6
June	466,500	448,500	18,000	3.9	464,100	447,500	16,500	3.6
August 2023	459,600	439,300	20,300	4.4	458,400	441,700	16,800	3.7

# ALLENTOWN-BETHLEHEM-EASTON METROPOLITAN STATISTICAL AREA

(Carbon, Lehigh, and Northampton PA counties; Warren County, NJ)

**August 2024**

## NONFARM JOBS - NOT SEASONALLY ADJUSTED

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Aug 2024	Jul 2024	Jun 2024	Aug 2023	Jul 2024	Aug 2023
<b>TOTAL NONFARM</b>	<b>399,800</b>	400,600	403,400	388,200	-800	11,600
<b>TOTAL PRIVATE</b>	<b>363,900</b>	364,900	364,600	353,400	-1,000	10,500
<b>GOODS-PRODUCING</b>	<b>56,000</b>	56,400	56,000	55,700	-400	300
<b>Mining, Logging, and Construction</b>	<b>14,400</b>	14,300	14,100	14,200	100	200
<b>Manufacturing</b>	<b>41,600</b>	42,100	41,900	41,500	-500	100
Durable Goods	24,200	24,500	24,300	24,000	-300	200
Non-Durable Goods	17,400	17,600	17,600	17,500	-200	-100
<b>SERVICE-PROVIDING</b>	<b>343,800</b>	344,200	347,400	332,500	-400	11,300
<b>PRIVATE SERVICE-PROVIDING</b>	<b>307,900</b>	308,500	308,600	297,700	-600	10,200
<b>Trade, Transportation, and Utilities</b>	<b>91,700</b>	92,100	92,300	92,100	-400	-400
Wholesale Trade	15,300	15,400	15,300	15,300	-100	0
Retail Trade	38,800	38,900	39,000	39,200	-100	-400
Food and beverage retailers	10,500	10,500	10,500	10,500	0	0
General merchandise retailers	7,200	7,200	7,200	7,000	0	200
Department stores	3,600	3,600	3,600	3,600	0	0
Transportation, Warehousing, and Utilities	37,600	37,800	38,000	37,600	-200	0
Transportation and Warehousing	36,500	36,700	36,900	36,500	-200	0
<b>Information</b>	<b>6,200</b>	6,200	6,100	6,100	0	100
<b>Financial Activities</b>	<b>13,100</b>	13,100	13,100	12,900	0	200
Finance and insurance	9,600	9,700	9,700	9,500	-100	100
Insurance carriers and related activities	4,700	4,700	4,700	4,500	0	200
<b>Professional and Business Services</b>	<b>51,500</b>	51,500	51,600	49,800	0	1,700
Professional and technical services	17,700	17,600	17,600	17,000	100	700
Management of companies and enterprises	10,100	10,100	10,000	9,700	0	400
Administrative and waste services	23,700	23,800	24,000	23,100	-100	600
Employment services	8,500	8,500	8,600	8,500	0	0
<b>Education and Health Services</b>	<b>89,700</b>	89,400	89,100	83,400	300	6,300
Educational services	10,900	10,900	11,000	10,700	0	200
Health care and social assistance	78,800	78,500	78,100	72,700	300	6,100
Hospitals	24,900	24,900	24,800	23,600	0	1,300
<b>Leisure and Hospitality</b>	<b>40,800</b>	41,300	41,600	38,900	-500	1,900
Accommodation and food services	30,600	30,800	31,200	29,400	-200	1,200
Food services and drinking places	26,400	26,600	26,900	25,200	-200	1,200
<b>Other Services</b>	<b>14,900</b>	14,900	14,800	14,500	0	400
<b>Government</b>	<b>35,900</b>	35,700	38,800	34,800	200	1,100
Federal Government	2,500	2,500	2,500	2,500	0	0
State Government	2,600	2,500	2,500	2,500	100	100
Local Government	30,800	30,700	33,800	29,800	100	1,000
Local government educational services	18,200	17,800	21,100	17,200	400	1,000
Local government excluding educational services	12,600	12,900	12,700	12,600	-300	0
Data benchmarked to March 2023	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry.

**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**

# DRAFT

December \_\_, 2024

The Wilson Area School District, Northampton County, Pennsylvania (the "School District"), is a Local Government Unit, as defined in the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa.C.S. Chs. 80-82 (the "Act").

The School District determined to undertake a program to fund financing projects of the School District ("Project") through the issuance of its General Obligation Bonds, Series of 2024 ("2024 Bonds").

The School District, pursuant to a resolution duly adopted on October 21, 2024 (the "Resolution"), and a bond purchase proposal dated October 21, 2024 and an addendum thereto dated \_\_\_\_\_, 2024 ("Bond Purchase Agreement") has determined to implement the foregoing decision by the authorization, issuance and sale, of a series of obligations, its General Obligation Bonds, Series of 2024, in the aggregate principal amount of \$\_\_\_\_\_, the proceeds of which, after payment of costs of issuance, together with any other monies available or to be available for the purpose, to provide necessary monies for the funding of the Project.

The principal and interest due on the Bonds are payable from the School District's general revenues and constitute general obligation bonds under the Act.

The Bonds maturing on and after \_\_\_\_\_, 20\_\_ are subject to redemption at par in whole or in part at the option of the School District at any time on or after \_\_\_\_\_, 202\_\_.

Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with provisions of the Act. The Department of Community and Economic Development of the Commonwealth has approved the proceedings relating to issuance and delivery of the Bonds, as authorized by the Resolution, as required by the Act.

In our capacity as bond counsel to the School District, we have examined the Constitution of the Commonwealth of Pennsylvania; the Act and such other statutes, regulations, decisions, proceedings, and documents as we have deemed necessary as the basis of this opinion; the Resolution; a representative

Bond; and certain statements, certifications, reports, affidavits and documents and agreements pertaining to the issuance and sale of the Bonds.

On the basis of the foregoing, we are of the opinion that:

1. The School District is authorized, under the Act, to issue the Bonds with the proceeds, together with any other money made available for the purpose, to be used for the purpose of providing the monies required to fund the Project, as defined in the Resolution.

2. The amount of the nonelectoral debt of the School District issued and outstanding or authorized by vote of the Board of School Directors of the School District (the "School Board"), after giving effect to the issuance and delivery of the Bonds, computed in accordance with the Act, is not in excess of legal limitations; and the nonelectoral debt of the School District, which is evidenced by the Bonds, is permitted by the Act and the Constitution of the Commonwealth to be made by vote of the School Board without assent of the electors.

3. The Bonds and interest thereon are payable from the School District's general revenues. The School District has covenanted, in the Resolution, to and with holders or registered owners of such Bonds which shall be outstanding, from time to time, pursuant to the Resolution, that the School District shall include the amount of the debt service thereof, for each fiscal year of the School District in which such sums are payable, in its budget for that fiscal year; shall appropriate such amounts to the place and in the manner stated in the Bonds according to the true intent and meaning thereof; and, for such budgeting, appropriation, and payment, the School District has pledged, irrevocably, its full faith, credit and available taxing power. The Act provides that the foregoing covenant of the School District shall be enforceable specifically. The Bonds are additionally secured by the "State Aid" Intercept Provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.

We call to your attention, however, that pursuant to Act 1 of Special Session 2006 ("Act 1"), the School District may not, in any fiscal year, without voter approval by referendum (a so-called "back-end referendum"), or without approval by the Pennsylvania Department of Education, increase the rate of any tax for school purposes by more than the index ("Index"), increase the rate of any earned income tax levied under the Local Tax Enabling Act or levy any tax not previously imposed.



There are exceptions to the back-end referendum and school districts such as the School District may increase the rate of a tax levied for the support of the public schools by more than the applicable Index without voter approval on debt issued to refinance debt incurred prior to the effective date of Act 1 so long as such increase has been approved by the Pennsylvania Department of Education.

The Undersigned is of the opinion that the aforementioned exception to the referendum requirement is not available to the School District with respect to the 2024 Bonds.

4. The School District, in the Resolution, has established sinking funds for the Bonds, with the paying agent named in the Resolution as the sinking fund depository, into which funds for the payment of the principal of and interest on the Bonds shall be deposited no later than the date fixed for disbursement thereof. The School District has covenanted, in the Resolution, to make payments therefrom in such amounts as shall be sufficient for prompt and full payment of all obligations of the Bonds.

5. The annual amounts appropriated to the sinking funds under the Resolution are sufficient to pay the principal of and interest on the Bonds.

6. The Bonds constitute valid, binding and enforceable general obligations of the School District in accordance with their terms and the terms of the Resolution, entitled to the benefit and security of the Resolution and the Act, for the payment of which all taxable real property within the School District is presently subject to ad valorem taxes without limitation as to rate or amount.

7. The Resolution has been properly adopted, and the provisions thereof represent valid and binding obligations of the School District in accordance with the terms thereof.

8. The interest on the Bonds are payable without deduction of any taxes now or hereafter levied or assessed thereon under any present or future law of the Commonwealth, which tax or taxes the School District assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, estate, succession or inheritance taxes, taxes on gains on the sale of the Bonds, or to other taxes not levied or assessed directly on the Bonds or the interest paid thereon.

9. Under existing statutes, regulations and decisions, interest on the Bonds, including any original issue discount properly allocable to the holder thereof, is

excluded from gross income for purposes of Federal income taxation and is not an item of tax preference for the purpose of Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code . Furthermore, the Bonds are not arbitrage bonds.

The opinion set forth above in Paragraph 9 is subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for Federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The School District has covenanted to comply with all such requirements and has the legal power to do so. We express no opinion regarding other Federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of holders or registered owners of Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The Cusip Number printed on each of the Bonds pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures is for convenience of identification only and does not in any way affect or modify the legality, negotiability, transferability or procedure for redemption of the Bonds.

This opinion is expressly limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated herein. This opinion is given as of the date hereof and we assume no obligation to update this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. This opinion is expressly limited to the present internal laws of the Commonwealth and present federal law.

KING, SPRY, HERMAN, FREUND & FAUL, LLC

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**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

DRAFT

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is made as of the \_\_\_\_ day of December, 2024, by Wilson Area School District (the "School District").

WITNESSETH:

WHEREAS, pursuant to the Bond Purchase Agreement dated October 21, 2024 and an addendum thereto dated \_\_\_\_\_, 2024 by and between the School District and Raymond James & Associates, Inc. (the "Underwriter"), the School District is selling the School District's General Obligation Bonds, Series of 2024 ("Bonds") in the final aggregate principal amount of \$ \_\_\_\_\_ to the Underwriter; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), provides that a Participating Underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an Offering (as defined in the Rule) unless the Participating Underwriter has reasonably determined that an issuer of municipal securities, or an obligated person for whom financial or operating data is presented in the final official statement has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide, either directly or indirectly through an indenture trustee or a designated agent, certain specified financial information and if specified, certain operating data and notices of certain material events; and

WHEREAS, the School District currently is the only obligated person with respect to the Bonds for purposes of the Rule; and

WHEREAS, in order to enable the Underwriter to comply with the requirements of the Rule, the School District, as such obligated person, agrees to undertake to provide the information and notices required by the Rule.

NOW, THEREFORE, in consideration of the premises, the School District, intending to be legally bound hereby, agrees as follows:

Section 1. Definitions. In addition to the terms defined in the above recitals, the following terms shall have the meanings specified below:

"EMMA" shall mean the Electronic Municipal Market Access System as provided by the MSRB.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"SID" shall mean the state information depository, if any, established for Pennsylvania for purposes of the Rule. As of the date hereof, there is no SID.

Section 2. Covenants of the School District.

The School District covenants to comply with all requirements of the Rule in furtherance of the foregoing and without limiting the generality thereof:

(a) The School District shall deliver to any insurer then insuring the Bonds, the MSRB through EMMA and to the SID, if any, annually not later than March 27 (270 days) following the end of the fiscal year ending the previous June 30<sup>th</sup>, the following financial information for the School District:

- (1) Audited financial statements for the most recent fiscal year prepared in accordance with generally accepted accounting principles for local government units; and
- (2) a copy of (or a summary of) the budget for the current fiscal year.
- (3) the assessed and market value of all taxable real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference);
- (4) the taxes and millage rates imposed for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference);
- (5) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in previous years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount) (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and
- (6) a list of the ten (10) real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference).

