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PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 2, 2025



NEW ISSUE—BOOK-ENTRY ONLY

RATING: Moody's "Aa3" Underlying
See "RATING" herein

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including for this purpose the difference between the initial offering price and accrued value) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. The Bonds, and interest income therefrom, are free from taxation for purposes of personal, and corporate net, income taxes within the Commonwealth of Pennsylvania.

*The School District has **NOT** designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. For a more complete discussion, see "TAX MATTERS" herein.*

\$21,000,000*
AMBRIDGE AREA SCHOOL DISTRICT
Beaver County, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: Date of Delivery
Interest Due: May 1 and November 1

Principal Due: November 1, as shown on inside front cover
First Interest Payment: May 1, 2026

The Ambridge Area School District (the "School District") will issue its General Obligation Bonds, Series of 2025 in the aggregate principal amount of \$21,000,000* (the "Bonds") as fully registered Bonds. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "**BOOK-ENTRY ONLY SYSTEM**" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein. The principal of the Bonds will be paid to the registered owners or assigns, when due, upon presentation and surrender of the Bonds to U.S. Bank Trust Company, National Association ("Paying Agent"), acting as paying agent and sinking fund depository, at its designated corporate trust office in Pittsburgh, Pennsylvania. Interest on the Bonds is payable initially on May 1, 2026, and thereafter, semiannually on May 1 and November 1 of each year, until the principal sum thereof is paid. Payment of interest on the Bonds will be made by check drawn on the Paying Agent mailed to the registered owners of the Bonds as of the Record Date (see "**THE BONDS**" herein).

The Bonds are subject to redemption prior to maturity as set forth herein.

The Bonds are general obligations of the School District, payable from local taxes, state subsidy and other general revenues. The School District has covenanted in the Resolution authorizing the Bonds adopted by the Board of the School District on March 20, 2024 (the "Resolution") that it will 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 the sinking fund established under the Resolution or any other of its legally available revenues or funds 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 available taxing power, which taxing power including the power to levy ad valorem taxes on all taxable real property within the School District, within the limitations provided by law. (See "**SECURITY**" and "**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**", including the description of the Taxpayer Relief Act and other legislation described herein).

Proceeds of the Bonds will be used for: (1) to refund all or a portion of the District's Outstanding General Obligation Bonds, Series of 2014 and (2) paying all costs and expenses related to the issuance of the Bonds.

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

MATURITIES, AMOUNTS, RATES AND YIELDS/PRICES
See Inside Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Dinsmore & Shohl LLP, Pittsburgh, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the School District by its counsel, Weiss Burkhardt Kramer, LLC, of Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the Underwriter by its counsel, Bruce E. Dice & Associates, P.C. Pittsburgh, Pennsylvania. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about _____.

STIFEL

Dated: _____

* Preliminary, subject to change.

\$21,000,000*
AMBRIDGE AREA SCHOOL DISTRICT
Beaver County, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: Date of Delivery
Interest Due: May 1 and November 1

Principal Due: November 1, as shown below
First Interest Payment: May 1, 2026

MATURITY SCHEDULE

<u>Year</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP 023362⁽¹⁾</u>
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⁽¹⁾The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of 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 or the Underwriter has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

* Preliminary, subject to change.

AMBRIDGE AREA SCHOOL DISTRICT

Beaver County, Pennsylvania

901 Duss Avenue

Ambridge, PA 15003

(724) 266-2833

www.ambridge.k12.pa.us

BOARD OF SCHOOL DIRECTORS

John Carpenter	President
Valerie Scott.....	Vice President
Garrett Kovacevic	Treasurer
Cathy Fischer.....	Member
Amy Fitsko	Member
Mary Jo Kehoe.....	Member
Adina Ferragonio	Member
Kelly Romasco.....	Member
Matt Zatchey	Member
June Mueller	Secretary (non-voting member)

SUPERINTENDENT

DR. JOSEPH PASQUERILLA

BUSINESS MANAGER

MICHELLE AMADIO

SCHOOL DISTRICT SOLICITOR

WEISS BURKARDT KRAMER, LLC

Pittsburgh, Pennsylvania

BOND COUNSEL

DINSMORE & SHOHL LLP

Pittsburgh, Pennsylvania

PAYING AGENT

U.S. BANK TRUST COMPANY NATIONAL ASSOCIATION

Cincinnati, OH

DISSEMINATION AGENT

DIGITAL ASSURANCE CERTIFICATION, LLC (DAC)

Orlando, Florida

UNDERWRITER

STIFEL, NICOLAUS & COMPANY, INCORPORATED

Pittsburgh, Pennsylvania

UNDERWRITER'S COUNSEL

BRUCE E. DICE & ASSOCIATES, P.C.

Pittsburgh, Pennsylvania

No dealer, broker, salesperson or other person has been authorized by the School District or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, any such other information or representations may not be relied upon as having been authorized by the School District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the School District and the information set forth herein has been obtained from the School District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter or, as to information from other sources, by the School District. The information and expressions of opinion herein 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 there has been no change in any of the information set forth herein since the date hereof or the earliest date of which said information is given.

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

THE ORDER AND PLACEMENT OF THE MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY 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 IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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

THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES REFERRED TO HEREIN, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES AT ANY TIME IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

Neither the School District's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted information.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the School District include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the School District. Such forward-looking statements speak only as of the date of this Official Statement. The School District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the School District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The School District does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. Accordingly, the School District does not intend to update or otherwise revise the forecasted financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, the School District does not intend to update or revise the forecasted financial information to reflect changes in general economic or industry conditions. Additional information relating to the principal assumptions used in preparing the projections is set forth herein.

SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained 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.

Issuer	Ambridge Area School District, Beaver County, Pennsylvania (the "School District").
The Bonds	General Obligation Bonds, Series of 2025 (the "Bonds"), in the aggregate principal amount of \$21,000,000*. The Bonds are initially dated the Date of Delivery. Interest on the Bonds will begin to accrue on the Date of Delivery, and is payable initially on May 1, 2026, and on each May 1 and November 1 thereafter. (See "THE BONDS" herein.)
Redemption Provisions	The Bonds are subject to redemption prior to maturity as set forth herein. (See "REDEMPTION OF BONDS" herein.)
Form of Bonds	Book-entry form only.
Purpose of the Issue	The proceeds from sale of the Bonds will be used for: (1) to refund all or a portion of the District's Outstanding General Obligation Bonds, Series of 2014 and (2) paying all costs and expenses related to the issuance of the Bonds. (See "PURPOSE OF THE ISSUE" and "SOURCES AND USES OF FUNDS" herein.)
Security for the Bonds	The Bonds are general obligations of the School District, payable from local taxes, state subsidy and other general revenues. The School District has covenant in the Resolution authorizing the Bonds adopted by the Board of the School District on March 20, 2024 (the "Resolution") that it will 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 the sinking fund established under the Resolution or any other of its legally available revenues or funds 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 available taxing power, which taxing power including the power to levy ad valorem taxes on all taxable real property within the School District, within the limitations provided by law. (See "SECURITY" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS" including the description of the Taxpayer Relief Act and other legislation described herein.)
Rating	The Bonds received a credit rating of "Aa3" from Moody's Investor's Service LLC, New York, New York, ("Moody's"). (See "RATING" herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities and Exchange Act of 1934, as amended and interpreted (the "Rule"). (See "CONTINUING DISCLOSURE UNDERTAKING" herein.)

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PRELIMINARY OFFICIAL STATEMENT

\$21,000,000*
AMBRIDGE AREA SCHOOL DISTRICT
Beaver County, Pennsylvania
General Obligation Bonds, Series of 2025

INTRODUCTION

This Official Statement, including the cover page hereof and Appendices hereto, is furnished in connection with the offering by the Ambridge Area School District, Beaver County, Pennsylvania (the "School District") of \$21,000,000* aggregate principal amount of General Obligation Bonds, Series of 2025 (the "Bonds"). The Bonds are being issued by the School District pursuant to a Resolution of the Board of School Directors of the School District adopted on March 20, 2024 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. A. §8001 *et seq.*, as amended (the "Act").

The Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2026. Interest on any Bond is payable by check mailed to the registered owner at the address as it appears on the registration books on the appropriate Record Date as described below. The principal of the Bonds is payable at the corporate trust office of U.S. Bank Trust Company, National Association (the "Paying Agent" or "Sinking Fund Depository"). The Bonds are only transferable on the registration books maintained by the Paying Agent upon presentation and surrender thereof (see "THE BONDS - Description of the Bonds" herein). The Bonds are subject to redemption prior to maturity as stated herein.

The information which follows contains summaries of the Resolution, the School District's Budget and the School District's financial statements. Such summaries do not purport to be complete and reference is made to the Resolution, the School District's budget and the School District's financial statements, copies of which are on file and available for examination at the offices of the School District.

Neither the delivery of this 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 served by the School District, since the date of this Official Statement or the earliest date as of which certain information contained herein is given.

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to: (1) to refund all or a portion of the District's Outstanding General Obligation Bonds, Series of 2014 and (2) paying all costs and expenses related to the issuance of the Bonds.

Sources and Uses of Bonds Proceeds

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

<u>SOURCE OF FUNDS</u>	<u>Total</u>
Bond Proceeds	\$21,000,000.00*
Net Original Issue Premium/Discount	
Total Source of Funds	\$
 <u>USE OF FUNDS</u>	
Redemption of 2014 Bonds	\$
Costs of Issuance ⁽¹⁾	
Total Use of Funds	\$

⁽¹⁾Includes legal, underwriter's discount, printing, rating, CUSIP, paying agent, and other miscellaneous costs.

THE BONDS

Description: Payment of Principal and Interest

The Bonds will be issued in registered form, without coupons, in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$21,000,000* and will be dated the date of delivery, when interest begins to accrue. The entire principal amount of the Bonds will bear interest at the rate and mature on November 1, as set forth on the inside front cover of this Official Statement. Interest on each of the Bonds will be payable initially on May 1, 2026, and thereafter, semiannually on May 1 and November 1 of each year until November 1, 2032, the maturity date of such Bond or if such Bond is redeemed 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 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. Each Beneficial Owner of a Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. (See "**BOOK – ENTRY ONLY SYSTEM**" herein).*

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

The principal of certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to U.S. Bank Trust Company, National Association (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office (or to any successor paying agent or alternate designated office(s)). Interest on each of the Bonds will be payable initially on May 1, 2026, and thereafter, semiannually on May 1 and November 1 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. Interest shall be computed on the basis of a 30-day month and a 360-day year.