(b) If not submitted as part of the annual financial information, the School District shall deliver not later than 270 days following the end of each fiscal year, the audited financial statements for the School District;

(c) The School District shall file in a timely manner not in excess of ten (10) business days after the occurrence of the event, to any bond insurer then insuring the Bonds and to EMMA and to the MSRB through EMMA and to the SID, if any, notice of any of the following events (collectively, "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 any credit enhancements reflecting financial difficulties;
- (5) substitution of any 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 security, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances; or events affecting the tax-exempt status of the Bonds;
- (10) release, substitution or sale of property securing payment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary

course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

(d) The School District shall file in a timely manner with MSRB through EMMA notice of a failure of any obligated person to provide required annual financial information, on or before the date specified within this Disclosure Certificate.

(e) The School District agrees that the provisions of this Section 2 shall be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by any holders or beneficial owners of the Bonds, or by the Paying Agent on their behalf.

Section 3. Termination of Reporting Obligations. The School District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the School District's obligations with respect to the payment of the Bonds are assumed in full by some other entity, such other entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the School District's, and the School District shall have no further responsibility hereunder. In addition, the School District's obligation to provide information and notices as specified in Section 2 hereof shall terminate (i) at such other times as such information and notices (or any portion thereof) are no longer required to be provided by the Rule as it applies to the Bonds, (ii) in the event of a repeal or rescission of the Rule or (iii) upon a determination that the Rule is invalid or unenforceable.

Section 4. Amendment. The School District may amend this Disclosure Certificate and waive any of the provisions hereof, but no such amendment or waiver shall be executed and effective unless (i) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the School District or the operations conducted by the School District, (ii) this Disclosure Certificate, as modified by the amendment or waiver complies with the requirements of the Rule, and (iii) the amendment or



waiver does not materially impair the interests of the registered Owners of the Bonds. Prior to executing any requested amendment, the School District shall provide an opinion of counsel knowledgeable in federal securities laws to the effect that the proposed amendment satisfies the requirements described above. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the School District shall describe such amendment in its next annual report delivered pursuant to Section 2(a) hereof, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the financial information or operating data being presented by the School District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i.e., changes other than those prescribed by generally accepted accounting principles), (i) notice of such change shall be given pursuant to the Reportable Event notice requirements as set forth in this Disclosure Certificate; and (ii) the annual report for the year in which the change is made will present a comparison between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. To the extent that the Rule requires or permits an approving vote of beneficial owners of the Bonds in connection with an amendment, the approving vote of beneficial owners of Bonds constituting more than 50% of the aggregate principal amount of the then outstanding Bonds shall constitute such approval. The School District shall provide notice of any amendment to this Disclosure Certificate to the MSRB through EMMA and the SID and to the registered holders of the Bonds.

Section 5. Remedies for Default. In the event of a breach or default by the School District of its covenants to provide annual financial information and notices as provided in Section 2 hereof, the Paying Agent, the Underwriter, or any holder or beneficial owner of Bonds shall have the right to bring an action in a court of competent jurisdiction to compel specific performance by the School District. A breach or default under this Disclosure Certificate shall not constitute an event of default under the Bonds or any other agreement. The Paying Agent shall be under no obligation to enforce this Disclosure Certificate but may do so and may require that it be furnished with indemnity and security for expenses satisfactory to it.

Section 6. Miscellaneous.

(a) Binding Nature of Undertaking. This Disclosure Certificate shall be binding upon and inure to the benefit of the Underwriter, and its respective successors and assigns. In addition, registered owners of the Bonds, which for the purposes of this Section 6 includes the holders of a book-entry credit evidencing an interest in the Bonds, from time to time shall be third party beneficiaries hereof and shall be entitled to enforce the provisions hereof as if they were parties hereto; but no consent of beneficial owners of the Bonds shall be required in connection with any amendment of this Disclosure Certificate, except as required by the Rule. Holders of book-entry credits evidencing an interest in the Bonds may file their names and addresses with the School District for the purposes of receiving notices or giving direction under this Disclosure Certificate.

(b) Notices. All notices and other communications required or permitted under this Disclosure Certificate shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or

by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

- (i) If to the Paying Agent:

Fulton Bank, N.A.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- (ii) If to the School District:

Business Manager  
Wilson Area School District  
1140 Salisbury Road  
Allentown, PA 18103  
Telecopy No.: (610) 797-2062

- (iii) If to the MSRB:

Municipal Services Rulemaking Board  
1640 King Street  
Suite 300  
Alexandria, VA 22314-2719  
Attn: CDI  
Telecopy No.: (703) 683-1938

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section.

(c) Controlling Law. This Disclosure Certificate and all questions relating to its validity, interpretation, performance and enforcement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania and the Rule.

(d) Successor and Assigns. Notwithstanding anything herein to the contrary, any successor under the Paying Agent Agreement dated as of December \_\_, 2024, between the School District and the Paying Agent relating to the Bonds shall automatically succeed to the rights of the Paying Agent under this Disclosure Certificate.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Certificate as of the date first above written.

WILSON AREA SCHOOL DISTRICT

BY: \_\_\_\_\_  
(Vice) President

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



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**WILSON AREA SCHOOL DISTRICT  
EASTON, PENNSYLVANIA**

**AUDIT REPORT**

**JUNE 30, 2023**

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WILSON AREA SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

May 28, 2024

Board of School Directors  
Wilson Area School District  
Easton, Pennsylvania

### Report on the Audit of the Financial Statements

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

In our opinion, the accompanying financial statements 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 Wilson Area School District, Easton, Pennsylvania, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 general 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 after.

#### 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  
Wilson Area 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.

#### 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 15 and the schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability, schedule of District OPEB contributions, and schedule of changes in the District's net OPEB liability and related ratios - single employer plan on pages 64 through 68 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 expenditures of federal awards (the supplementary information) 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 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 are 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 May 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its

Board of School Directors  
Wilson Area School District

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

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED  
JUNE 30, 2023**

The discussion and analysis of the Wilson Area School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

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

### **FINANCIAL HIGHLIGHTS**

The District's overall financial position, as reflected in total net position of \$8,146,824, includes the impact of GASB Statement No. 68 and GASB Statement No. 75, which required governmental entities to recognize unfunded pension and other postemployment benefits plan ("OPEB") liabilities. As such, school districts across the state of Pennsylvania recognize their pro-rated share of the Pennsylvania Public School Employees' Retirement System ("PSERS") funding and the District's single employer OPEB plan funding deficits. These statements have a massive impact on all governments' entity-wide statements. It affects every government in the Commonwealth of Pennsylvania and every other government located in all 50 states, including state governments. The District's net share of the net pension and OPEB liabilities, including deferred outflows and inflows of resources, have been calculated to be \$52,257,374.

In the governmental funds, the total fund balance increased by \$948,167. The governmental funds are comprised of the General Fund, Capital Projects Fund, and Debt Service Fund. The General Fund increased by \$1,087,848. The Capital Projects Funds decreased by \$139,681 as funds were used for both capital improvements to the site and buildings District wide. The General Fund ended the year with a \$14.33 million fund balance, while the Capital Projects fund ended the year with a \$5.41 million fund balance. Monies are accumulated in the Capital Projects fund for future capital purchases and/or improvements.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business. For our District, the Food Service Fund is the only fund operated like a business. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. Example of fiduciary funds are student activity funds designated for student recipients.

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

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

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

**Figure A-1  
Required Components of  
Wilson Area School District's  
Financial Report**

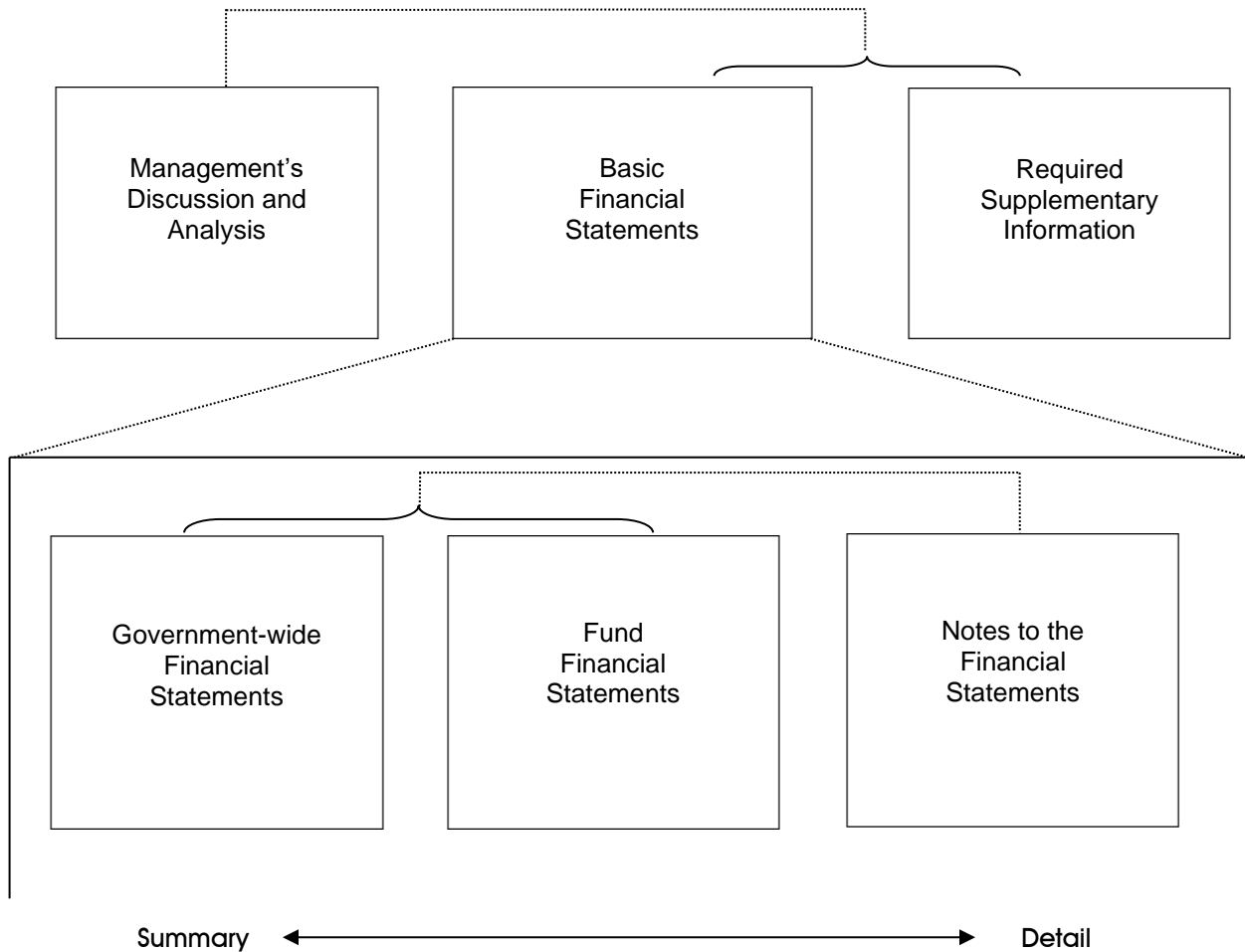


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

**Figure A-2  
Major Features of Wilson Area School District's  
Government-wide and Fund Financial Statements**

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration, and community services	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else's resources – Scholarship, Activity, and Custodial Funds
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources measurement focus
Type of asset/liability information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

## **OVERVIEW OF FINANCIAL STATEMENTS**

### Government-wide Statements

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

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

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

To assess the overall health of the District, you need to consider other non-financial factors, such as changes in the District's property tax base and the performance of the students.

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

- **Governmental Activities** – All of the District's basic services are included here, such as instruction, administration, and community services. Property taxes, 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 it cover most of the costs of the food service operation.

### Fund Financial Statements

The District's fund financial statements, which begin on page 18, provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

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

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

- Proprietary Funds – These funds are used to account for the District's activities that are similar to business operations in the private sector, or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.
- Fiduciary Funds – The District is the trustee, or fiduciary, for Student Activity Funds included with this category. All of the District's fiduciary activities are reported in separate statements of fiduciary net position on pages 26 and 27. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Table A-1  
Condensed Statement of Net Position  
June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Current assets	\$ 28,397,881	\$ 26,770,719	\$ 1,352,174	\$ 1,057,070	\$ 29,750,055	\$ 27,827,789
Noncurrent assets	49,145,264	50,205,231	-	-	49,145,264	50,205,231
Total Assets	<u>77,543,145</u>	<u>76,975,950</u>	<u>1,352,174</u>	<u>1,057,070</u>	<u>78,895,319</u>	<u>78,033,020</u>
Deferred outflows of resources	<u>10,374,735</u>	<u>9,456,750</u>	-	-	<u>10,374,735</u>	<u>9,456,750</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 87,917,880</u>	<u>\$ 86,432,700</u>	<u>\$ 1,352,174</u>	<u>\$ 1,057,070</u>	<u>\$ 89,270,054</u>	<u>\$ 87,489,770</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>						
Current liabilities	\$ 11,229,773	\$ 10,636,706	\$ 115,440	\$ 150,072	\$ 11,345,213	\$ 10,786,778
Noncurrent liabilities	65,217,431	64,962,222	-	-	65,217,431	64,962,222
Total Liabilities	<u>76,447,204</u>	<u>75,598,928</u>	<u>115,440</u>	<u>150,072</u>	<u>76,562,644</u>	<u>75,749,000</u>
Deferred inflows of resources	<u>4,560,586</u>	<u>10,109,628</u>	-	-	<u>4,560,586</u>	<u>10,109,628</u>
<b>NET POSITION:</b>						
Net investment in capital assets	38,638,704	35,491,792	-	-	38,638,704	35,491,792
Restricted	5,440,970	5,580,651	-	-	5,440,970	5,580,651
Unrestricted (deficit)	<u>(37,169,584)</u>	<u>(40,348,299)</u>	<u>1,236,734</u>	<u>906,998</u>	<u>(35,932,850)</u>	<u>(39,441,301)</u>
Total Net Position	<u>6,910,090</u>	<u>724,144</u>	<u>1,236,734</u>	<u>906,998</u>	<u>8,146,824</u>	<u>1,631,142</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 87,917,880</u>	<u>\$ 86,432,700</u>	<u>\$ 1,352,174</u>	<u>\$ 1,057,070</u>	<u>\$ 89,270,054</u>	<u>\$ 87,489,770</u>



**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is combined of designated and undesignated amounts. The 2022-2023 governmental activities unrestricted net position balance of (\$37,169,584) includes an amount of \$52,257,374 representing pension and other postemployment benefit liabilities including associated deferred outflows and inflows of resources. The restricted balances are amounts set aside to fund capital projects as planned by the District and allocated to the Capital Projects Fund and for debt service.

The results of this year's operations as a whole are reported in the statement of activities on page 17. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania and the local real estate taxes assessed to community taxpayers.

Table A-2 takes the information from that statement and rearranges it slightly so you can see our total revenues for the years ended June 30, 2023 and 2022.

**Table A-2  
Changes in Net Position  
June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 127,855	\$ 55,984	\$ 305,271	\$ 3,012	\$ 433,126	\$ 58,996
Operating grants and contributions	10,470,560	8,489,879	1,230,819	1,585,926	11,701,379	10,075,805
Total Program Revenues	10,598,415	8,545,863	1,536,090	1,588,938	12,134,505	10,134,801
General Revenues:						
Property taxes	23,465,915	22,983,384	-	-	23,465,915	22,983,384
Other taxes	3,948,982	4,162,756	-	-	3,948,982	4,162,756
Grants, subsidies, and contributions, unrestricted	8,479,146	7,626,633	-	-	8,479,146	7,626,633
Interest and miscellaneous	1,169,064	189,593	5,574	-	1,174,638	189,593
Total General Revenues	37,063,107	34,962,366	5,574	-	37,068,681	34,962,366
<b>TOTAL REVENUES</b>	<b>47,661,522</b>	<b>43,508,229</b>	<b>1,541,664</b>	<b>1,588,938</b>	<b>49,203,186</b>	<b>45,097,167</b>
<b>EXPENSES</b>						
Instruction	26,226,616	25,518,542	-	-	26,226,616	25,518,542
Instructional student support	3,346,342	2,568,849	-	-	3,346,342	2,568,849
Administrative and financial support	3,758,855	3,599,970	-	-	3,758,855	3,599,970
Operation and maintenance of plant	3,215,537	3,114,155	-	-	3,215,537	3,114,155
Pupil transportation	1,745,450	1,617,357	-	-	1,745,450	1,617,357
Student activities	831,470	829,815	-	-	831,470	829,815
Community services	85,299	88,473	-	-	85,299	88,473
Interest on long-term debt	306,811	449,443	-	-	306,811	449,443

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

**Table A-2  
Changes in Net Position  
June 30, 2023 and 2022**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
(cont'd)						
Unallocated depreciation	1,959,196	1,876,935	-	-	1,959,196	1,876,935
Food services	-	-	1,211,928	1,103,268	1,211,928	1,103,268
<b>TOTAL EXPENSES</b>	<b>41,475,576</b>	<b>39,663,539</b>	<b>1,211,928</b>	<b>1,103,268</b>	<b>42,687,504</b>	<b>40,766,807</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 6,185,946</b>	<b>\$ 3,844,690</b>	<b>\$ 329,736</b>	<b>\$ 485,670</b>	<b>\$ 6,515,682</b>	<b>\$ 4,330,360</b>

The tables below present the expenses of both the governmental activities and the business-type activities of the District.

Table A-3 shows the District's nine largest functions – instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, interest on long-term debt, and depreciation – as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues. Comparative analysis is provided for the fiscal years ended June 30, 2023 and 2022.

**Table A-3  
Governmental Activities  
Ended June 30, 2023 and 2022**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	\$ 26,226,616	\$ 25,518,542	\$ 17,155,204	\$ 18,504,605
Instructional student support	3,346,342	2,568,849	3,004,951	2,237,516
Administrative	3,758,855	3,599,970	3,433,225	3,284,910
Operation and maintenance	3,215,537	3,114,155	2,924,456	2,838,467
Pupil transportation	1,745,450	1,617,357	1,280,585	1,112,659
Student activities	831,470	829,815	734,815	732,399
Community services	85,299	88,473	77,918	80,742
Interest on long-term debt	306,811	449,443	306,811	449,443
Unallocated depreciation expense	1,959,196	1,876,935	1,959,196	1,876,935
<b>Total Governmental Activities</b>	<b>\$ 41,475,576</b>	<b>\$ 39,663,539</b>	<b>30,877,161</b>	<b>31,117,676</b>
Less: unrestricted grants and subsidies			(8,479,146)	(7,626,633)
<b>Total Needs from Local Taxes and Other Revenues</b>			<b>\$ 22,398,015</b>	<b>\$ 23,491,043</b>

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

Table A-4 reflects the activities of the Food Service program, the only business-type activity of the District. This table also shows a comparative analysis of fiscal year 2023 to 2022.

**Table A-4  
Business-type Activities  
June 30, 2023 and 2022**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Food services	\$ 1,211,928	\$ 1,103,268	\$ 324,162	\$ 485,670
Total Business-type Activities	<u>\$ 1,211,928</u>	<u>\$ 1,103,268</u>	<u>\$ 324,162</u>	<u>\$ 485,670</u>

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

**FINANCIAL ANALYSIS OF THE MAJOR FUNDS**

General Fund

During the 2022-2023 school year, General Fund revenue realized was \$47,648,866. The detail of the revenue compared to the original and final budget is summarized below.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Local sources	\$ 26,480,523	\$ 26,480,523	\$ 28,699,160
State sources	14,811,212	14,811,212	15,730,841
Federal sources	<u>3,030,053</u>	<u>3,030,053</u>	<u>3,218,865</u>
TOTAL	<u>\$ 44,321,788</u>	<u>\$ 44,321,788</u>	<u>\$ 47,648,866</u>

Actual revenue realized for fiscal year 2022-2023 was greater than the final budget revenue by \$3,327,078 or 7.51%.

Total General Fund expenditures and other financing sources and uses for the 2022-2023 school year were \$45,561,018. The detail of the expenditures compared to the original and final budget summarized by major function is listed below.

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Instruction	\$ 27,614,440	\$ 27,614,440	\$ 27,730,875
Support services	12,223,315	12,223,315	13,008,346
Operation of noninstructional services	1,117,844	1,117,844	945,567
Capital outlay	-	-	319,976
Debt service and refunds of prior year receipts	5,194,590	5,194,590	4,560,590
Other financing uses (sources)	<u>1,318,273</u>	<u>1,318,273</u>	<u>(4,336)</u>
<b>TOTAL</b>	<u><b>\$ 47,468,462</b></u>	<u><b>\$ 47,468,462</b></u>	<u><b>\$ 46,561,018</b></u>

Actual expenditures were under final budget expenditures and other financing sources and uses by \$907,444 or 1.91%.

Other Funds

The Capital Projects Fund had a decrease in fund balance due to capital expenditures in the current year. The Capital Projects funds are used to keep the District's facilities in optimal operational condition to avoid costlier repairs in the future. Other governmental funds consist of the Debt Service Fund.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At June 30, 2023, the District had \$49,145,264 in capital assets. Comparative amounts are provided for June 30, 2023 and 2022.

**Table A-5  
Capital Assets (Net of Depreciation)  
June 30, 2023 and 2022**

<u>Governmental Activities</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Land	\$ 1,349,674	\$ 1,349,674
Site improvements	2,357,375	2,306,841
Buildings	80,083,721	80,040,632
Machinery, equipment, and vehicles	<u>7,791,167</u>	<u>6,985,561</u>
Total	91,581,937	90,682,708
Less: accumulated depreciation	<u>(42,436,673)</u>	<u>(40,477,477)</u>
<b>NET</b>	<u><b>\$ 49,145,264</b></u>	<u><b>\$ 50,205,231</b></u>

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

**Table A-5  
Capital Assets (Net of Depreciation)  
June 30, 2023 and 2022**

(cont'd) <u>Business-type Activities</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Machinery, equipment, and vehicles	<u>\$ 354,332</u>	<u>\$ 354,332</u>
Total	354,332	354,332
Less: accumulated depreciation	<u>(354,332)</u>	<u>(354,332)</u>
NET	<u>\$ -</u>	<u>\$ -</u>

Additional information on the District's capital assets can be found in the footnotes to the financial statements.

Long-term Debt

At June 30, 2023, the District's outstanding bond principal amounted to \$9,505,000. Comparative amounts are provided for June 30, 2023 and 2022.

**Table A-6  
Long-term Debt  
June 30, 2023 and 2022**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Series of 2019	<u>\$ 9,505,000</u>	<u>\$ 13,525,000</u>

Other obligations include other postemployment benefits and accrued vacation pay and sick leave for various employees of the District, and the net pension liability.

Additional information on the District's long-term debt can be found in the footnotes to the financial statements.

**ECONOMIC CONDITION AND OUTLOOK**

As of July 1, 2022, the District's taxable real estate assessment grew by 0.1% from July 1, 2021. Last year, the assessments grew by 0.1%. There has been consistency in the growth of real estate assessments over the past several years. This gradual decline has gone from an increase high of 4.2% on July 1, 2005 to the current increase of 0.1%. It is our belief that the District's taxable real estate assessment will increase by 1% or less for the next several years. There is minimal new construction all of which is residential. District student enrollment has remained consistent. Enrollment has fluctuated 1% or less, plus or minus, per year.

**WILSON AREA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) - UNAUDITED (CONT'D)  
JUNE 30, 2023**

The 2023-2024 General Fund budget is \$46,646,832 or 1.7% less than the 2022-2023 budget.

The General Fund unassigned fund balance was \$7,364,009 at June 30, 2023. In addition, the District has a Board-approved committed fund balance of \$6,964,045. Of this amount, \$3,146,676 is budgeted to balance the 2022-2023 budget, and the remainder of \$3,817,369 is committed for future capital expenditures and technology costs. The July 1, 2022 General Fund unassigned fund balance as a percent of the 2023-2024 budget was 20.10%. Pennsylvania Act 48 of 2003 dictates that no school district shall approve an increase in real property taxes unless it has adopted a budget that includes an estimated, ending unassigned fund balance less than or equal to the specified percentage of its total budgeted expenditures. For the District, this percentage is 8%.