Interest will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of such Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding May 1, 2026, in which event such Bond shall bear interest from the date of delivery, 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 each 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 15th day of the calendar month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such certificated 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 Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing. If the date for payment of the principal of or interest on any 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 Bonds

Subject to the provisions described below under "Book-Entry Only System," certificated Bonds are transferable or exchangeable 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 certificated Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same series, maturity date and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered

owner of such Bond as the absolute owner thereof (whether or not a 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.

Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity date and interest rate.

Neither the School District nor the Paying Agent shall be required (a) to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date or (c) to register the transfer of or to exchange any Bond during the period beginning at the close of business on the fifteenth day preceding the date of maturity of the Bond and ending at the close of business on the date of maturity. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

SECURITY FOR THE BONDS

General Obligation Pledge Security

The Bonds are general obligations of the School District and are payable from its local taxes, state subsidies and other general revenues. The School District has covenanted in the Resolution that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and available taxing power, which taxing power presently includes *ad valorem* taxes on all taxable property within the School District, within the limitations provided by law (See **"TAXING POWERS AND LIMITS" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS"** herein).

The Act presently provides for enforcement of debt service payments as hereinafter described (see **"Actions in the Event of Default on the Bonds"** herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see **"State Subsidy Intercept Under Section 633 of the Pennsylvania School Code"** herein).

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, to be designated "Sinking Fund, General Obligation Bonds, Series of 2025" (the "Sinking Fund"), has been created in accordance with the Resolution and will be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds (or such earlier date as may be required by the Bond Insurer) so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and principal then due on the Bonds.

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

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

State Subsidy Intercept Under Section 633 of the Pennsylvania School Code

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 154 of 1998 (the "Public School Code"), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness or 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 shall notify such board of school directors of its obligation and shall withhold out of any State appropriation due such school district an amount equal to the 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.

There can be no assurance, however, that any payments pursuant to this withholding provision will be made by the date on which such payments are due to the Bondholders. The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers' salaries. Enforcement may

also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally.

Pennsylvania Budget Adoption

The Commonwealth of Pennsylvania has, from time to time, started its fiscal year without a fully adopted state budget. In the State's 2015-16 fiscal year, a final budget was not enacted until March 27, 2016, 270 days following the beginning of the fiscal year when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on March 17, 2016.

For the 2016-17 fiscal year, the state budget became law, known as Act 16A of 2016, on July 12, 2016 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on July 1, 2016. On July 13, 2016, the General Assembly adopted, and the Governor signed into law an additional tax and revenue package, known as Act 85 of 2016, which was needed to balance the 2016-17 state budget.

For the 2017-18 fiscal year, the state budget became law, known as Act 1A of 2017, on July 11, 2017, when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on June 30, 2017. Act 1A of 2017 did not have any accompanying legislation regarding the potential revenue that would be needed to fund the balance of the 2017-18 Budget at the time of its enactment. On October 25, 2017, the General Assembly adopted House Bill 542 which contained the necessary revenue to fund the previously adopted Act 1A of 2017. On October 30, 2017, the Governor approved and signed House Bill 542 and it became known as Act 43 of 2017.

Budgets for each of the 2018-19 and 2019-20 fiscal years were adopted on a timely basis.

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the governor passed a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2356, 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. The 2020-21 Supplemental Budget included mostly flat funding for the public education, like the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

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

After a week's delay and intense negotiations, a \$45.2 billion budget for the state's 2022-2023 fiscal year was signed by Governor Tom Wolf on July 8, 2022, which includes \$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 is a \$767,820,000 (10.83%) increase over the 2021-2022 fiscal year appropriation.

After over a month delay and intense negotiations, a \$45.5 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which includes \$8,421,751,000 for the basic education funding appropriation. The total amount is a \$796,627,000 (10.45%) increase over the 2022-2023 fiscal year appropriation. The budget also provides \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion.

The deadline for Pennsylvania's 2025-2026 budget was June 30, 2025. Negotiations regarding the 2025-2026 budget are currently in progress within the General Assembly and with the Governor's office, but no information is available as to any details of a proposed budget or as to when a budget will be adopted and signed. Governor Shapiro's proposed budget was introduced on February 4, 2025, and is available on the Pennsylvania Office of the Budget website.

During a state budget impasse, school districts in Pennsylvania cannot be certain that state subsidies and revenues owed them from the Commonwealth will become available. This includes 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. **This fiscal year's budget impasse, as well as future budget impasses may affect the timelines or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the Public School Code, however legislation included in Act 85 of 2016 has attempted 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" hereinafter).**

Act 85 of 2016

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds to the Fiscal Code Article XV1-E.4, entitled "School District Intercepts for the Payment of Debt

Service During Budget Impasse", which provides for intercept of subsidy payments by PDE from a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

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

Act 85 of 2016 provides that the amounts as may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to Pennsylvania Department of Education ("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 XV11-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or bonds or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

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

Actions in the Event of Default on the Bonds

Subject to the exclusive representation of Bondholders by a trustee appointed under the Act as described in the following paragraph, if the School District fails or neglects to pay principal or interest on any of the Bonds as it becomes due and payable, and such failure continues for thirty days, the holder of such bond may bring suit in the Court of Common Pleas of the County in which the School District is located (Beaver County) and any judgment recovered shall have an appropriate priority upon the money next coming into the treasury of the School District, all as provided in the Act. The Act also provides other remedies to Bondholders to enforce the School District's covenants in respect of payment of the Bonds.

In the event the School District defaults in the payment of the principal of or the interest on any of the Bonds after the same shall become due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty (30) days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Act provides that the holders of 25% in aggregate principal amount of the Bonds then outstanding may, upon appropriate action, appoint a trustee to represent the Bondholders. The trustee may, and upon request of the holders of 25% in principal amount of the Bonds then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Bondholders as is more specifically set forth in the Act. Such representation by the trustee shall be exclusive.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been provided by The Depository Trust Company, New York, New York ("DTC") and is not deemed to be a representation of the School District or the Underwriter.

DTC, New York, New York, 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 certificate will be issued for each maturity of the Bonds, respectively, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of the 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 the 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 the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District 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).

Redemption proceeds, distributions, and dividend 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 School District or the Paying 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 if 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, the Paying Agent, or School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of School District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Disclaimer of Liability for Failures of DTC

The School District and the Underwriter cannot and do not give any assurances that DTC, the Direct and Indirect Participants or others will distribute payments of principal, interest or premium with respect to the Bonds paid to DTC or its nominee as the owner of Bonds, or will distribute any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The School District and the Underwriter are not responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Bonds, or any error or delay relating thereto.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bondholders or registered owners of the Bonds (other than under the caption "**TAX MATTERS**") shall mean Cede & Co. and shall not mean the beneficial owners of the Bonds. Payments made by the paying agent to DTC or its nominee shall satisfy the School District's obligations with respect to the Bonds to the extent of such payments.

Discontinuance of Book-Entry-Only System

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the School District and the Paying Agent. In addition, the School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered, and the following provisions will apply: (i) principal or redemption price of the Bonds will be payable upon surrender of the Bonds at the designated corporate trust office of the Paying Agent; (ii) Bonds may be transferred or exchanged for other Bonds of authorized denominations at the designated office of the Paying Agent of the Bonds, without cost to the owner thereof except for any tax or other governmental charge; and (iii) Bonds will be issued in denominations as described above under "**THE BONDS**".

REDEMPTION OF BONDS

Optional Redemption

The Bonds are subject to redemption prior to maturity, at the option of the School District, in whole or in part, on _____, _____, or on any date thereafter, upon payment of a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the redemption date. (If in part, in any order of maturity designated by the School District and within a maturity by lot by the Paying Agent) in either case.

Mandatory Redemption

The Bonds are not subject to mandatory redemption prior to maturity.

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 to Beneficial Owners.

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other 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 accrued 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 to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

If at time of mailing of a notice of redemption the School District shall not have deposited with the Paying Agent (or, in the case of a refunding, with another bank or depository acting as refunding escrow agent) money sufficient to redeem all Bonds called 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 not later than the opening of business on the redemption date, and such notice shall be of no effect unless such money is so deposited.

Manner of Redemption

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

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for a Bond or Bonds, as appropriate, of authorized denominations of the same series, maturity and interest rate 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 a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

THE SCHOOL DISTRICT

Introduction

The School District is comprised of the Boroughs of Ambridge, Baden, Economy, and South Heights and the Township of Harmony (collectively, the “Component Municipalities”). The School District borders Allegheny County to the south and east, and the Ohio River to the west and has an estimated population of 23,545.

The School District is easily accessible by four-lane Route 65, to the business district of the City of Pittsburgh (15 miles), and the high speed four-six lane Beaver Valley-Airport Expressway. Interstate 79 is also within 10 minutes of the School District. The the Pittsburgh International Airport is a fifteen minute drive from the School District. Access to the Airport’s north side business, office, hotel, retail commercial complex, the expanded 24-hour cargo facilities and the world’s largest jet engine test chambers operated by the U.S. Airways at its Pittsburgh Maintenance Facility along the north runway is a fifteen minute drive.

The Port Ambridge Industrial Business Park, which is located on the Ohio River fifteen minutes northwest of Pittsburgh, is within the School District. Approximately 800,000 square feet of the available 1.3 million square feet of space is filled with industries employing approximately 195 people including World Class, Pittsburgh Intermodal Terminals, a transportation warehousing company, Federal Pipe and Steel Company, a steel processor and warehouse and Vincent Metal Service, which processes metal coils. The Port Ambridge Industrial and Business Park built a \$4.2 million overpass bridge which provides direct access onto the Port Ambridge site crossing the four lanes of Route 65 and Conrail’s main central rail line connecting the eastern part of the United States to the western part of the United States. Conrail’s second largest railroad switching yard in the mid-Atlantic area is located at Conway adjacent to the School District.