Act 1 of 2006, passed by the Pennsylvania Legislature, has several implications to school district financial operations. On an annual basis, the Pennsylvania Department of Education ("PDE") will issue an index percentage. This percentage when applied to the District's current real estate tax millage rate will provide a cap for the succeeding year's millage rate. If a higher amount is needed, there are several options: (1) apply to PDE for exceptions, if applicable; (2) voter approval; or (3) court approval. If all options fail, real estate millage rate cannot be raised above the cap. There was no real estate tax increase for the 2023-2024 budget.

**REQUESTS FOR INFORMATION**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stephanie Arnold, Business Manager, Wilson Area School District, 2040 Washington Boulevard, Easton, PA 18042.

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Governmental Activities	Business-type Activities	Totals
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Current Assets:			
Cash and cash equivalents	\$ 25,157,564	\$ 1,211,599	\$ 26,369,163
Taxes receivable, net	1,489,366	-	1,489,366
Due from other governments	1,546,173	140,575	1,686,748
Other receivables	199,708	-	199,708
Prepaid expenses	5,070	-	5,070
Total Current Assets	28,397,881	1,352,174	29,750,055
Noncurrent Assets:			
Land	1,349,674	-	1,349,674
Site improvements	2,357,375	-	2,357,375
Buildings and improvements	80,083,721	-	80,083,721
Furniture and equipment	7,791,167	354,332	8,145,499
Accumulated depreciation	(42,436,673)	(354,332)	(42,791,005)
Total Noncurrent Assets	49,145,264	-	49,145,264
<b>TOTAL ASSETS</b>	<b>77,543,145</b>	<b>1,352,174</b>	<b>78,895,319</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount of bond refundings	20,736	-	20,736
Deferred outflows relating to pension	9,419,000	-	9,419,000
Deferred outflows relating to OPEB	934,999	-	934,999
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,374,735</b>	<b>-</b>	<b>10,374,735</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 87,917,880</b>	<b>\$ 1,352,174</b>	<b>\$ 89,270,054</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	\$ 1,648,957	\$ 162,384	\$ 1,811,341
Accrued salaries and benefits	5,339,260	-	5,339,260
Internal balances	48,421	(48,421)	-
Accrued interest	110,892	-	110,892
Unearned revenue	97,783	1,477	99,260
Bonds payable, net	3,984,460	-	3,984,460
Total Current Liabilities	11,229,773	115,440	11,345,213
Noncurrent Liabilities:			
Bonds payable, net	6,542,836	-	6,542,836
Accumulated compensated absences	623,808	-	623,808
Net pension liability	53,662,000	-	53,662,000
Net OPEB liability	4,388,787	-	4,388,787
Total Noncurrent Liabilities	65,217,431	-	65,217,431
<b>TOTAL LIABILITIES</b>	<b>76,447,204</b>	<b>115,440</b>	<b>76,562,644</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows relating to pension	2,309,472	-	2,309,472
Deferred inflows relating to OPEB	2,251,114	-	2,251,114
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>4,560,586</b>	<b>-</b>	<b>4,560,586</b>
<b>NET POSITION</b>			
Net investment in capital assets	38,638,704	-	38,638,704
Restricted for:			
Capital projects	5,413,468	-	5,413,468
Debt service	27,502	-	27,502
Unrestricted (Deficit)	(37,169,584)	1,236,734	(35,932,850)
<b>TOTAL NET POSITION</b>	<b>6,910,090</b>	<b>1,236,734</b>	<b>8,146,824</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 87,917,880</b>	<b>\$ 1,352,174</b>	<b>\$ 89,270,054</b>

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

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Totals
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instruction	\$ 26,226,616	\$ 90,719	\$ 8,980,693	\$ -	\$ (17,155,204)	\$ -	\$ (17,155,204)
Instructional student support	3,346,342	-	341,391	-	(3,004,951)	-	(3,004,951)
Administrative and financial support services	3,758,855	-	325,630	-	(3,433,225)	-	(3,433,225)
Operation and maintenance of plant services	3,215,537	12,511	278,570	-	(2,924,456)	-	(2,924,456)
Pupil transportation	1,745,450	-	464,865	-	(1,280,585)	-	(1,280,585)
Student activities	831,470	24,625	72,030	-	(734,815)	-	(734,815)
Community services	85,299	-	7,381	-	(77,918)	-	(77,918)
Unallocated depreciation	1,959,196	-	-	-	(1,959,196)	-	(1,959,196)
Interest on long-term debt	306,811	-	-	-	(306,811)	-	(306,811)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>41,475,576</b>	<b>127,855</b>	<b>10,470,560</b>	<b>-</b>	<b>(30,877,161)</b>	<b>-</b>	<b>(30,877,161)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food service	1,211,928	305,271	1,230,819	-	-	324,162	324,162
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>1,211,928</b>	<b>305,271</b>	<b>1,230,819</b>	<b>-</b>	<b>-</b>	<b>324,162</b>	<b>324,162</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 42,687,504</b>	<b>\$ 433,126</b>	<b>\$ 11,701,379</b>	<b>\$ -</b>	<b>(30,877,161)</b>	<b>324,162</b>	<b>(30,552,999)</b>
<b>GENERAL REVENUES</b>							
Property taxes, levied for general purposes					23,465,915	-	23,465,915
Taxes levied for specific purposes					3,948,982	-	3,948,982
Grants and entitlements not restricted to specific programs					8,479,146	-	8,479,146
Investment earnings					1,046,529	5,574	1,052,103
Miscellaneous					122,535	-	122,535
<b>GENERAL REVENUES</b>					<b>37,063,107</b>	<b>5,574</b>	<b>37,068,681</b>
<b>CHANGE IN NET POSITION</b>					<b>6,185,946</b>	<b>329,736</b>	<b>6,515,682</b>
<b>NET POSITION, BEGINNING OF YEAR</b>					<b>724,144</b>	<b>906,998</b>	<b>1,631,142</b>
<b>NET POSITION, END OF YEAR</b>					<b>\$ 6,910,090</b>	<b>\$ 1,236,734</b>	<b>\$ 8,146,824</b>

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



**WILSON AREA SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General Fund	Capital Projects Fund	Debt Service Fund	Totals
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 18,939,252	\$ 6,190,810	\$ 27,502	\$ 25,157,564
Taxes receivable	1,489,366	-	-	1,489,366
Due from other governments	1,546,173	-	-	1,546,173
Due from other funds	781,797	-	-	781,797
Other receivables	195,253	4,455	-	199,708
Prepaid expenses	5,070	-	-	5,070
<b>TOTAL ASSETS</b>	<b>\$ 22,956,911</b>	<b>\$ 6,195,265</b>	<b>\$ 27,502</b>	<b>\$ 29,179,678</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,648,957	\$ -	\$ -	\$ 1,648,957
Accrued salaries and benefits	5,339,260	-	-	5,339,260
Due to other funds	48,421	781,797	-	830,218
Unearned revenue	97,783	-	-	97,783
<b>TOTAL LIABILITIES</b>	<b>7,134,421</b>	<b>781,797</b>	<b>-</b>	<b>7,916,218</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues - delinquent taxes	1,489,366	-	-	1,489,366
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,489,366</b>	<b>-</b>	<b>-</b>	<b>1,489,366</b>
<b>FUND BALANCES:</b>				
Nonspendable - prepaid expenditures	5,070	-	-	5,070
Restricted - capital projects	-	5,413,468	-	5,413,468
Restricted - debt service	-	-	27,502	27,502
Committed - 2023-2024 budget	3,146,676	-	-	3,146,676
Committed - capital expenditures and technology costs	3,817,369	-	-	3,817,369
Unassigned	7,364,009	-	-	7,364,009
<b>TOTAL FUND BALANCES</b>	<b>14,333,124</b>	<b>5,413,468</b>	<b>27,502</b>	<b>19,774,094</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 22,956,911</b>	<b>\$ 6,195,265</b>	<b>\$ 27,502</b>	<b>\$ 29,179,678</b>

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

**WILSON AREA SCHOOL DISTRICT  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
JUNE 30, 2023**

TOTAL GOVERNMENTAL FUND BALANCES \$ 19,774,094

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

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

Land	\$	1,349,674	
Land improvements		2,357,375	
Buildings and improvements		80,083,721	
Furniture and equipment		7,791,167	
Accumulated depreciation		<u>(42,436,673)</u>	49,145,264

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

Bonds payable, net		(10,527,296)	
Net OPEB liability		(4,388,787)	
Accumulated compensated absences		(623,808)	
Accrued interest		(110,892)	
Net pension liability		<u>(53,662,000)</u>	(69,312,783)

Deferred inflows and outflows of resources related to the School District's issuance of debt resulted in deferred charges, net pension liability and net OPEB liability are based on the differences between actuarially determined actual and expected investment returns, actual and projected experience, changes in the actuarially determined proportion of the School District's amount of the total pension and OPEB liabilities, and pension and OPEB contributions made after the measurement date of the net pension and OPEB liabilities. These amounts will be amortized over the estimated remaining average service life of the employees.

Deferred amounts of debt refundings		20,736	
Deferred outflows relating to pension		9,419,000	
Deferred outflows relating to OPEB		934,999	
Deferred inflows relating to pension		(2,309,472)	
Deferred inflows relating to OPEB		<u>(2,251,114)</u>	5,814,149

Some of the School 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.

1,489,366

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 6,910,090

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

**WILSON AREA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General Fund	Capital Projects Fund	Debt Service Fund	Totals
REVENUES				
Local sources	\$ 28,699,160	\$ 213,628	\$ -	\$ 28,912,788
State sources	15,730,841	-	-	15,730,841
Federal sources	3,218,865	-	-	3,218,865
<b>TOTAL REVENUES</b>	<b>47,648,866</b>	<b>213,628</b>	<b>-</b>	<b>47,862,494</b>
EXPENDITURES				
Current:				
Instruction	27,730,875	-	-	27,730,875
Support services	13,008,346	85,492	-	13,093,838
Operation of noninstructional services	945,567	-	-	945,567
Capital outlays	319,976	267,817	-	587,793
Debt service	4,560,590	-	-	4,560,590
<b>TOTAL EXPENDITURES</b>	<b>46,565,354</b>	<b>353,309</b>	<b>-</b>	<b>46,918,663</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,083,512	(139,681)	-	943,831
OTHER FINANCING SOURCES (USES)				
Refund of prior year expenditures	4,336	-	-	4,336
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,336</b>	<b>-</b>	<b>-</b>	<b>4,336</b>
NET CHANGE IN FUND BALANCES	1,087,848	(139,681)	-	948,167
FUND BALANCES, BEGINNING OF YEAR	13,245,276	5,553,149	27,502	18,825,927
FUND BALANCES, END OF YEAR	<b>\$ 14,333,124</b>	<b>\$ 5,413,468</b>	<b>\$ 27,502</b>	<b>\$ 19,774,094</b>

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

**WILSON AREA 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, 2023**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 948,167

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$1,959,196 exceeded capital outlays of \$899,229. (1,059,967)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable revenues decreased by this amount this year. (200,972)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and are amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 4,206,879

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). 24,953

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. 46,900

OPEB expense in the statement of activities differs from the amount reported in the governmental funds because OPEB expense is recognized in the statement of activities based on the School District's proportionate share of the expense of the cost-sharing OPEB plan and expense of the single employer plan, whereas OPEB expenditures are recognized in the governmental funds when a requirement to remit contributions to the plan exists. (108,799)

Pension expense in the statement of activities differ from the amount reported in the governmental funds because pension expense is recognized on the statement of activities based on the School District's proportionate share of the expense 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. 2,328,785

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,185,946

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

**WILSON AREA SCHOOL DISTRICT  
BUDGETARY COMPARISON STATEMENT - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 26,480,523	\$ 26,480,523	\$ 28,699,160	\$ 2,218,637
State sources	14,811,212	14,811,212	15,730,841	919,629
Federal sources	3,030,053	3,030,053	3,218,865	188,812
<b>TOTAL REVENUES</b>	<u>44,321,788</u>	<u>44,321,788</u>	<u>47,648,866</u>	<u>3,327,078</u>
<b>EXPENDITURES</b>				
Instruction:				
Regular programs	18,475,897	18,475,897	18,763,681	(287,784)
Special programs	7,281,617	7,281,617	6,961,136	320,481
Vocational programs	1,132,083	1,132,083	1,040,338	91,745
Other instructional programs	12,348	12,348	74,963	(62,615)
Non-public programs	2,575	2,575	3,288	(713)
Adult education programs	347,467	347,467	347,467	-
Pre-kindergarten	362,453	362,453	540,002	(177,549)
<b>Total Instruction</b>	<u>27,614,440</u>	<u>27,614,440</u>	<u>27,730,875</u>	<u>(116,435)</u>
Support services:				
Student services	1,614,742	1,614,742	2,052,740	(437,998)
Instructional staff	1,016,773	1,016,773	1,088,080	(71,307)
Administration	2,749,682	2,749,682	2,669,278	80,404
Pupil health	417,571	417,571	475,912	(58,341)
Business services	532,859	532,859	529,608	3,251
Operation and maintenance of plant	3,779,762	3,779,762	3,665,888	113,874
Transportation services	1,462,156	1,462,156	1,874,674	(412,518)
Central services	633,680	633,680	636,546	(2,866)
Other support services	16,090	16,090	15,620	470
<b>Total Support Services</b>	<u>12,223,315</u>	<u>12,223,315</u>	<u>13,008,346</u>	<u>(785,031)</u>
Operation of noninstructional activities:				
Student activities	1,026,506	1,026,506	855,668	170,838
Community services	91,338	91,338	89,899	1,439
<b>Total Operation of Noninstructional Services</b>	<u>1,117,844</u>	<u>1,117,844</u>	<u>945,567</u>	<u>172,277</u>
Facilities, acquisition, and construction	-	-	319,976	(319,976)
Debt service	5,194,590	5,194,590	4,560,590	634,000
<b>TOTAL EXPENDITURES</b>	<u>46,150,189</u>	<u>46,150,189</u>	<u>46,565,354</u>	<u>(415,165)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,828,401)</u>	<u>(1,828,401)</u>	<u>1,083,512</u>	<u>2,911,913</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Budgetary reserve	(85,000)	(85,000)	-	85,000
Refund of prior year expenditures	-	-	4,336	4,336
Special and extraordinary items	(1,179,273)	(1,179,273)	-	1,179,273
Transfers out	(54,000)	(54,000)	-	54,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,318,273)</u>	<u>(1,318,273)</u>	<u>4,336</u>	<u>1,322,609</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,146,674)	(3,146,674)	1,087,848	4,234,522
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>13,245,276</u>	<u>13,245,276</u>	<u>13,245,276</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 10,098,602</u>	<u>\$ 10,098,602</u>	<u>\$ 14,333,124</u>	<u>\$ 4,234,522</u>

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

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
JUNE 30, 2023**

	<u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,211,599
Due from other governments	140,575
Due from other funds	48,421
Total Current Assets	<u>1,400,595</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 1,400,595</u>
 LIABILITIES AND NET POSITION	
CURRENT LIABILITIES:	
Accounts payable	\$ 162,384
Unearned revenue	1,477
Total Current Liabilities	<u>163,861</u>
NET POSITION:	
Unrestricted	<u>1,236,734</u>
Total Net Position	<u>1,236,734</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 1,400,595</u>

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

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenues	\$ 305,271
TOTAL OPERATING REVENUES	<u>305,271</u>
OPERATING EXPENSES	
Other purchased services	1,161,905
Supplies	1,268
Dues and fees	432
TOTAL OPERATING EXPENSES	<u>1,211,928</u>
OPERATING INCOME (LOSS)	<u>(906,657)</u>
NONOPERATING REVENUES	
State sources	130,014
Federal sources	<u>1,100,805</u>
TOTAL NONOPERATING REVENUES	<u>1,236,393</u>
CHANGE IN NET POSITION	329,736
NET POSITION, BEGINNING OF YEAR	<u>906,998</u>
NET POSITION, END OF YEAR	<u><u>\$ 1,236,734</u></u>

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

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 282,604
Payments to suppliers	(1,110,423)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(827,819)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	111,765
Federal sources	865,009
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	976,774
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	154,529
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,057,070
 CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,211,599
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (906,657)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Donated commodities	113,470
Increase (Decrease) in:	
Due from other funds	(19,917)
Accounts payable	7,952
Unearned revenue	(22,667)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (827,819)
 SUPPLEMENTAL DISCLOSURE:	
NONCASH NONCAPITAL FINANCING ACTIVITY	
Donated commodities	\$ 113,470

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



**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUND  
JUNE 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 136,818
Other receivables	<u>6,472</u>
 TOTAL ASSETS	 <u><u>\$ 143,290</u></u>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Other current liabilities	\$ 28,090
 NET POSITION	
Restricted	<u>115,200</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 143,290</u></u>

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

**WILSON AREA SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Custodial Funds
ADDITIONS	
Student activity receipt	\$ 9,075
TOTAL ADDITIONS	9,075
DEDUCTIONS	
Student activity distributions	9,559
TOTAL DEDUCTIONS	9,559
CHANGE IN NET POSITION	(484)
NET POSITION, BEGINNING OF YEAR	115,684
NET POSITION, END OF YEAR	\$ 115,200

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

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Wilson Area School District ("the District") is a primary governmental entity whose operational procedures are defined by the Pennsylvania Public School Code of 1949. The District functions as a Board of Directors chosen in a general election and is considered to be fiscally independent. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class.

The District operates three elementary schools, one intermediate school, and one senior high school in Northampton County, Pennsylvania. The District serves Wilson Borough, Glendon Borough, West Easton Borough, and Williams Township.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

The District is a municipal corporation governed by an elected school member board. As required by accounting principles generally accepted in the United States of America, these financial statements are to present the District (the primary government) and organizations for which the primary government is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. The District does not have any component units.

Joint Ventures

The District participates with other school districts of eastern Northampton County in the operation of the Career Institute of Technology. The institute is considered to be fiscally independent and is governed by a board of directors appointed by the member school districts. The financial statements are available at the Career Institute of Technology's business office.

The District participates with other school districts of Northampton County by contributing support for the operation of the Northampton Community College. The annual operating costs

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (cont'd)

of the college are apportioned among member school districts. The financial statements are available at the Northampton Community College administrative office.

Colonial Intermediate Unit 20 was organized by constituent school districts in Northampton, Monroe, and Pike Counties. The District receives services from Colonial Intermediate Unit 20 for special education of District students. Colonial Intermediate Unit 20 is considered to be fiscally independent and is governed by a board of directors appointed by member districts. The financial statements for Colonial Intermediate Unit 20 are available at the Colonial Intermediate Unit 20 business office.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the GASB's jurisdiction.

Basis of Presentation

The District's basic financial statements consist of entity-wide and fund financial statements as follows:

- Government-wide Financial Statements – The statement of net position and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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. Internal activity is

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

limited to interfund transfers which are eliminated to avoid "doubling up" revenues and expenses. Net position is reported as restricted when constraints placed on net position 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).

- Fund Financial Statements – The financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balanced accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is presented in a single column on the governmental fund financial statements.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources are recorded in a particular governmental fund where costs are spent for a future period. Current liabilities are assigned to the governmental fund from which they will be paid.

- General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund.
- Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Capital project fund excludes those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- The Debt Service Fund is used to accumulate resources for future debt service expenditures.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Proprietary Funds

Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds.

- Enterprise Funds – Enterprise funds may be used to account to any activity for which a fee is charged to external users for goods or services. The District's major enterprise fund is:
  - Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the District.

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District has one classification of fiduciary funds:

- Student Activity Funds – These funds are considered custodial funds and are reported as such in the statement of net position - fiduciary funds and the statement of changes in net position - fiduciary funds. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three fiduciary fund types.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

*Measurement Focus*

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- The proprietary and custodial funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

*Basis of Accounting*

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Cash and Cash Equivalents

To improve cash management, all cash received by the District is pooled under Act 72 of the Pennsylvania General Assembly of 1971. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained throughout the District's records.

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

Internal Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans) and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Transfers between governmental and proprietary funds are netted as part of the reconciliation of government-wide financial statements.

Property Taxes

Based upon original assessed valuations by Northampton County, the District's real estate valuation is \$395,782,932. Elected tax collectors bill and collect the District's property taxes. The schedule for property taxes levied for fiscal year ended June 30, 2023 is as follows:

Levied until August 31	-	Discount period
September 1 - November 2	-	Base period
After November 2	-	Penalty period

The District millage rate for real estate taxes for the year ended June 30, 2023 was 59.569 mills.



WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

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 or business-type activities column in the government-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost of purchase or as constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Building and improvements	20 years
Furniture and equipment	5 - 20 years

Proprietary fund equipment purchases are capitalized in the Proprietary Fund at cost and depreciated on a straight-line basis over 12 years.

Compensated Absences

The District's policies regarding vacation and sick time permit certain employees to accumulate earned but unused sick and vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt has not been estimated. In the fund financial statements, governmental funds would report only the compensated absence liability payable from expendable available financial resources.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, except for refunds paid from proceeds which are reported as other financing uses.

Pensions

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

Other Postemployment Benefits

*Multiple Employer Cost Sharing OPEB Plan*

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

*Single Employer OPEB Plan*

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information was obtained from the actuary report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Governmental Fund Balance

District policy also states that when more than one type of resource is available for use, restricted, committed, and assigned resources are used first, and then unassigned resources as they are needed.

Fund balances are classified as follows:

*Nonspendable* – amounts not expected to be converted to cash, such as inventories and prepaid expenses.

*Restricted* – amounts that are constrained by external parties, such as creditor with debt covenants or governments with enabling legislation which would legally restrict resources.

*Committed* – amounts used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (i.e. school board).

*Assigned* – amounts that are constrained through the intent of a finance committee or individual delegated by the government to assign amounts to be used for specific purposes. Authority to make these assignments is not required to be the government's highest level of decision making.

*Unassigned* – fund balance that has not been restricted, committed, or assigned and is spendable.

Defining Operating Revenues and Expenses

The District's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Food Service Fund consist of food service charges and the costs of providing those services, including depreciation. All other revenues and expenses are reported as nonoperating.

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position are divided into three components:

*Net investment in capital assets* – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

*Restricted net position* – consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation, by grantors, or by other contributors.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*Unrestricted* – all other net position is reported in this category.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category on the government-wide statements. The deferred loss on refunding is reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, and this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, certain changes to the net pension liability and net OPEB liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources on the entity-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category on the government-wide statements. Certain changes to the net pension liability and net OPEB liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred inflows of resources on the entity-wide statement of net position. The governmental funds report unavailable revenues from one source: property taxes. These amounts are reflected as deferred inflows of resources on the general fund balance sheet and recognized as an inflow of resources in the period that the amounts become available.

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 3 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (cont'd)

Fund. Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and include the effect of approved budget amendments.

NOTE 4 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Cash Deposits with Financial Institutions

Cash deposits are with depositories designated by the District and permitted by Section 440 of the School Code of 1949, as amended.

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 to it. At June 30, 2023, the bank balance of the District's funds with financial institutions was \$2,005,894 compared to the carrying amount of \$1,370,358. The difference is primarily caused by items in-transit and outstanding checks. Of the bank balance, \$277,502 was covered by federal depository insurance, and \$1,728,392 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, but are required to be collateralized in accordance with Act 72 of the Pennsylvania State legislature which requires the institution to pool collateral for all government deposits and have collateral held by an approved custodian in the institution's name.