Also located within the School District is the Ambridge Regional Park which was developed by the Value Ambridge Associates, L.P. This industrial park, which replaced the Armco Steel facility in 1988, has 85 acres with over 1,000,000 square feet under roof. Shell Global’s cracker plant located in Beaver County also is a center for economic development within the County and the Ambridge Area.

Organization and Central Administration

The Ambridge Area School District is a Local Education Agency and is a school district of the third class (school districts within the Commonwealth are classified as first, second, third and fourth class according to population), and operates under and pursuant to the School Code. The School District, fully accredited by the Middle States Association for Secondary Schools, enjoys an outstanding reputation throughout the public school system of the Commonwealth of Pennsylvania and has established a building program resulting in a continuously updated physical plant. The School District is governed by a nine member Board of School Directors, comprised of residents of the school District who are elected by region on a staggered basis for a four-year term of office. The daily operations and management of the School District are overseen by the Superintendent of Schools, who is the chief educational and financial officer of the School District. Budget preparation and control are overseen by the Business Manager. The current enrollment of the School District is 2,069 and the School District currently operates three elementary schools, one junior high school and one senior high school facility. (See “**School Building Facilities**” herein). The budget for the fiscal year ending June 30,

2026 is \$53,645,725 and the total employment of the School District is currently comprised of 266 administrative, professional/instruction and classified support personnel. (See “**Employment**” herein).

School Building Facilities

The School District presently operates three elementary schools and one junior high school and one senior high school facility as described in the following table.

TABLE 1
AMBRIDGE AREA SCHOOL DISTRICT FACILITIES

Building	Original Construction <u>Date</u>	Addition/Renovation <u>Date(s)</u>	<u>Grades</u>	Rated Pupil <u>Capacity</u>	<u>2025-2026 Enrollment</u>
<i>Elementary:</i>					
State Street Elementary	1960	2000	K-6	350	220
Economy Elementary	2002	---	K-6	900	434
Highland Elementary	2004	---	K-6	700	246
<i>Total - Elementary</i>				<u>1,950</u>	<u>900</u>
<i>Secondary:</i>					
Ambridge Area Junior High	1959	1987	7-8	594	479
Ambridge Area Senior High	2008	----	9-12	1,223	690
<i>Total - Secondary</i>				<u>1,817</u>	<u>1,169</u>
<i>Total Enrollment</i>				<u>3,767</u>	<u>2,069</u>

Source: School District Administrative Officials

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TABLE 2**Pupil Enrollment****Actual Enrollments**

<u>Fiscal Year</u>	<u>K - 6</u>	<u>7-12</u>	<u>Total</u>
2019-20	1,165	1,144	2,309
2020-21	1,113	1,127	2,240
2021-22	1,120	1,070	2,190
2022-23	1,083	1,072	2,155
2023-24	1,110	1,038	2,148
2024-25	896	1,226	2,122
2025-26	900	1,169	2,069

Projected Enrollments

<u>Fiscal Year</u>	<u>K - 6</u>	<u>7-12</u>	<u>Total</u>
2026-27	1,074	973	2,047
2027-28	1,085	966	2,051
2028-29	1,089	969	2,058

Source: School District Officials

SCHOOL DISTRICT FINANCES**Introduction**

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

Financial Reporting

The School District has organized its accounts on the basis of funds or groups of funds, each of which is a separate accounting entity. It maintains a General Fund for instructional, operation and administrative expenses, a Food Service Fund, and various school activity funds. Federal funds are appropriated by the School Board during the fiscal year and grant commitments and project approvals are received. The School District keeps the books and prepares the financial reports for the General Fund according to a modified accrual basis of accounting. Major accrual items are salaries and wages, payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. Taxes are credited when received. The School District financial statements are audited annually by an independent certified public accounting firm, as required by Commonwealth law. The firm of Hosack, Specht Muetzel & Wood, Pittsburgh, Pennsylvania, currently serves as the independent auditor for the School District.

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The government wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Budgeting Process in School Districts under the Taxpayer Relief Act, as Amended (Act 1)

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 fiscal year on July 1.

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act (Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act No. 25 of 2011 ("Act 1") all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than ninety (90) days prior to the date of the

election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least twenty (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 ten (10) days public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted PDE no later than eighty-five (85) days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (see **"PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS"**) and within ten (10) days, but not later than seventy-five (75) days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under Act 1 (hereinafter defined).

With respect to the utilization of any of the Act 1 referendum exceptions for which PDE approval is required (see **"PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS" – The Taxpayer Relief Act, as Amended (Act 1)"**), 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 Act 1 to rule on the school district's request and inform the school district of its decision no later than fifty-five (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 fifty (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 one hundred ten (110) days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, Act 1 requires only that the proposed annual budget be prepared at least thirty (30) days, and made available for public inspection at least twenty (20) days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Status of 2025-26 Budget Under Act 1. The Index applicable to the School District in the 2025-26 fiscal year is 5.3%. The School District's budget for fiscal year 2025-26 did not require an increase to its tax rates by more than the Index.

Annual Financial Statements

The School District's annual financial statements for the fiscal years ended June 30, 2019 through 2024, inclusive, have been filed by the School District on EMMA (as hereinafter defined) (<http://emma.msrb.org>). Such financial statements are incorporated herein by reference. The School District's annual financial statement for fiscal year ended June 30, 2024 has been included as Appendix B of this Preliminary Official Statement.

The Tables 3, 4 and "General Fund Budget Summary for the Fiscal Years Ending 06/30/2024 and 06/30/2025 are summaries only and are not intended to be a complete report. For more complete information, the individual financial statements and the 2024-25 budgets of the School District should be reviewed at the Business Office, Ambridge Area School District, Ambridge, Pennsylvania, or on the School District's website.

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Summary and Discussion of Financial Results

A summary of comparative General Fund Balance Sheet, Summary of Changes in Fund Balance and Summary of General Fund Revenues and Expenditures for the fiscal years ended June 30 are presented in Table 3, Table 4 and Table 5 which follows.

TABLE 3

AMBRIDGE AREA SCHOOL DISTRICT

SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET

<u>ASSETS</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 1,807,322	\$ 1,485,286	\$ 6,168,133	\$ 10,081,748	\$ 12,625,744
Due from Other Funds	518,916	1,199,206	939,082	1,644,041	2,220,693
Taxes Receivable	515,941	488,716	1,816,515	2,264,414	419,997
Due from Other Governments	2,921,026	2,328,637	2,553,635	1,983,155	2,418,662
Other Receivables	--	--	--	--	--
Prepaid Items	319,063	303,642	305,532	336,012	339,500
TOTAL ASSETS	\$ 6,082,268	\$ 5,805,487	\$ 11,782,897	\$ 16,309,370	\$ 18,024,596
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Accounts Payable	\$ 667,441	\$ 1,035,553	\$ 1,401,513	\$ 1,156,745	\$ 967,944
Accrued Salaries and Benefits	3,800,911	3,549,098	3,562,781	3,522,968	3,620,518
Payroll Deductions and Withholdings	197,147	205,564	203,756	171,646	172,587
Unearned Revenue	10,958	--	--	--	--
TOTAL LIABILITIES	\$ 4,676,457	\$ 4,790,215	\$ 5,168,050	\$ 4,851,359	\$ 4,761,049
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable Revenues - Property Taxes	\$ -	\$ -	\$ 885,436	\$ 1,121,102	\$ 901,399
<u>FUND BALANCES (DEFICIT)</u>					
Nonspendable	\$ 319,063	\$ 303,642	\$ 305,532	\$ 336,012	\$ 339,500
Committed	--	--	--	6,500,000	7,600,000
Unassigned	1,086,748	711,630	5,423,879	3,500,897	4,422,648
TOTAL FUND BALANCES (DEFICIT)	\$ 1,405,811	\$ 1,015,272	\$ 5,729,411	\$ 10,336,909	\$ 12,362,148
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,082,268	\$ 5,805,487	\$ 11,782,897	\$ 16,309,370	\$ 18,024,596

Source: School District Annual Financial Reports

TABLE 4

AMBRIDGE AREA SCHOOL DISTRICT SUMMARY OF CHANGES IN FUND BALANCE

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning Fund Balance (Deficit)	\$ 918,098	\$ 1,405,811	\$ 1,015,272	\$ 5,729,411	\$ 10,336,909
Net Change in Fund Balances	487,713	-390,539	4,714,139	4,607,498	2,025,239
Ending Fund Balance (Deficit)	\$ 1,405,811	\$ 1,015,272	\$ 5,729,411	\$ 10,336,909	\$ 12,362,148

Source: School District Annual Financial Reports

REVENUE

The School District received \$54,767,347 in revenue during 2023-24 and has budgeted for \$51,978,102 in 2024-25.

TABLE 5

AMBRIDGE AREA SCHOOL DISTRICT SUMMARY OF GENERAL FUND REVENUES AND EXPENDITURES

Revenues	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Local Sources	\$ 28,531,675	\$ 26,451,988	\$ 26,469,833	\$ 27,473,133	\$ 28,519,140
State Sources	21,193,211	20,994,673	21,523,811	22,700,370	23,975,504
Federal Sources	852,981	1,724,472	4,493,201	3,986,112	2,269,703
Total Revenues	\$ 50,577,867	\$ 49,171,133	\$ 52,486,845	\$ 54,159,615	\$ 54,764,347
Expenditures					
Instruction	\$ 30,253,850	\$ 30,390,929	\$ 29,722,606	\$ 29,740,175	\$ 30,620,648
Support Services	13,246,346	12,365,967	12,625,045	13,187,408	13,392,463
Noninstructional Services	838,578	793,939	799,519	910,690	926,957
Capital Outlay	273,347	-	-	-	1,851,841
Debt Service (Principal & Interest)	5,760,311	6,028,347	4,942,853	6,017,751	6,019,309
Refund of Prior Year Receipts	14,321	-	117,451	-	17,890
Total Expenditures	\$ 50,386,753	\$ 49,579,182	\$ 48,207,474	\$ 49,856,024	\$ 52,829,108
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 191,114	\$ (408,049)	\$ 4,279,371	\$ 4,303,591	\$ 1,935,239
Other Financing Sources (Uses)					
Issuance of Capital Lease	\$ 283,099	\$ -	\$ -	\$ -	\$ -
Sale/Compensation for Fixed Assets	13,500	17,510	17,500	272,990	90,000
Proceeds from Financing Agreements	-	-	417,268	-	-
Leases & Other Right to Use Arrangements	-	-	-	30,917	-
Total Other Financing Sources (Uses)	\$ 296,599	\$ 17,510	\$ 434,768	\$ 303,907	\$ 90,000
Net Change in Fund Balances	487,713	(390,539)	4,714,139	4,607,498	2,025,239
Fund Balances (Deficit) Beginning of Year	918,098	1,405,811	1,015,272	5,729,411	10,336,909
Fund Balances (Deficit) End of Year	\$ 1,405,811	\$ 1,015,272	\$ 5,729,411	\$ 10,336,909	\$ 12,362,148

Source: School District Annual Financial Reports

**AMBRIDGE AREA SCHOOL DISTRICT
GENERAL FUND BUDGET SUMMARY FOR THE
FISCAL YEARS ENDING 06/30/2025 AND 06/30/2026**

	<u>2024-25</u>	<u>2025-26</u>
Estimated Beginning Fund Balance – Nonspendable	-	-
Estimated Beginning Fund Balance – Assigned	-	-
Estimated Beginning Fund Balance – Unassigned	<u>\$ 10,061,377</u>	<u>\$ 11,091,013</u>
 Total Estimated Beginning Unreserved Fund Balance Available For Appropriation and Reserves Scheduled for Liquidation During The Fiscal Year	 <u>\$ 10,061,377</u>	 <u>\$ 11,091,013</u>
 ESTIMATED REVENES AND OTHER FINANCING SOURCES		
Revenues from Local Sources	\$ 26,552,675	\$ 27,754,956
Revenues from State Sources	23,599,008	24,697,255
Revenues from Federal Sources	1,806,419	1,193,514
Other Financing Sources	<u>20,000</u>	<u>-</u>
Total Estimated Revenues and Other Financing Sources	<u>\$ 51,978,102</u>	<u>\$ 53,645,725</u>
 Total Estimated Fund Balance, Revenues & Other Financing Sources Available for Appropriation	 <u>\$ 62,039,479</u>	 <u>\$ 64,736,738</u>
 ESTIMATED EXPENDITURES AND OTHER FINANCING USES		
Instruction	\$ 34,258,443	\$ 36,017,800
Support Services	18,002,248	19,355,278
Operation of Noninstructional Services	1,038,744	1,285,798
Facilities Acquisition, Construction and Improvement Services	<u>172,500</u>	<u>2,047,048</u>
Total Estimated Expenditures	<u>\$ 53,471,935</u>	<u>\$ 58,705,924</u>
 Other Expenditures and Financing Uses		
Debt Service / Other Expenditures and Financing Uses	\$ 5,856,403	\$ 5,873,814
Transfers Out	107,000	107,000
Budgetary Reserve	<u>50,000</u>	<u>50,000</u>
Total Other Expenditures and Other Financing Uses	<u>\$ 6,013,403</u>	<u>\$ 6,030,814</u>
 Total Estimated Expenditures and Other Financing Uses	 <u>\$ 59,485,339</u>	 <u>\$ 64,736,738</u>
 Total Estimated Ending Fund Balance	 \$ 2,554,140	 \$ 0

Source: Ambridge Area School District General Fund Budgets for 2025 and 2026 Fiscal Years.

TAXING POWERS AND LIMITS

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see “**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS – The Taxpayer Relief Act, as Amended (Act 1)**” herein), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An *ad valorem* tax on all 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 ad valorem tax on the property taxable for school purposes to provide funds:
 - a) for minimum salaries and increments for the teaching and supervisory staff;
 - b) to pay rentals due any municipal authority, or non-profit corporation, or due the State Public School Building Authority;
 - c) to pay interest and principal on any indebtedness incurred under the 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 bonds to finance construction of school facilities, if issued prior to the first Monday in July, 1959.
3. An annual per capita tax on each resident over eighteen years old 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 by Act 32 of 2008, enacted July 2, 2008 (53 P.S. §6924.101) the (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

The Taxpayer Relief Act, as Amended (Act 1)

Pennsylvania Act No. 1 of the Special Session of 2006 (the “Act 1”), which became effective June 27, 2006 provides, *inter alia*, that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 fiscal year, raise the rate of any earned income and net profits tax, if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions provided below. On June 30, 2011, the General Assembly adopted legislation (Act 25 of 2011) amending Act 1, eliminating several exceptions previously permitted under Act 1 and providing for the rescission of certain prior approved referendum exceptions for disaster/emergency costs, implementation of a court order, school construction and non-academic school construction (effective after the last payment of principal and interest on debt incurred to finance same). (Act 1, together with Act 25 of 2011, will hereinafter be referred to as the “Taxpayer Relief Act”).

The exceptions contained in Act 1 are:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and

3. to make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

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

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

The Indexes applicable to the School District in the current and previous fiscal years are as follows:

Fiscal Year (ending June 30)	Applicable Index
2025-26	5.3%
2024-25	7.2%
2023-24	5.5%
2022-23	4.6%
2021-22	4.0%
2020-21	3.5%
2019-20	3.1%
2018-19	3.3%
2017-18	3.4%

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

Status of the Bonds Under Act 1 – The Bonds are Not Eligible for Act 1 Exception

The debt evidenced by the Bonds constitutes indebtedness incurred after the effective date of Act 1 and, therefore, no exception to the referendum requirement is expected for new taxes to pay the debt service on the Bonds if a tax increase greater than the index is required.

THE SUMMARY OF ACT 1, AS AMENDED, IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OR A LEGAL REPRESENTATION THEREOF, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1, AS AMENDED, AS PART OF ANY DECISION TO PURCHASE THE BONDS.

Act 130 of 2008

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district implemented a personal income tax in accordance with Act 1, an increased personal income tax, in a revenue neutral manner. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place a binding referendum question on the ballot at a general or municipal election for approval by the voters.

The School District has not placed a referendum question on the ballot.

Legislation Limiting Unreserved Fund Balances

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

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

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

SET FORTH IN THE TWO IMMEDIATELY PRECEDING TWO SUBSECTIONS ARE SUMMARIES OF PORTIONS OF ACT 130 OF 2008 AND ACT 48 OF 2003. THESE SUMMARIES ARE NOT INTENDED TO BE EXHAUSTIVE DISCUSSIONS OF THE PROVISIONS OF ACT 130 OF 2008 OR ACT 48 OF 2003 NOR A LEGAL INTERPRETATION OF ANY PROVISIONS THEREOF. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 130 OF 2008 AND ACT 48 OF 2003 AND CONSULT WITH HIS OR HER ATTORNEY AND/OR TAX ADVISOR AS PART OF ANY DECISION TO PURCHASE THE BONDS.

Tax Levy Trends

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

TABLE 6

AMBRIDGE AREA SCHOOL DISTRICT TAX RATES

	Real Estate	Per Capita	Realty	Earned Income
	(Mills)	Code	Transfer	Tax
	(Mills)	(Dollars)	(Percent)	(Mills)
2020-21	75.8610	5	0.5	0.5
2021-22	83.4709	5	0.5	0.5
2022-23	83.4709	5	0.5	0.5
2023-24	83.4709	5	0.5	0.5
2024-25*	11.9482	5	0.5	0.5
2025-26	11.9482	5	0.5	0.5

* Reduction in millage due to County wide reassessment

Source: Pennsylvania Department of Community & Economic Development.

TABLE 7

AMBRIDGE AREA SCHOOL DISTRICT COMPARATIVE REAL PROPERTY TAX RATES (Mills on Assessed Value)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
School District	75.861	83.4709	83.4709	11.9482	11.9482
Ambridge Borough	34.500	34.500	34.500	6.500	7.500
Baden Borough	29.500	29.500	31.500	5.000	6.000
Economy Borough	13.500	13.500	16.000	2.260	2.260
Harmony Township	30.000	30.000	30.000	4.835	4.835
South Heights Borough	23.500	24.500	26.000	4.500	4.500
Beaver County	26.000	26.000	26.000	3.67	3.670

Source: Pennsylvania Department of Community & Economic Development.

Real Property Tax

Tables 8 through 13 summarize recent trends of assessed and market valuations of real property and real property tax collection data.

TABLE 8

**AMBRIDGE AREA SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

Fiscal Year	Total Flat Billing	Total Adjusted Flat Billing	Current Year Collections (July-June)	Percentage of Total Adjusted Flat Billing	Total Current Plus Delinquent Collections	Total Collections As % of Total Billing
2017-18	22,294,710	22,294,710	19,745,235	88.56%	21,107,048	94.67%
2018-19	22,957,043	22,957,043	20,157,474	87.81%	21,682,767	94.45%
2019-20	23,922,476	23,922,476	20,849,660	87.16%	24,099,793	100.74%
2020-21	23,653,446	23,653,446	21,116,039	89.27%	22,043,907	93.20%
2021-22	23,653,446	23,653,446	20,980,868	88.70%	21,374,552	90.37%
2022-23	23,653,446	23,653,446	20,727,345	87.63%	21,536,667	91.05%
2023-24	24,367,708	24,367,708	20,803,535	85.37%	21,946,815	90.07%
2024-25	23,643,314	23,643,314	20,782,660	87.90%	22,162,740	93.74%

Source: School District Officials.

TABLE 9

**AMBRIDGE AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2018	\$ 5,507,830,782	\$ 1,009,738,830	26.47%
2019	5,531,309,719	1,013,177,370	26.63%
2020	5,527,329,349	6,971,811,040	24.91%
2021	5,535,310,966	6,964,058,560	24.89%
2022	1,230,813,522	281,847,768	22.90%
2023	1,237,987,626	283,243,278	22.77%
2024	1,658,457,966	2,001,777,860	120.70%

Source: Pennsylvania State Tax Equalization Board.