Reconciliation to Financial Statements:

Carrying amount	\$ 1,370,358
Plus: deposits in investment pools considered cash equivalents	<u>25,135,623</u>
Total Cash Equivalents per Financial Statements	<u>\$ 26,505,981</u>

Investments

Permitted investments for Pennsylvania School Districts are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

- United States Treasury Bills
- Short-term obligations of the United States Government or its agencies or instrumentalities

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (cont'd)

- Deposits in savings accounts or time deposits or share accounts of institutions insured by the FDIC.
- Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
- Obligations, participations, or other instruments of any federal agency, instrumentality, or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by federal agencies, instrumentalities, or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
- Repurchase agreements with respect to United States Treasury bills or obligations, participations, or other instruments of or guaranteed by the United States or any federal agency, instrumentality, or United States government sponsored enterprise.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or state-chartered bank, a federal or state savings and loan association, or a state licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
- Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
  - The investments of the company are the authorized investments listed above.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (cont'd)

- The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
- The investment company is rated in the highest category by a nationally recognized agency.
- Savings or demand deposits placed in accordance with the following conditions:
  - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
  - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
  - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
  - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of June 30, 2023, the District's governmental and business-type funds had the following investments:

<u>Investment</u>	<u>Fair Value</u>
Pennsylvania Local Government Investment Trust Plus and I Class	\$ 15,945,814
Pennsylvania School District Liquid Asset Fund Max Series	9,189,809
Reconciliation to Financial Statements:	
Total investments above	25,135,623
Less: pooled cash equivalents and maturities less than six months	<u>(25,135,623)</u>
Total Investments per Financial Statements	<u>\$ -</u>

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. The District

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (cont'd)

has contracted with the Pennsylvania School District Liquid Asset Fund ("PSDLAF") administration to limit interest rate risk.

Credit Risk

The District has a standard investment policy that would limit its investment choices to certain credit ratings. The District's investment in the PSDLAF is rated AAAM by Standard & Poor's. Assets contained in PSDLAF are invested in accordance with Act 10 of 2016 Pennsylvania Statutes of Article 4, Section 440.1 (2001). Fixed income investments collateral is secured for PSDLAF settlers only, 102% of principal deposit, and consists of U.S. Treasuries and Agencies.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District would 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 risk.

Fair Value Reporting

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The District did not have any recurring fair value investments at June 30, 2023. The District did have cash equivalents in 2a7-like external investment pools, which are recorded at amortized cost.

NOTE 5 INTERGOVERNMENTAL RECEIVABLE

Amounts due from other governments represent various subsidies from state and federal sources, other school entities, real estate, transfer, per capita, and occupational taxes from local agencies earned by the District. As of June 30, 2023, the following amounts are due from other governmental units:



WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5 INTERGOVERNMENTAL RECEIVABLE (cont'd)

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total</u>
Federal agencies	\$ 449,401	\$ 122,326	\$ 571,727
State agencies	<u>1,096,772</u>	<u>18,249</u>	<u>1,115,021</u>
Total	<u>\$ 1,546,173</u>	<u>\$ 140,575</u>	<u>\$ 1,686,748</u>

NOTE 6 CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Increases (Decreases)</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES:</b>			
Capital assets not being depreciated:			
Land	\$ 1,349,674	\$ -	\$ 1,349,674
Total Capital Assets Not Being Depreciated	<u>1,349,674</u>	<u>-</u>	<u>1,349,674</u>
Capital assets being depreciated:			
Land improvements	2,306,841	50,534	2,357,375
Building and improvements	80,040,632	43,089	80,083,721
Furniture and equipment	6,985,561	805,606	7,791,167
Total Capital Assets Being Depreciated	<u>89,333,034</u>	<u>899,229</u>	<u>90,232,263</u>
Less accumulated depreciation for:			
Land improvements	(1,884,563)	(26,274)	(1,910,837)
Building and improvements	(32,733,307)	(1,641,957)	(34,375,264)
Furniture and equipment	(5,859,607)	(290,965)	(6,150,572)
Total accumulated depreciation	<u>(40,477,477)</u>	<u>(1,959,196)</u>	<u>(42,436,673)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 50,205,231</u>	<u>\$ (1,059,967)</u>	<u>\$ 49,145,264</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Capital assets being depreciated:			
Furniture and equipment	\$ 354,332	\$ -	\$ 354,332
Total Capital Assets Being Depreciated	<u>354,332</u>	<u>-</u>	<u>354,332</u>
Less accumulated depreciation	<u>(354,332)</u>	<u>-</u>	<u>(354,332)</u>
Business-type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (cont'd)

Depreciation Expense

Depreciation expense was charged to governmental functions in total to the unallocated category in the amount of \$1,959,196.

Commitments

*Encumbrances*

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's adopted budget.

NOTE 7 INTERNAL TRANSFERS, RECEIVABLES, AND PAYABLES

There were not internal transfers for the current year.

Interfund Receivables and Payables

The following interfund receivables and payables were in existence on June 30, 2023.

<u>Interfund Receivables</u>		<u>Interfund Payables</u>	
General Fund	\$ 781,797	Capital Project Fund	\$ 781,797
Food Service	<u>48,421</u>	General Fund	<u>48,421</u>
	<u>\$ 830,218</u>		<u>\$ 830,218</u>

Interfund balances between the general fund and other funds represent a temporary loan recorded at year end subsequent to a final allocation of expenses. The balances generally are repaid shortly after year end.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8 GENERAL LONG-TERM DEBT

As of June 30, 2023, the long-term debt payable from governmental fund resources consisted of the following:

Capital Debt Obligations

2019 General Obligation Bonds – maturing through March 15, 2028, bearing interest of 1.330% to 4.00%, interest payable semi-annually on September 15 and March 15.

\$ 9,505,000

Summary of Changes in Long-term Debt for the Year Ended June 30, 2023

Type of Debt	Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
General obligation bonds, net	\$14,751,756	\$ -	\$ (4,224,460)	\$ 10,527,296	\$ 3,984,460
Compensated absences	648,761	-	(24,953)	623,808	-
Net pension liability	47,708,000	5,954,000	-	53,662,000	-
Net OPEB liability:					
Single employer	3,315,165	-	(1,155,378)	2,159,787	-
Multiple employer	2,763,000	-	(534,000)	2,229,000	-
	<u>\$69,186,682</u>	<u>\$ 5,954,000</u>	<u>\$ (5,938,791)</u>	<u>\$ 69,201,891</u>	<u>\$ 3,984,460</u>

Capital Debt Obligations annual debt service requirements to maturity including principal and interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 3,780,000	\$ 380,200	\$ 4,160,200
2025	1,545,000	229,000	1,774,000
2026	1,655,000	167,200	1,822,200
2027	1,725,000	101,000	1,826,000
2028	800,000	32,000	832,000
	<u>\$ 9,505,000</u>	<u>\$ 909,400</u>	<u>\$ 10,414,400</u>

Bonds payable is comprised of the following:

Bonds payable, at face	\$ 9,505,000
Unamortized premium	<u>1,022,296</u>
Bonds payable, net	<u>\$ 10,527,296</u>

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN

*General Information about the Pension Plan*

Defined Benefits Pension Plan

The GASB requires that state and local governmental employers declare in their notes to financial statements certain information about the public employee retirement systems to which they contribute.

Plan Description

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 ("Act 120") preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E") and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a members' right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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 (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Member Contributions

Active members who joined the system prior to July 22, 1983 contribute 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 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 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Class T-E and Class 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 7.5% and 9.5% and Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2023 was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to the pension plan were \$6,237,000 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$53,662,000 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 system's total pension liability as of June 30, 2021 to June 30, 2022. 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, 2022, the District's proportion was 0.1207%, which was an increase of 0.0045% from its proportion measured as of June 30, 2021.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

For the year ended June 30, 2023, the District recognized pension expense of \$3,908,215. At June 30, 2023, 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	\$ -	\$ 910,000
Difference between expected and actual experience	24,000	464,000
Changes in assumptions	1,602,000	-
Changes in proportions	1,556,000	878,000
Differences between employer contributions proportionate share of total contributions	-	57,472
Contributions subsequent to the date of measurement	<u>6,237,000</u>	<u>-</u>
	<u>\$ 9,419,000</u>	<u>\$ 2,309,472</u>

An amount of \$6,237,000 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, 2024. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2024	\$ 211,632
2025	298,632
2026	(893,368)
2027	<u>1,255,632</u>
	<u>\$ 872,528</u>

Actuarial Assumptions

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

- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, including inflation of 2.50%

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

- Salary increases – effective average of 4.50%, which reflects an allowance for inflation of 2.50%, real wage growth, and merit or seniority increases of 2.00%
- Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The 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.

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

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

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

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 9 PENSION PLAN (cont'd)

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.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	<u>\$ 69,408,000</u>	<u>\$ 53,662,000</u>	<u>\$ 40,386,000</u>

Pension Plan Fiduciary Net Position

Detailed information about 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](http://www.psers.state.pa.us).

NOTE 10 POSTRETIREMENT BENEFITS PLANS

*General Information about the Health Insurance Premium Assistance Program - Multiple Employer OPEB Plan*

Health Insurance Premium Assistance Program

The system 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



WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

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. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to governor for approval.

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.

Pension Plan Description

The PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that may be obtained at [www.psers.state.pa.us](http://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. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

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, 2023, the rate of the employer contribution was 0.75% for healthcare contributions. Contributions to the OPEB plan from the District were \$136,000 for the year ended June 30, 2023.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

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

At June 30, 2023, the District reported a liability of \$2,229,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.1211%, which was an increase of 0.0045% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$103,200. At June 30, 2023, 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>
Net difference between projected and actual investment earnings	\$ 6,000	\$ -
Change in the proportionate share of the net pension liability	119,000	54,000
Change in assumptions	247,000	526,000
Difference between expected and actual experience	21,000	12,000
Difference between employer contributions and proportionate share of total contributions		200
Contributions subsequent to the date of measurement	<u>136,000</u>	<u>-</u>
	<u>\$ 529,000</u>	<u>\$ 592,200</u>

Reported deferred outflows of resources of \$136,000 related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (16,800)
2025	(27,800)
2026	(42,800)
2027	(51,800)
2028	<u>(60,000)</u>
	<u>\$ (199,200)</u>

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by rolling forward the system's total OPEB liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – June 30, 2021
- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 4.09%, S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50% comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate pre-age 65 at 50%.
  - Eligible retirees will elect to participate post-age 65 at 70%.

Change in Assumptions: The discount rate used to measure the total OPEB liability increased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – Market value
- Participation rate – 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

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

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	<u>100.0%</u>	0.5%
	<u>100.0%</u>	

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 0.35%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

Sensitivity of 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, 2022, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the system's net OPEB liability 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:

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10 POSTRETIREMENT BENEFITS PLANS (cont'd)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System's net OPEB liability	<u>\$ 2,229,000</u>	<u>\$ 2,229,000</u>	<u>\$ 2,230,000</u>

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

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

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
Proportionate share of the net OPEB liability	<u>\$ 2,521,000</u>	<u>\$ 2,229,000</u>	<u>\$ 1,985,000</u>

OPEB Plan Fiduciary Net Position

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

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Single Employer OPEB Plan

The District has a single employer defined benefit plan, administered by the District presented as other postemployment benefits ("OPEB"). The plan provides medical, prescription drug, and dental coverages as outlined in the following schedules. The plan does not issue a stand-alone financial report.