TABLE 10

**AMBRIDGE AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY/COUNTY**

Municipality	2023 Market Value	2023 Assessed Value	2024 Market Value	2024 Assessed Value
Ambridge Borough	\$182,306,886	\$58,142,819	\$264,277,983	\$342,179,940
Baden Borough	145,298,891	36,578,415	201,140,901	247,944,980
Economy Borough	711,879,876	142,313,079	934,507,958	1,101,293,500
Harmony Township	181,900,147	41,731,129	231,445,125	283,522,110
South Heights Borough	16,601,826	4,477,836	27,058,999	26,837,330
Beaver County	9,760,323,758	2,219,055,366	13,763,152,422	15,613,188,680

Source: Pennsylvania State Tax Equalization Board.

TABLE 11

**AMBRIDGE AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	\$235,617,069	\$231,659,071	\$235,711,623	\$236,399,507	\$1,654,835,780
Trailers	864,350	1,654,750	1,661,600	1,709,700	8,828,600
Lots	2,612,304	2,710,034	2,622,818	2,588,324	41,133,170
Industrial	9,953,662	8,639,775	9,069,675	9,074,075	72,151,600
Commercial	32,907,265	31,481,090	27,435,887	28,135,537	219,441,750
Agriculture	792,375	5,289,690	4,776,855	4,776,855	5,348,520
Oil/Gas/Min	2,300	3,500	3,500	3,500	15,300
Land	624,235	573,895	565,810	555,780	23,140
Total	<u>\$283,373,560</u>	<u>\$282,011,805</u>	<u>\$281,847,768</u>	<u>\$283,243,278</u>	<u>\$2,001,777,860</u>

Source: Pennsylvania State Tax Equalization Board.

The largest real property taxpayers with 2025 assessed values, are shown in Table 12. The aggregate assessed value of these taxpayers totals approximately 4.58% of total taxable assessed value.

TABLE 12

**AMBRIDGE AREA SCHOOL DISTRICT
LARGEST REAL PROPERTY TAXPAYERS**

Owner	Property	2025 Assessed Value	% of Assessed Value
Value Ambridge Associates	2301 Duss Ave Ste#1	\$ 15,679,500	0.78%
Wal-Mart Real Estate*	PO BOX 8050 MS 0555	\$ 13,404,700	0.67%
Anthony Wayne Terrace	300 Harmony Road	\$ 10,783,000	0.54%
Sippel Industries LLC	21 Century Drive	\$ 10,164,500	0.51%
Metals USA Plates AND	81 Century Drive	\$ 7,599,700	0.38%
Broadstone JTR Portfolio	227 W Monroe Street 27th FL	\$ 7,592,500	0.38%
PZ Northern Limited	630 5th Ave Suite 2820	\$ 6,997,800	0.35%
Koppel Steel Corporation	2225 Duss Ave	\$ 6,919,500	0.35%
RKW Real Estate	2516 Duss Ave	\$ 6,299,100	0.31%
BC Capital Partners LLC	912 2 nd Street	\$ 6,204,400	0.31%
Total		\$ 91,644,700	4.58%

Source: School District Officials.

*Administrative professionals and legal counsel are actively following the appeal board decisions for 2026 in order to understand their potential impact on the financial affairs of the School District, and are prepared to make necessary adjustments to tax levies and operations to account for the same. Similarly, the School District has authorized and directed its Solicitor to participate in property-owner initiated litigation for high valued properties. No predictions or assurances can be made as to the final outcome of the pending case, including any appeals of the same, or the ultimate impact of such litigation on the financial affairs and operations of the School District.

Other Taxes

Under Act 511, the School District expects to collect, based on the 2025-26 budget, \$4,203,000 in other taxes. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, and the Earned Income Tax (including net profits), are levied by the School District.

Real Estate Transfer. The School District collects a tax of 0.50% of the value of real estate transfers. It expects to collect, based on the 2025-26 budget \$500,000 approximately 0.93% of School District revenues*.

Earned Income Tax. A tax of one-half of one percent (0.50%) is levied on the earned income of residents. It expects to collect, based on the 2025-26 budget \$3,424,000 or approximately 6.38% of School District revenues*.

* Total 2025-26 estimated revenues \$53,645,725.

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.

The largest subsidy, the basic instructional subsidy, is allocated to all school districts based on (1) the per pupil market value of assessable real property in the school district; (2) the per pupil earned income in the school district; and (3) the school district's tax effort, as compared with the tax effort of other school districts in the Commonwealth. School districts also receive subsidies for special education, pupil transportation, vocational education, health service and debt service.

Commonwealth law presently provides that the School **District** will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (54.79%) or the wealth based Market Value Aid Ratio ("MVAR") currently (63.35%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The debt service on the Bonds is subject to reimbursement by the Commonwealth. The estimated debt service reimbursement is the sum of the project reimbursement (18.66%) multiplied by the MVAR (63.55%) which equates to 11.82%.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contained 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 new moratorium went into effect on May 15, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon reimbursements for applications submitted between July 1, 2017, and November 6, 2017 if the school district voted to proceed with construction and awarded bids on its construction contracts no later than July 1, 2021.

To date, the CFA, has issued \$1,559,680,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the principal amount of \$412,520,000 issued on January 18, 2018 and its Revenue Bonds, Series A of 2019 (Federally Taxable) in the principal amount of \$388,975,000 issued on May 22, 2019. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be provided by PDE as the ability for CFA to issue additional Bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District's anticipated receipt of PlanCon reimbursements.

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

Recently enacted Act 70 of 2019 (approved July 2, 2019) reforms the PlanCon program by, among other things, reducing the number of individual parts to the program, adjusting the reimbursement formulae, providing reimbursement for certain repair and maintenance projects and limiting state reimbursement payments to fixed amount over a twenty-year period. However, the General Assembly did not include PlanCon funding in the 2021-22 fiscal year budget, and so the moratorium on new projects first imposed by Act 25 of 2016 continues to this day. To the extent that Act 70, or any future legislation, contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the School District as of Date of Delivery, assuming the issuance of the Bonds.

TABLE 13
AMBRIDGE AREA SCHOOL DISTRICT
DEBT STATEMENT*
(As of October 2, 2025)

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2025**	\$21,000,000
General Obligation Bonds, Series A of 2021	1,540,000
General Obligation Bonds, Series B of 2021	10,155,000
General Obligation Bonds, Series C of 2017	8,190,000
General Obligation Bonds, Series of 2016	550,000
General Obligation Bonds, Series of 2014***	0
Subtotal	\$41,435,000
Less: Self-Liquidating Debt	0
TOTAL NONELECTORAL DEBT	\$41,435,000
 LEASE RENTAL DEBT	
	\$0
TOTAL LEASE RENTAL DEBT	\$0
 TOTAL PRINCIPAL OF DIRECT DEBT	\$41,435,000

* Includes Bonds issued through this Preliminary Official Statement.

** Estimated

*** Bonds to be refunded through this Preliminary Official Statement

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$41,435,000. After adjustment for available funds and estimated state aid, the local effort of direct debt will total \$_____.

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TABLE 14

**AMBRIDGE AREA SCHOOL DISTRICT
INDEBTEDNESS AND DEBT RATIOS
(As of October 2, 2025)**

		Gross Outstanding	Local Effort or Net of Available Funds and Estimated Commonwealth Aid⁽¹⁾
DIRECT DEBT			
Nonelectoral Debt		\$41,435,000	\$37,013,899
Lease Rental Debt		0	0
TOTAL DIRECT DEBT		\$41,435,000	\$37,013,899
OVERLAPPING DEBT			
Beaver County, General Obligation ⁽²⁾		\$12,770,427	\$12,770,427
Municipal Debt		26,044,215	26,044,215
TOTAL OVERLAPPING DEBT		\$38,814,642	\$38,814,642
TOTAL DIRECT AND OVERLAPPING DEBT		\$80,249,642	\$75,828,541
DEBT RATIOS – TOTAL DIRECT DEBT AND OVERLAPPING DEBT			
Per Capita (2020 Population)	23,545	\$3,408.35	\$3,220.58
Percent 2024 Market Value	\$1,658,457,966	4.84%	4.57%
Percent 2024 Assessed Value	\$2,001,777,860	4.01%	3.79%
(

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

⁽²⁾Pro rata 12.82 percent share of \$99,605,000 principal outstanding. Includes non-electoral and lease rental debt.

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Debt Limit and Remaining Borrowing Capacity

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

	Actual 2022-23	Actual 2023-24	Budgeted 2024-25	TOTAL REVENUE LAST 3 YEARS
TOTAL REVENUES	<u>\$54,159,615</u>	<u>\$54,764,347</u>	<u>\$56,318,408</u>	
State Rental Reimbursements	0	0	0	
Sale/Compensation of Fixed Assets	0	0	0	
Issuance of Debt	<u>0</u>	<u>0</u>	<u>0</u>	
SUB TOTAL	<u>0</u>	<u>0</u>	<u>0</u>	
TOTAL	<u>\$54,159,615</u>	<u>\$54,764,347</u>	<u>\$56,318,408</u>	<u>\$165,242,370</u>
ANNUAL ARITHMETIC AVERAGE (Borrowing Base)				<u>\$55,080,790</u>

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

<u>NET NONELECTORAL DEBT</u>	<u>LEGAL LIMIT</u>	<u>NET DEBT</u>	<u>REMAINING BORROWING CAPACITY</u>
LIMIT: 225% OF BORROWING BASE	<u>\$123,931,778</u>	<u>\$41,435,000</u>	<u>\$82,496,778</u>

*Includes the Bonds offered through this Official Statement and all debt issued pursuant to the Act. Does not reflect credits against gross indebtedness that may be claimed for the portion of principal of debt estimated to be reimbursed by Commonwealth Aid.

Debt Service Requirements

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

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

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

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TABLE 15

**AMBRIDGE AREA SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS AS OF 9/23/2025**

<u>30-Jun</u>	<u>Outstanding</u> <u>Debt</u>	<u>Series of 2025</u>			<u>Total</u> <u>Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2025	\$5,140,962				
2026	5,140,962				
2027	5,144,194				
2028	4,644,773				
2029	4,664,603				
2030	3,996,473				
2031	3,999,701				
2032	3,992,049				
2033	3,986,527				
2034	3,986,654				
2035	3,906,325				
2036	3,946,575				
Total					

*Totals may not add due to rounding.

TABLE 16

**AMBRIDGE AREA SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY STATE AID***

2025-26 Commonwealth Aid Budgeted	\$24,697,255
2025-26 Debt Service Budgeted	\$5,873,814
Maximum Future Debt Service Requirements after Issuance of Bonds	x
Coverage of 2025-26 Debt Service Requirements	4.20 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	x times

*Assumes Current State Aid Ratio. See "Commonwealth Aid to School Districts."

Future Financing

The School District does not anticipate issuing additional non-refunding long-term debt in the next three years.

LABOR RELATIONS

School District Employees

There are presently approximately 266 permanent employees of the School District, including approximately 165 teachers and 13 administrators and approximately 87 support personnel, including secretaries and teaching assistants, cafeteria staff, and custodial and maintenance staff.

The professional/instructional employees of the School District are represented for purposes of collective bargaining by the Ambridge Area Education Association, an affiliate of the Pennsylvania State Education Association (the "PSEA"). The current contract between the School District and the PSEA is in effect from July 2021 through June 2026.

The secretarial support staff and teaching assistants are represented by the Ambridge Educational Support Personnel Association (the "AAESPA") an affiliate of the PSEA. The current collective bargaining agreement is in effect from July, 2021 through July, 2026.

The cafeteria staff are represented by the Ambridge Educational Support Personnel Association – Cafeteria Branch (the "AAESPA – Cafeteria Branch"), an affiliate of the PSEA. The current collective bargaining agreement is in effect from July 1, 2024 through June 30, 2030.

Custodial and maintenance staff are represented by Local 248 – Ambridge Area School Employees, an affiliate of AFSCME – AFL – CIO. The current collective bargaining agreement is in effect from July, 2023 through June 2028.

Pension Program

School Districts in Pennsylvania are required to participate in a statewide pension program administered by the State Public School Employees Retirement System ("PSERS"). All of the School District's full-time employees, part-time employees who work more than 80 days in a school year, and hourly employees who work over 500 hours a year participate in the program.

The PSERS Board of Trustees has set the fiscal year 2025-26 employer retirement contribution at a recertified rate of 34.00% of payroll. Both the School District and the Commonwealth are responsible for paying a portion of the employer's share. Employers are divided into two groups; school entities and non-school entities. School entities are responsible for paying 100 percent of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. Recent School District payments have been as follows:

2017-18.....	5,213,327
2018-19.....	5,358,828
2019-20.....	5,515,673
2020-21.....	5,365,732
2021-22.....	5,253,802
2022-23.....	5,374,947
2023-24	5,105,633
2024-25 (Budgeted)	5,975,510
2025-26 (Budgeted)	5,975,510

The School District is current in all payments. The PSERS complete report if available on the PSERS website on the Internet: www.psers.state.pa.us.

Source: PSERS – Financial Highlights

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide health insurance coverage for current and future retired employees. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009.

The School District annually appropriates funds to meet its obligation to pay such benefits on a "pay-as-you-go" basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years. In the fiscal year ended June 30, 2024, the School District's OPEB cost was approximately \$912,716.

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 disclaims 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 and the suitability of investing in the Bonds in light of their particular, individual, circumstances. Prospective purchasers should evaluate their ability bear the risk of a loss from an investment in the Bonds and should carefully consider, among other things, the matters described below, as well as the information within this entire Official Statement.

Economic Factors Affecting the Financial Condition of the School District

Changes in current economic conditions, on local, regional and national levels, could adversely affect the School District's operating revenues and expenses and, consequently, the School District's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closures or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the School District; decreases in real estate tax collections; future contract negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of special education or the costs of other physical or mental health care mandated by the Commonwealth or federal government; loss or reduction of State and federal subsidies and reimbursements for operating and capital costs; delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth's budget, as the same may effect School District revenues or the timely payment thereof. For further information regarding recent Commonwealth budget experiences. See **"COMMONWEALTH AID TO SCHOOL DISTRICTS – Current Lack of State Appropriations for Debt Service"** and **"SECURITY FOR THE BONDS" – Pennsylvania Budget Adoption**.

State Intercept Procedures and Timing

The successful operation of the Intercept Agreement depends on the performance of certain administrative actions and the availability of adequate appropriations which can be withheld for payment or the successful operation of the provisions of the Fiscal Code added by Act 85 applicable in the case of a Commonwealth budget impasse.

In addition to the Intercept Agreement, the School District is a party to intercept agreements with the Commonwealth relating to certain other of its general obligation bonds and notes. It is expected that such intercept agreements will be administered consistent with the rights of the related paying agents under such intercept agreements and any other intercept agreement which may apply to the School District's debt obligations in the future. There can be no assurance that the Commonwealth appropriations due the School District will be equal to or greater than the amounts due under the Intercept Agreement or the other intercept agreement, or that payments of the same made will be made by the date on which payments are due to the Bondholders.

Uncertainty of Tax Revenues

There is no guaranty that the School District will realize sufficient revenues through its taxing and other revenue generating powers to make full and timely payment of the debt service on the Bonds. The School District's ability to increase its rates of taxation is limited by the provisions of Act 1. (See "**TAXING POWERS AND LIMITS**" and "**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS—The Taxpayer Relief Act, as Amended (Act 1)**" herein).

However, the School District has never defaulted on the payment of principal of or interest on any general obligation debt or any tax anticipation note issues.

Enforcement of Remedies; Public Education Duties

Enforcement of a claim for payment of principal of and interest on the Bonds may be subject to the provisions of laws enacted by the United States or the Commonwealth, or the case law developed by competent courts applying general principles of equity, all of which could extend the time for payment or impose other constraints upon enforcement.

School District officials are generally charged with the duty of providing for the education, safety, and general welfare of their students. Confronted with a choice between providing education services to its students or funding other obligations like debt service on the Bonds, there is a risk that such official might choose to provide educational services to its students from its limited funds available before it pays its other obligations. Bond purchasers should consider this risk carefully.

Actions in The Event of Default

In the event the School District defaults in the payment of the principal of or the interest on the Bonds after the same shall come due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Debt Act provides that the holders of 25% in aggregate principal amount of such Bonds then outstanding may, upon appropriate action, appoint a trustee to represent the Bond purchasers. The trustee may, and upon request of the holders of 25% in principal amount of such Bonds then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Bond purchasers as is more specifically set forth in the Debt Act. Such representation by the trustee shall be exclusive.

Financial Distress/Bankruptcy

In the event of financial distress, Pennsylvania school districts are subject to State oversight under the provisions of Act 141 of 2012. Pursuant to the provisions of Act 141, if a school district is declared in "financial recovery status," a chief recovery officer is appointed, serves at the pleasure of the Secretary of Education, and is compensated by the PDE. The chief recovery officer is appointed to develop, implement, and administer a financial recovery plan for the school district, coordinate PDE's provision of technical assistance to the school district, attend regular and executive sessions of the school district's board of school directors; and meet at least monthly with an advisory committee which is also established pursuant to the provisions of Act 141. Chief recovery officers are afforded wide discretion by state courts in developing and implementing financial plans.

The chief recovery officer is required to develop a financial recovery plan for a school district in financial recovery status within 90 days of appointment, subject to extension by PDE. The school board must approve the financial recovery plan, which is subject to final approval by PDE. The financial recovery plan must provide for the payment of lawful financial obligations of the school district and may include, among other things, recommendations for balancing the budget through tax or fee changes, and for enhancing the ability of the school district to negotiate new debt.

Following PDE's approval of the financial recovery plan, the chief recovery officer is required to oversee implementation of the plan by "directly controlling the implementation process," including directing employees and elected or appointed officials of the school district to take or refrain from taking certain actions. The school board is

required to comply with all directives of the chief recovery officer and may take no action that is inconsistent with the plan, not specifically identified in the recovery plan or not directed by the chief recovery officer as necessary to implement the plan. If the school board fails to comply with the foregoing, the school district shall be subject to the appointment of a receiver pursuant to the School Code.

Any receiver is required to assume the powers and duties of the chief recovery officer and the board of school directors and shall have the powers and duties to implement the financial recovery plan including the power to direct the board of school directors to levy and raise taxes. A receiver, however, may not unilaterally levy or raise taxes or unilaterally abrogate, alter, or otherwise interfere with a lien, charge, covenant, or relative priority held by a holder of a debt obligation of a school district. Section 672-(Ac)(3) of Article VI-A of the Public School Code further provides that nothing in the financial recovery provisions of such article or financial recovery plan shall be construed to authorize a receiver to "unilaterally impair or modify existing bonds, notes, school district securities or other lawful contractual or legal obligations of the school district, except as otherwise ordered by a court of competent jurisdiction or as provided in Section 642-A(a)(3)" of Article VI-A of the Public School Code which authorizes the receiver to "cancel or renegotiate any contract to which the board of school directors or the school district is a party, if the cancellation or renegotiation of contract will effect needed economies in the operation of the district's schools." Collective bargaining agreements are, however, specifically exempted from such clause.

Owing to the existence of Act 141, the Commonwealth of Pennsylvania has *not* authorized Pennsylvania school districts to utilize Chapter 9 of the Bankruptcy Code, and so the rights and remedies of Bond purchasers with respect to the School District's obligations are *not* subject to the provisions of the U.S. Bankruptcy Code under current Pennsylvania law. If Pennsylvania law were to change on this issue, and the School District were to file for bankruptcy, Bond purchasers could become subject to the provisions of Chapter 9, and the remedies provided under the Debt Act might not be available to Bond purchasers. For instance, although the Bonds represent a general obligation indebtedness of the School District, for which it has pledged its full faith, credit and all available taxing power, some judicial decisions have held that general obligation indebtedness constitutes an unsecured obligation of the debtor, with a correspondingly lower priority for payment and satisfaction, in the event of bankruptcy. In such an event, holders of the Bonds should not expect to receive any payment of debt service prior to confirmation of a plan of adjustment or dismissal of the case. Moreover, holders of the Bonds, as unsecured creditors, generally would not be entitled to a claim for interest accruing during the pendency of the proceeding.

No Assurance of Secondary Market for the Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. It is not the present practice of the Underwriter to make a secondary market in the bond issues for which it serves as Underwriter. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price.