Funding Policy – The contribution requirements of plan members and the District are established and may be awarded by the District. The required contribution is based upon a projected "pay as you go" financing requirement.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Group	Eligibility	Coverage and Premium Sharing	Duration
I. Administrators			
A. Current and Former Administrators except the prior Superintendent	Retirement through PSERS	<ul style="list-style-type: none"> <li>Coverage: Medical, dental, and prescription drug                             <ul style="list-style-type: none"> <li>Premium sharing: If the member reaches 15 years of service with the district, he/she will be credited with one year of medical coverage at district expense for every three years of service as an Administrator. He/she may participate in the district's medical plan that is in place at the time of retirement for that number of credited years, or until the retiree becomes eligible for Medicare, whichever shall come first.</li> <li>If the member does not reach eligibility for the District subsidy or if the member exhausts the subsidy period, the member and spouse may continue medical, dental, and prescription drug benefits by paying the full premium as determined for the purposes of COBRA.</li> </ul> </li> <li>Dependents: Families included</li> </ul>	The later of member age 65 or the exhaustion of the District's subsidized benefit
B. Prior Superintendent	N/A - already retired	<ul style="list-style-type: none"> <li>Coverage: Medical, dental, and prescription drug</li> <li>Premium sharing: The member will be responsible to contribute the current active teacher non-single monthly premium plus \$10 for medical, dental, and prescription drug benefits for both the member and the spouse until the later of member age 62.  The member and spouse may continue benefits after the age of 62 by paying the full premium as determined for the purposes of COBRA.</li> <li>Dependents: Families included</li> </ul>	Until member reaches Medicare age. The spouse benefit will cease upon the later of attaining age 65 or member age 62.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Group	Eligibility	Coverage and Premium Sharing	Duration
<b>II. Teachers</b>			
A. Early retirement incentive in 2007-2009	N/A - already retired	<ul style="list-style-type: none"> <li>Coverage: Medical, dental, and prescription drug</li> <li>Premium sharing: The District will contribute \$40,000 at retirement to an HSA account. The member and spouse may use this account until it is exhausted to pay any medical, dental, or prescription drug expenses including the premiums for continued coverage. If the member and/or spouse elect coverage, they must contribute the full premium as determined for the purposes of COBRA. If the member dies, the spouse may use the remaining balance in the HSA for his/her own purpose.</li> <li>Dependents: Spouses included</li> </ul>	Until member reaches Medicare age.
B. Current and former not retiring under an early retirement incentive	Same as I-A	Act 110/43	Same as II-A
<b>III. Support Staff</b>			
A. Early retirement incentive in 2007-2009	N/A - already retired	<ul style="list-style-type: none"> <li>Coverage: Medical, dental, and prescription drug</li> <li>Premium sharing: The District will contribute \$15,000 at retirement to an HSA account. The member and spouse may use this account until it is exhausted to pay any medical, dental, or prescription drug expenses including the premiums for continued coverage. If the member and/or spouse elect coverage, they must contribute the full premium as determined for the purposes of COBRA. If the member dies, the spouse may use the remaining balance in the HSA for his/her own purpose.</li> </ul> <p>Dependents: Spouses included</p>	Same as II-A

WILSON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Group	Eligibility	Coverage and Premium Sharing	Duration
B. Current and former not retiring under an early retirement incentive	Act 110/43	Act 110/43	Same as II-A

Notes:

Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: 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.

PSERS Supplement: A retiree may receive a \$100 monthly medical reimbursement from PSERS if he (or she) meets one of the following qualifications at retirement:

1. 24.5 years of PSERS service
2. Upon superannuation retirement with at least 15 years of PSERS service

PSERS Superannuation Retirement:

1. For individuals who were members of PSERS prior to July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with one year of PSERS service, or 35 years of PSERS service regardless of age.
2. For individuals who became members of PSERS on or after July 1, 2011, an employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service.

Employees Covered by Benefit Terms:

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



WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Active participants	221
Vested former participants	-
Retired participants	<u>5</u>
Total	<u>226</u>

Total OPEB Liability

The District's total OPEB liability under the single employer plan of \$2,159,787 was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations, and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan net position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the District and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	<u>Single Employer OPEB Healthcare Benefit</u>
Actuarial valuation date	7/1/2022
Actuarial cost method	Entry age normal
Interest rate	4.06% is based on S&P Municipal Bond 20-year high grade index at 7/1/2022

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Projected 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 by age from 2.75% to 0%.
Healthcare cost trend rate	6.5% in 2022, 6.0% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-run Medical Cost Trend Model.
Asset valuation method	Equal to market value of assets

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into our retirement table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Changes in the Total OPEB Liability

Service cost	\$ 217,835
Interest	79,695
Effect of assumption changes or inputs	(717,824)
Differences between expected and actual experience	(665,646)
Benefit payments	<u>(69,438)</u>
Net change in total OPEB liability	(1,155,378)
Total OPEB obligation - beginning	<u>3,315,165</u>
Total OPEB obligation - ending	<u>\$ 2,159,787</u>
Covered employee payroll	<u>\$ 15,187,996</u>

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

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

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Plan's net OPEB liability	<u>\$ 2,327,307</u>	<u>\$ 2,159,787</u>	<u>\$ 2,000,661</u>

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

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

	1% Decrease	Current Trend Rate	1% Increase
Plan's net OPEB liability	<u>\$ 1,919,246</u>	<u>\$ 2,159,787</u>	<u>\$ 2,441,805</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$190,370. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the single employer OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 278,138	\$ 766,238
Difference between expected and actual experience	78,519	892,676
District contributions subsequent to the measurement date	<u>49,342</u>	<u>-</u>
Total	<u>\$ 405,999</u>	<u>\$ 1,658,914</u>

Reported deferred outflows of resources of \$49,342 related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction to the net OPEB liability, and deferred inflows of resources related to the single employer OPEB plan will be recognized in OPEB expense as follows:

WILSON AREA SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS

NOTE 11 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

<u>Year Ended June 30,</u>	
2024	\$ (107,160)
2025	(107,160)
2026	(107,160)
2027	(107,160)
2028	(107,160)
Thereafter	<u>(766,457)</u>
	<u><u>\$ (1,302,257)</u></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 except for health insurance, for which the District retains risk of loss.

Self-insured – Healthcare

The District has appointed Capital Blue Cross, which is a Pennsylvania corporation with insurance and consulting expertise in administration of health plans. The District has also entered into an agreement with the Pennsylvania Trust to provide stop loss insurance coverage for members of the Trust, thus maintaining the financial security of the Trust. The District complied with required funding for current and estimated claims to be incurred.

For insured programs, management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Workers' Compensation Consortium

The District is a participating member of the Workers' Compensation Consortium ("the Consortium"). The Consortium is comprised of several member school districts which jointly self-assume their workers' compensation liabilities. Each school district is required to make contributions to the Consortium based on formula set forth in the contract. Each member school district individually retains sole liability up to a retention level, which is fixed annually by multiplying its experience modification factor times the last audited fiscal year payroll of the member. The result is then multiplied by a contribution to a central fund; they remain individually liable for any workers' compensation claims.

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 12 RISK MANAGEMENT (cont'd)

Above the level of retention, the Consortium pays claims up to the level of coverage of \$500,000 for the year ended June 30, 2023, provided by an excess insurance policy. Claims above the maximum coverage of excess insurance are paid by the members of the Consortium through additional assessments against members.

NOTE 13 CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the District participates in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The District has been advised by legal representation that there are no legal matters that could materially affect the financial situation of the District as of June 30, 2023.

NOTE 14 DEBT SERVICE COMMITMENTS

Career Institute of Technology

The District participates with four other districts located in Northampton County in the operation of the Career Institute of Technology ("CIT"). In addition to payments for the operation of the CIT, the District is committed to a pro rata share of annual debt service costs of the 2005 and 2005A Bond issues. The District's share is based upon a percentage of all members market values each year as computed by Northampton County. The District's percentage of the debt service was 10.45% for the current year. The CIT issued the 2005 and 2005A Bonds primarily to provide funds for significant capital project costs to existing and additional facilities. The Revenue Bonds Series of 2005 and 2005A were refinanced by the 2014A and 2014B Bond issues. The 2019 Bond issue issued December 27, 2019 refinanced the 2014A Bond issue providing a net present value savings of \$216,621 to the CIT. The 2019 Bond issue bears an interest rate of 2.100%, maturing October 15, 2028.

Colonial Intermediate Unit 20

The District participates with 10 other districts located in Northampton, Monroe, and Pike Counties in the operation of the Colonial Intermediate Unit 20. In addition to payments for the

WILSON AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 14 DEBT SERVICE COMMITMENTS (cont'd)

operation of and special services provided by the Colonial Intermediate Unit 20, the District is committed to a pro-rata share of annual debt service costs of the 2015 Bond issue. The District's share is based upon a three-year average of all member's market values. The 2015 Bond issue matures on May 15, 2030, bearing interest of 2.1100% payable semi-annually on May 15 and November 15.

NOTE 15 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, 2023:

Instruction:		
Regular programs	\$	287,784
Other instructional programs	\$	62,615
Non-public programs	\$	713
Pre-kindergarten	\$	177,549
Support Services:		
Student services	\$	437,998
Instructional staff	\$	71,307
Pupil health	\$	58,341
Transportation services	\$	412,518
Central services	\$	2,866
Facilities, acquisition, and construction	\$	319,976

The excess of expenditures over appropriations was financed by revenues exceeding the budget.

NOTE 16 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through May 28, 2024, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WILSON AREA 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								
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.1207%	0.1162%	0.1114%	0.1162%	0.1203%	0.1187%	0.1089%	0.1362%	0.1222%
District's proportion of the net pension liability - dollar value	\$ 53,662,000	\$ 47,708,000	\$ 58,841,000	\$ 56,233,000	\$ 57,750,000	\$ 58,624,000	\$ 53,967,000	\$ 58,996,000	\$ 48,367,000
District's covered employee payroll	\$ 17,493,380	\$ 16,932,181	\$ 16,711,981	\$ 16,644,600	\$ 16,249,849	\$ 15,741,175	\$ 15,760,761	\$ 16,256,600	\$ 15,304,399
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	306.76%	281.76%	352.09%	337.85%	355.39%	372.42%	342.41%	362.90%	316.03%
Plan fiduciary net position as a percentage of the total pension liability	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.



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

	<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	\$ 6,237,000	\$ 5,946,000	\$ 5,673,974	\$ 5,575,117	\$ 5,426,140	\$ 5,157,702	\$ 4,596,423	\$ 3,940,190	\$ 3,332,603
Contributions in relation to the contractually required contribution	<u>6,237,000</u>	<u>5,946,000</u>	<u>5,673,974</u>	<u>5,575,117</u>	<u>5,426,140</u>	<u>5,157,702</u>	<u>4,596,423</u>	<u>3,940,190</u>	<u>3,332,603</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 18,178,374	\$ 17,493,380	\$ 16,932,181	\$ 16,711,981	\$ 16,644,600	\$ 16,249,849	\$ 15,741,175	\$ 15,760,761	\$ 16,256,600
Contributions as a percentage of covered employee payroll	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.

**WILSON AREA 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, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net OPEB liability	0.1211%	0.1166%	0.1114%	0.1162%	0.1203%	0.1187%	0.1089%
District's proportion of the net OPEB liability - dollar value	\$ 2,229,000	\$ 2,763,000	\$ 2,589,000	\$ 2,556,000	\$ 2,508,000	\$ 2,418,000	\$ 2,346,000
District's covered employee payroll	\$ 17,493,380	\$ 16,932,181	\$ 16,711,981	\$ 16,644,600	\$ 16,249,849	\$ 15,741,175	\$ 15,760,761
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	12.74%	16.32%	15.49%	15.36%	15.43%	15.36%	14.89%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

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.

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

	<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>
Contractually required contribution	\$ 136,000	\$ 140,000	\$ 138,844	\$ 140,381	\$ 138,150	\$ 134,874
Contributions in relation to the contractually required contribution	<u>136,000</u>	<u>140,000</u>	<u>138,844</u>	<u>140,381</u>	<u>133,000</u>	<u>134,874</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 18,178,374	\$ 17,493,380	\$ 16,932,181	\$ 16,711,981	\$ 16,644,600	\$ 16,249,849
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	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.

**WILSON AREA SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS  
Single Employer Plan**

	MEASUREMENT DATE					
	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY						
Service cost	\$ 217,835	\$ 222,169	\$ 179,651	\$ 182,219	\$ 156,297	\$ 161,361
Interest on total OPEB liability	79,695	62,814	102,792	88,096	78,252	59,739
Changes in benefit terms	-	-	-	-	159,684	-
Differences between expected and actual experience	(717,824)	-	(292,814)	-	122,139	-
Effect of assumption changes or inputs	(665,646)	(100,291)	353,016	(86,569)	1,192	(7,000)
Benefit payments	(69,438)	(53,387)	(83,853)	(71,386)	(106,116)	(110,483)
NET CHANGE IN TOTAL OPEB LIABILITY	(1,155,378)	131,305	258,792	112,360	411,448	103,617
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	3,315,165	3,183,860	2,925,068	2,812,708	2,401,260	2,297,643
TOTAL OPEB LIABILITY, END OF YEAR	<u>\$ 2,159,787</u>	<u>\$ 3,315,165</u>	<u>\$ 3,183,860</u>	<u>\$ 2,925,068</u>	<u>\$ 2,812,708</u>	<u>\$ 2,401,260</u>
<b>PLAN FIDUCIARY NET POSITION</b>						
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>\$ 2,159,787</u>	<u>\$ 3,315,165</u>	<u>\$ 3,183,860</u>	<u>\$ 2,925,068</u>	<u>\$ 2,812,708</u>	<u>\$ 2,401,260</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	\$ 15,187,996	\$ 14,476,703	\$ 14,479,342	\$ 14,312,773	\$ 14,312,773	\$ 13,268,072
District's net OPEB liability as a percentage of covered payroll	14.22%	22.90%	21.99%	20.44%	19.65%	18.10%

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.