Risk of Audit by the 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. Neither the School District, the Underwriter nor 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.

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 not been the subject of a cybersecurity breach that has had a material adverse impact on the operations or financial condition of the School District.

The School District has measurers in place to respond to and mitigate cybersecurity incidents. 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 paying agent, 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 Undertaking.

LITIGATION

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

DEFAULTS AND REMEDIES

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

TAX MATTERS

State Tax Matters

In the opinion of Bond Counsel, the Bonds, and the interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania. The residence of a holder of a Bond in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such other state or its political subdivisions based on the interest or other income from the Bonds.

Federal Income Tax Matters

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including for this purpose, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and accrued value) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of Federal alternative minimum taxes on individuals.

Original Issue Discount

The Bonds that mature on _____ and on _____ (collectively, the "Tax-Exempt Discount Bonds") are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (par) over the price to the public at which a substantial amount of bonds of the same maturity are sold pursuant to the initial offering. Under the Code, OID on each Tax-Exempt Discount Bond will accrue over its term and the amount of accretion will be based on the yield to maturity, compounded semi-annually. The amount of OID that accrues during each semi-annual period will do so ratably within that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its initial offering price, the portion of OID that accrues during the period that such purchaser owns such Bond is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as interest, which is excludable from gross income for federal income tax purposes.

Holders of Tax-Exempt Discount Bonds should consult their own tax advisors as to the effect of OID with respect to their federal tax liability.

Original Issue Premium

The Bonds that mature on _____ and on _____ (collectively, the "Tax-Exempt Premium Bonds") are being offered and sold to the public at an original issue premium ("OIP"). An amount equal to the excess of the issue price of a Tax-Exempt Premium Bond over its stated redemption price at maturity constitutes OIP on such Tax-Exempt Premium Bond. An initial purchaser of a Tax-Exempt Premium Bond must amortize any OIP over such Tax-Exempt Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, by amortizing the OIP to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As OIP is amortized, the amount of the amortization decreases the

purchaser's basis in such Tax-Exempt Premium Bond resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Tax-Exempt Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Tax-Exempt Premium Bonds should consult with their tax advisors with respect to the determination and treatment of OIP for federal income tax purposes and with respect to the state and local tax consequences of owning a Tax-Exempt Premium Bond.

Interest Expense Deductions for Financial Institutions

Under Section 265 of the Code, financial institutions are denied any deduction for interest expenses that are allocable, by a formula, to tax-exempt obligations acquired after August 7, 1986. An exception, which permits a deduction for 80% of such interest expenses, is provided in respect of certain tax-exempt obligations issued by a qualified issuer that specifically designates such obligations as "qualified tax-exempt obligations" under Section 265 of the Code.

The School District has NOT designated the Bonds as "qualified tax-exempt obligations" for the purposes and effect contemplated by Section 265 of the Code.

Continuing Compliance

The Code imposes various terms, restrictions, conditions and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The School District has covenanted to comply with all such requirements, including non-arbitrage requirements under Section 148 of the Code, which are necessary to ensure that interest on the Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in gross income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with the aforesaid covenants. Moreover, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax-exempt status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Such changes or actions could constitute an exchange or other tax event with respect to the Bonds, which could result in gain or loss to the holder of a Bond, and a consequent tax liability.

Pursuant to its continuing disclosure obligations made pursuant to SEC Rule 15c2-12 (see "Continuing Disclosure Undertaking" herein), the School District may be required to provide notice of such changes or actions, as Material Events under said Rule. However, holders of the Bonds should consult their own tax advisors as to the effect of such changes or actions with respect to their federal tax liability.

Collateral Tax Liabilities

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for Federal and Pennsylvania income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may result in other collateral effects on a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion; each Bondholder or potential Bondholder is urged to consult with its own tax advisors with respect to the effects of purchasing, holding or disposing of the Bonds on its tax liabilities.

Examples of tax consequences for certain taxpayers include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits under Section 86 of the Code, limiting the use of the Earned Income Credit under Section 32 of the Code, limiting the use of the refundable credit for coverage under a qualified health plan under Section 36B of the Code, and denying an interest expense deduction to certain financial institutions under Section 265 of the Code (unless, and in the circumstance when, the Bonds have been designated by the issuer as "qualified tax-exempt obligations").

Change in Law: Adverse Determinations

From time to time, certain legislative proposals may be introduced, or are pending, in the Congress of the United States or the various state legislatures, including some that carry retroactive effective dates, that, if, enacted, could alter or amend the federal and state tax matters described above or affect the market value of the Bonds. No prediction can be made whether or in what form any such proposal or proposals might be enacted into law or whether, if enacted, the same would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") regularly audits tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No prediction can be made whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service may treat the School District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until such time as the audit is concluded, regardless of the ultimate outcome. Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, such as the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bondholder who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or to any Bondholder who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL, STATE AND LOCAL TAX LAWS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE EFFECT ON THEIR FEDERAL, STATE OR LOCAL TAX LIABILITY AND GENERAL FINANCIAL AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") and the Resolution authorizing the issuance of the Bonds, the School District (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will execute and deliver a written continuing disclosure undertaking with respect to the Bonds. See the form of Continuing Disclosure Undertaking (the "Agreement") in Appendix D to this Preliminary Official Statement.

Under the terms of the Agreement, and as reflected in Appendix D, the School District will undertake to file with the Municipal Securities Rulemaking Board (the "MSRB") financial and other information concerning the School District, including notices of certain enumerated events. The School District's obligations with respect to continuing disclosure relative to the Bonds shall terminate upon the prior redemption or payment in full of all of the Bonds.

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

The School District acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners 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 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 "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>.

RATING

Moody's Investor's Service, Inc. has assigned their municipal bond rating of "Aa3" to the Bonds. An explanation of the significance of such rating may be obtained only from the rating agency furnishing the same. There is no assurance that any such rating will be in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated has agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate price of \$_____, (which represents the par amount of the Bonds, less underwriter's discount of \$_____, plus net original issue premium of \$_____.) The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds 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.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School District.

LEGAL OPINION

The issuance and delivery of the Bonds is subject to the unqualified approving legal opinion of Dinsmore & Shohl, LLP, Bond Counsel of Pittsburgh, Pennsylvania, Bond Counsel, and to the delivery at settlement of a certificate that there is no litigation pending affecting the validity of the Bonds. Certain legal matters will be passed upon for the School District by Weiss Burkardt Kramer, LLC, Pittsburgh, Pennsylvania, School District Solicitor. Certain legal matters will be passed upon for the Underwriter by Bruce E. Dice & Associates, P.C. Pittsburgh, Pennsylvania, Counsel to the Underwriter.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinions.

MISCELLANEOUS

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

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

AMBRIDGE AREA SCHOOL DISTRICT
Beaver County, Pennsylvania

By: /s/
President, Board of School Directors

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APPENDIX A

Demographic and Economic Information Relating to Ambridge Area School District

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Population

Table A-1 shows recent population trends for the School District, Beaver County, and the Commonwealth of Pennsylvania. Table A-2 shows 2010 age composition and average number of persons per household in Beaver County and for the Commonwealth. Average household size was slightly larger than the statewide average.

TABLE A-1
RECENT POPULATION TRENDS

<u>Geographic Area</u>	<u>2010</u>	<u>2020</u>	<u>Percentage Change</u>
Ambridge Borough	7,050	6,972	-1.11%
Baden Borough	4,135	3,904	-5.59%
Economy Borough	8,970	9,098	1.43%
Harmony Township	3,197	3,187	-0.31%
South Heights Borough	475	384	-19.16%
School District	23,827	23,545	-1.18%
Beaver County	170,539	168,215	-1.36%
Pennsylvania	12,702,379	13,002,700	2.36%

Source: U.S. Bureau of the Census 2020

TABLE A-2
AGE COMPOSITION

<u>Geographic Area</u>	<u>Under 5 Years Old</u>	<u>Under 18 Years Old</u>	<u>Over 65 Years Old</u>
Beaver County	4.70%	19.20%	22.90%
Pennsylvania	5.20%	20.20%	19.60%

Source: U.S Bureau of the Census 2020

Table A-3 shows recent trends in labor force, employment, and unemployment for Beaver County and the Commonwealth.

TABLE A-3

RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>
Beaver County						
Civilian Labor Force	82.8	82.0	82.7	82.5	83.1	82.9
Employment	73.3	75.7	78.2	79.6	79.8	79.2
Unemployment	9.5	6.3	4.5	2.9	3.2	3.7
Unemployment Rate	11.50%	7.70%	5.40%	3.52%	3.90%	4.40%
Pennsylvania						
Civilian Labor Force (000)	6,483	6,406	6,442	6,558	6,577	6,592
Employment (000)	5,894	5,999	6,217	6,338	6,337	6,291
Unemployment (000)	589	407	268	240	239	301
Unemployment Rate	9.10%	6.30%	3.50%	3.35%	3.60%	4.60%

Source: Pennsylvania State Employment Service: www.paworkstats.state.pa.us

(1) As of July 2025.

Leading Employers

The largest employers located within Ambridge Area School District include:

<u>Name</u>
IPSCO Koppel Tubulars LLC
Walmart Associates
Ambridge Area School District
RJ Rhodes Transit Inc.
Concordian At Villa St Joseph
Sippel Co Inc.
Sukup Steel Structures LLC

Source: Ambridge Areas Economic Development Corporation website/data center

Income

The data in Table A-4 shows recent trends in per capita income for the School District, Beaver County, and the Commonwealth over the 2010-2021 period. Per capita income in the School District is higher than average per capita income in Beaver County and the Commonwealth.

TABLE A-4

RECENT TRENDS IN PER CAPITA INCOME*

<u>Geographic Area</u>	<u>2010</u>	<u>2019-23</u>	Percentage Change <u>2010-2023</u>
Beaver County	25,180	39,805	58.08%
Pennsylvania	27,774	43,104	55.20%

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

Source: Census Quickfacts.