**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

May 28, 2024

Board of School Directors  
Wilson Area School District  
Easton, 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 Wilson Area School District ("the District"), Easton, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 28, 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.

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

Board of School Directors  
Wilson Area School District

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

#### Report on Compliance and Other Matters

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

#### Purpose of This Report

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

  
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

May 28, 2024

Board of School Directors  
Wilson Area School District  
Easton, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Wilson Area School District's ("the District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and recommendations as item #2023-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in the accompany schedule of findings and recommendations. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



### 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 its 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

**WILSON AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Project Title	Source Code	Federal ALN	Pass-through Grantor Number	Grant Period Beginning - Ending Dates	Grant Amount	Total Received for Year	Accrued (Unearned) Revenue at July 1, 2022	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2023
<b>U.S. DEPARTMENT OF EDUCATION</b>										
<u>Passed through the Pennsylvania Department of Education</u>										
Title I Grants to Local Education Agencies	I	84.010	013-220489	7/01/21 - 9/30/22	\$ 643,601	\$ 189,167	\$ -	\$ 189,167	\$ 189,167	\$ -
Title I Grants to Local Education Agencies	I	84.010	013-230489	7/01/22 - 9/30/23	451,327	374,542	-	374,542	374,542	-
<b>Total ALN #84.010</b>					<u>1,094,928</u>	<u>563,709</u>	<u>-</u>	<u>563,709</u>	<u>563,709</u>	<u>-</u>
Improving Teacher Quality State Grants	I	84.367	020-220489	7/01/21 - 9/30/22	68,054	(317)	-	(317)	(317)	-
Improving Teacher Quality State Grants	I	84.367	020-230489	7/01/22 - 9/30/23	68,054	59,612	-	59,612	59,612	-
<b>Total ALN #84.367</b>					<u>136,108</u>	<u>59,295</u>	<u>-</u>	<u>59,295</u>	<u>59,295</u>	<u>-</u>
Language Instruction for English Learners and Immigrant Students	I	84.365	010-220489	7/01/21 - 9/30/22	15,909	198	-	198	198	-
Language Instruction for English Learners and Immigrant Students	I	84.365	010-230489	7/01/22 - 9/30/23	26,855	26,855	-	26,855	26,855	-
<b>Total ALN #84.365</b>					<u>42,764</u>	<u>27,053</u>	<u>-</u>	<u>27,053</u>	<u>27,053</u>	<u>-</u>
Title IV Student Support & Academic Enrichment Grants	I	84.424	144-220489	7/01/21 - 9/30/22	45,682	9,159	-	9,159	9,159	-
Title IV Student Support & Academic Enrichment Grants	I	84.424	144-230489	7/01/22 - 9/30/23	34,364	34,364	-	34,364	34,364	-
<b>Total ALN #84.424</b>					<u>80,046</u>	<u>43,523</u>	<u>-</u>	<u>43,523</u>	<u>43,523</u>	<u>-</u>
CARES ACT - ESSER FUND LOCAL	I	84.425D	200-210489	3/13/20 - 9/30/23	2,243,136	886,821	-	886,821	886,821	-
CARES ACT - ARP ESSER	I	84.425U	223-210489	3/13/20 - 9/30/24	4,537,215	1,319,917	440,149	879,768	879,768	-
CARES ACT - ESSER 7% (Learning Loss)	I	84.425U	225-210489	3/13/20 - 9/30/24	352,644	132,814	-	132,814	132,814	-
CARES ACT - ESSER 7% (Summer School)	I	84.425U	225-210489	3/13/20 - 9/30/24	26,563	26,563	-	26,563	26,563	-
CARES ACT - ESSER 7% (Afterschool Programs)	I	84.425U	225-210489	3/13/20 - 9/30/24	26,563	26,563	-	26,563	26,563	-
CARES ACT - ESSER (Homeless Children and Youth)	I	84.425U	181-212489	3/13/20 - 9/30/24	12,140	311	-	311	311	-
CARES ACT - ESSER 2.5%	I	84.425U	224-210489	3/13/20 - 9/30/24	74,879	70,795	-	70,795	70,795	-
<b>Total ALN #84.425</b>					<u>7,273,140</u>	<u>2,463,784</u>	<u>440,149</u>	<u>2,023,635</u>	<u>2,023,635</u>	<u>-</u>
<u>Passed through the Carbon-Lehigh Intermediate Unit</u>										
IDEA Special Education - Grants to States	I	84.027	H027A180093	7/01/21 - 6/30/22	340,296	340,296	340,296	-	-	-
IDEA Special Education - Grants to States	I	84.027	H027A180093	7/01/22 - 6/30/23	349,270	-	-	349,270	349,270	349,270
IDEA Special Education - Grants to States	I	84.027	H027A180093	7/01/21 - 9/30/23	98,521	-	-	98,521	98,521	98,521
<b>Total ALN #84.027</b>					<u>788,087</u>	<u>340,296</u>	<u>340,296</u>	<u>447,791</u>	<u>447,791</u>	<u>447,791</u>
IDEA - SECTION 619A	I	84.173	H173A190090	7/01/21 - 6/30/22	860	860	860	-	-	-
IDEA - SECTION 619A	I	84.173	H173A190090	7/01/22 - 6/30/23	1,610	-	-	1,610	1,610	1,610
<b>Total ALN #84.173</b>					<u>2,470</u>	<u>860</u>	<u>860</u>	<u>1,610</u>	<u>1,610</u>	<u>1,610</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>					<u>9,417,543</u>	<u>3,498,520</u>	<u>781,305</u>	<u>3,166,616</u>	<u>3,166,616</u>	<u>449,401</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>										
<u>Passed through the Pennsylvania Department of Agriculture</u>										
National School Lunch Program - Donated Commodities	I	10.555	N/A	7/01/21 - 6/30/22	N/A	113,470	-	113,470	113,470	-
<u>Passed through the Pennsylvania Department of Education</u>										
National School Lunch Program	I	10.555	N/A	7/01/22 - 6/30/23	N/A	544,467	-	578,573	578,573	34,106
Supply Chain Assistance	I	10.555	N/A	7/01/22 - 6/30/23	N/A	93,456	-	93,456	93,456	-
SNP Emergency Operating Costs	I	10.555	N/A	7/01/22 - 6/30/23	N/A	-	-	-	-	-
<b>Total ALN #10.555</b>						<u>751,393</u>	<u>-</u>	<u>785,499</u>	<u>785,499</u>	<u>34,106</u>
State Pandemic Electronic Benefit Transfer	I	10.649	N/A	7/01/22 - 6/30/23	N/A	628	-	628	628	-
School Breakfast Program	I	10.553	N/A	7/01/22 - 6/30/23	N/A	214,903	-	298,406	298,406	83,503
Summer Food Program	I	10.559	N/A	7/01/22 - 6/30/23	N/A	11,555	-	16,272	16,272	4,717
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						<u>978,479</u>	<u>-</u>	<u>1,100,805</u>	<u>1,100,805</u>	<u>122,326</u>

(Continued on next page.)

**WILSON AREA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Project Title	Source Code	Federal ALN	Pass-through Grantor Number	Grant Period Beginning - Ending Dates	Grant Amount	Total Received for Year	Accrued (Unearned) Revenue at July 1, 2022	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2023
U.S. DEPARTMENT OF THE HEALTH AND HUMAN SERVICES Passed through the Pennsylvania Department of Education Medical Assistance Program	I	93.778	N/A	7/01/21 - 6/30/22	N/A	55,894	3,645	52,249	52,249	-
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>						<u>55,894</u>	<u>3,645</u>	<u>52,249</u>	<u>52,249</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>						<u>\$ 4,532,893</u>	<u>\$ 784,950</u>	<u>\$ 4,319,670</u>	<u>\$ 4,319,670</u>	<u>\$ 571,727</u>
<b>SPECIAL EDUCATION CLUSTER (IDEA) (ALN's 84.027 and 84.173)</b>						<u>\$ 341,156</u>	<u>\$ 341,156</u>	<u>\$ 449,401</u>	<u>\$ 449,401</u>	<u>\$ 449,401</u>
<b>CHILD NUTRITION CLUSTER (ALN's 10.553, 10.555 and 10.559)</b>						<u>\$ 977,851</u>	<u>\$ -</u>	<u>\$ 1,100,177</u>	<u>\$ 1,100,177</u>	<u>\$ 122,326</u>

Source Code:  
I - Indirect Funding

WILSON AREA 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

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania 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 includes surplus food consumed by the District during the 2022-2023 fiscal year.

NOTE D INDIRECT COST RATE

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

NOTE E PRIOR YEAR SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

As a result of the information obtained during the year, the District has concluded that the schedule of expenditures of federal awards was misstated in the previous year. The District omitted \$61,555 of federal awards expenditures related to ALN 84.425D that was received from the Pennsylvania Commission on Crime and Delinquency. In addition, accrued (unearned) revenue on the previous year schedule of expenditures of federal awards as previously stated was increased by \$312,844 to correct errors.

WILSON AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**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?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over major program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  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  No

Identification of major programs :

Assistance Listing Numbers

Name of Federal Program or Cluster

84.425D and 84.425U

Education Stabilization Fund

10.553, 10.555 and 10.559

Child Nutrition Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

Yes  No

WILSON AREA 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

None.

**PART C – FINDINGS RELATED TO FEDERAL AWARDS**

STATUS OF PRIOR YEAR FINDINGS

2022-001 – SUBMISSION TO THE FEDERAL AUDIT CLEARINGHOUSE

Condition

The District's single audit and reporting package to the Federal Audit Clearinghouse was delayed for the year ended June 30, 2022 beyond the due date.

Criteria

The submission to the Federal Audit Clearinghouse is typically due within nine months of its fiscal year-end.

Cause

The District did not have an audit completed within the due date of March 31, 2023.

Effect

The Federal Audit Clearinghouse filing deadline for the June 30, 2022 single audit was not met.

Recommendation

The District should develop procedures to ensure timely completion of the audit and submission to the Federal Audit Clearinghouse.

WILSON AREA SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (CONT'D)

STATUS OF PRIOR YEAR FINDINGS

Status

During our current year audit, we noted that the audit was not completed and submitted timely to the Federal Audit Clearinghouse. Therefore, this finding is still applicable and has been written as finding #2023-001.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2023-001 – SUBMISSION TO THE FEDERAL AUDIT CLEARINGHOUSE

Condition

The District's single audit and reporting package to the Federal Audit Clearinghouse was delayed for the year ended June 30, 2023, beyond the due date. This is a repeat finding.

Criteria

The submission to the Federal Audit Clearinghouse is typically due within nine months of its fiscal year-end.

Cause

The District did not have an audit completed within the due date of March 31, 2024.

Effect

The Federal Audit Clearinghouse filing deadline for the June 30, 2023 single audit was not met.

Recommendation

The District should develop procedures to ensure timely completion of the audit and submission to the Federal Audit Clearinghouse.



WILSON AREA SCHOOL DISTRICT  
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DOUGLAS WAGNER  
SUPERINTENDENT

STEPHANIE L. ARNOLD  
SECRETARY-BUSINESS MANAGER

FINDING 2023-001

MANAGEMENT'S CORRECTIVE ACTION PLAN

The District has developed procedures to ensure timely filing of the audit with the Federal Audit Clearinghouse. Specifically, the District will have information available and to the independent auditor by October 2024.

These recommendations will be implemented for the 2023-2024 audit year.

This corrective action plan was developed by Stephanie L. Arnold, MBA, PCSBA, Business Manager/Board Secretary.

**APPENDIX F**  
**BOND AMORTIZATION SCHEDULE**