Medical Facilities

Heritage Valley Health System was formed in 1996 from the merger of The Medical Center of Beaver County and Sewickley Valley Hospital (which, although located in Allegheny County, serves the southern part of Beaver County). Heritage Valley Health System is a 689-bed teaching facility and serves the majority of Beaver County residents. Skilled and intermediate level nursing is available in the 676-bed Friendship Ridge which is located near Heritage Valley.

Transportation

The County is traversed by several major highways including the Pennsylvania Turnpike and the Pittsburgh/Beaver Valley Expressway (PA Route 60). The Beaver County Airport, located in Chippewa Township, provides facilities for private and U.S. Air Force aircraft, while the Pittsburgh International Airport provides commercial service for approximately 20,000,000 passengers per year. Railroad transportation within the County is provided by the Consolidated Rail Corporation. The Conway Yards complex of the Consolidated Rail Corporation, located in Conway Borough in the County, is an extensive automated railway yard.

Education Facilities

The area is served by several colleges within the County, including the Beaver Campus of Penn State University and Beaver County Community College, both two-year colleges and Geneva College, a four-year college located in Beaver Falls, Pennsylvania. Trinity Episcopal School of Ministry, a 3-year Masters Program, is located in Ambridge, and Slippery Rock University is located in adjacent Butler County. Major colleges and universities located in Pittsburgh are within 30 to 60 minutes of automobile travel time from all Beaver County locations.

Recreation

Beaver County owns and operates four parks which provide more than 5,000 acres of open space for various outdoor recreational activities including boating, swimming, all-weather tennis courts, ice arena and regatta facilities. Also located in Beaver County is Pennsylvania's fifth largest state park, Raccoon Creek State Park, which encompasses more than 7,900 acres including a 100-acre lake.

Cultural institutions in Beaver County include the Merrick Art Gallery and the Broadhead Cultural Center. The Merrick Gallery, established in 1880, maintains a permanent exhibit of over 200 nineteenth century paintings by European and American artists. The Broadhead Cultural Center, which is located on a seven-acre site adjacent to the Beaver Campus of Penn State University, is a cooperative effort between the University and the local community. The Center's functional facilities include an amphitheater, pavilion, exhibit areas, gazebo and museum.

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APPENDIX B

**Audited Financial Statement
For Year Ended June 30, 2024**

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**Ambridge Area School District
Financial Statements
June 30, 2024**



CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Members of the Board
Ambridge Area School District
Ambridge, Pennsylvania

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with 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. 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 Ambridge Area School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Ambridge Area School 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ambridge Area School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, post-employment benefit information and pension information as shown in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of 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 Ambridge Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2025, on our consideration of Ambridge Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ambridge Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ambridge Area School District's internal control over financial reporting and compliance.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 4, 2025

Ambridge Area School District
Management's Discussion and Analysis
June 30, 2024

The discussion and analysis of Ambridge Area School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should review the transmittal letter, the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

Financial Highlights

Key financial highlights for 2023-2024 are as follows:

Total Governmental activities revenues were \$54,705,231. General revenues accounted for \$40,689,329 or 76% of all revenues. Program revenues in the form of charges for services and operating and capital grants and contributions accounted for \$13,019,387 or 24% of total revenues. The School District had \$46,331,749 in expenses related to governmental activities. The unassigned fund balance of the general fund increased from \$3,500,897 to \$4,422,648 and the assigned fund balance increased to \$1,100,000. This increase is related to fiscal spending and federal revenues above what was budgeted. The School District's total governmental activities, liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources as of June 30, 2023 by \$31,260,945 (net position deficit). The was an increase of \$8,383,482 over June 30,2023.

Using the Annual Financial Report

The Annual Financial Report consists of a financial section and a single audit section which is issued to comply with federal guidelines as required in the Government Auditing Standards and the Uniform Grant Guidance. Within the financial section are the management's discussion and analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Ambridge Area School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Government-Wide Financial Statements

There are two government-wide financial statements presented in this report. The first is a statement of net position and the second, a statement of activities. These government-wide financial statements present, as their name suggests, aggregated information for the overall School District; they do not display individual fund or fund types. They do not include activities reported in fiduciary funds since those activities are reported only in the fund financial statements.

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Statement of Net Position - This statement follows a balance sheet format where the difference between assets and liabilities is labeled "net position" which are displayed in three components called "investment in capital assets, net of related debt", "restricted", and "unrestricted".

Statement of Activities - This statement reports the expenses, net of program revenue, of the government's individual functions, most commonly by function, which groups related activities that are aimed at accomplishing a major service. An additional component included in this statement is the reporting of depreciation expense for capital assets in a function's direct expense if the depreciation is specifically identifiable with the function.

Fund Financial Statements

The School District will report governmental, proprietary, and fiduciary fund activity as they have in the past. The governmental fund types found in this report include the general fund and capital projects fund. Proprietary funds include the food service fund. Activity and custodial funds are found under the fiduciary fund definition.

The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements. The governmental funds statements tell how general School 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 School District operates like a business. For Ambridge Area School District, this is our food service fund. Fiduciary fund statements provide information about financial relationships where the School District acts solely as a trustee or custodian for the benefit of others, to whom the resources in question belong.

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

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

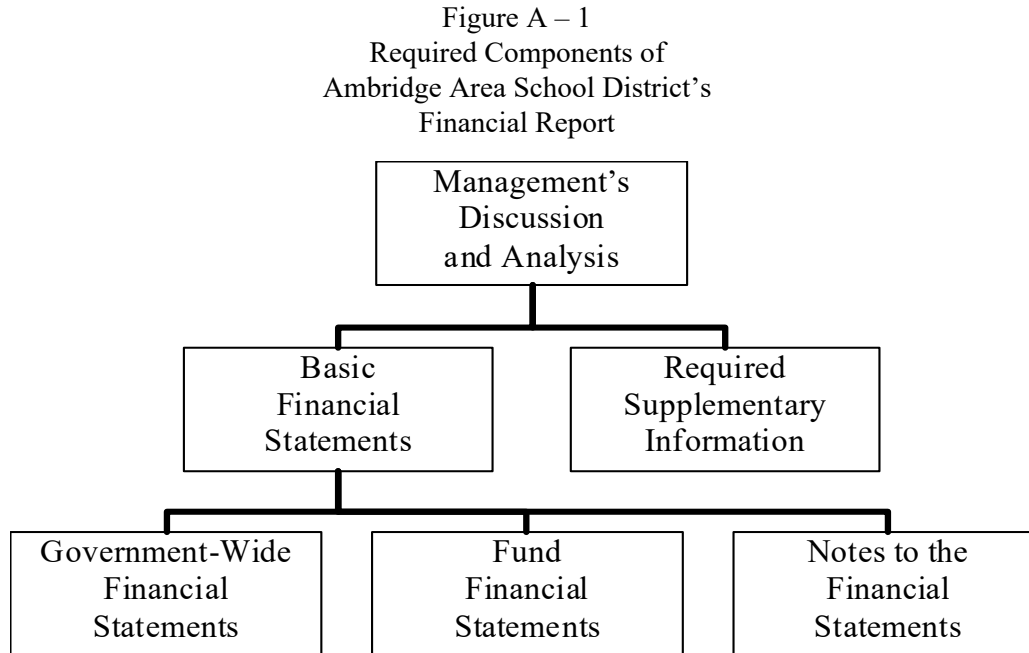


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents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

**Ambridge Area School District
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Figure A – 2
Major Features of Ambridge Area School District's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services	Activities the School District operates similar to private business - food services	Instances in which the School District is the trustee or agent to someone else's resources
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 focus
Type of asset/liability information	All assets and liabilities, 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 liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of in-flow/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 the year, regardless of when cash is received or paid

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Overview of Financial Statements

Government-Wide Statements

The government-wide statements report information about Ambridge Area School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. 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 School District's net position and how they have changed from the previous fiscal year. Net position is the difference between the School District's assets and liabilities. This is the main way to measure the School District's current financial health or position.

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

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

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

- **Governmental activities** - All of the School District's basic services are included here, such as instruction, administration and student activities. Property and earned income taxes, state and federal subsidies and local grants finance most of these activities.
- **Business-type activities** - The School District operates a food service operation. Fees charged to staff and students, as well as state and federal funding, are used to cover the costs related to the food service operations.

Fund Financial Statements

The School District's fund financial statements, which begin with Exhibit 3, provide detailed information about the most significant funds - not the School District as a whole. Some funds are required by state law and bond requirements.

Governmental funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School 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 School 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.

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Proprietary funds - These funds are used to account for the School District 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 fees are charged for services, services are generally reported in proprietary funds. The food service fund is the School 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 School District is the trustee, or fiduciary, for custodial funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 10 and the changes in net position on Exhibit 11. We exclude these activities from the School District's other financial statement because the School District cannot use these assets to finance its operations.

Financial Analysis of the School District as a Whole

The School District's total net position was a deficit \$(32,469,999) at June 30, 2024 and a deficit \$(41,159,688) at June 30, 2023.

Table A - 1
Years Ended June 30, 2024 and 2023
Net Position

	2024			2023		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
		Activities			Activities	
Current and Other Assets	\$ 19,513,133	\$ 552,692	\$ 20,065,825	\$ 16,477,592	\$ 1,604,866	\$ 18,082,458
Capital Assets	<u>48,258,604</u>	<u>54,631</u>	<u>48,313,235</u>	<u>49,422,065</u>	<u>68,186</u>	<u>49,490,251</u>
Total Assets	<u>67,771,737</u>	<u>607,323</u>	<u>68,379,060</u>	<u>65,899,657</u>	<u>1,673,052</u>	<u>67,572,709</u>
Deferred Outflows of Resources	<u>8,373,270</u>	<u>236,783</u>	<u>8,610,053</u>	<u>8,258,787</u>	<u>225,677</u>	<u>8,484,464</u>
Current and Other Liabilities	4,588,895	442,875	5,031,770	3,480,612	1,664,915	5,145,527
Noncurrent Liabilities						
Due Within One Year	4,518,764	-	4,518,764	4,443,586	-	4,443,586
Due in More Than One Year	<u>91,494,092</u>	<u>1,457,891</u>	<u>92,951,983</u>	<u>97,066,460</u>	<u>1,541,465</u>	<u>98,607,925</u>
Total Liabilities	<u>100,601,751</u>	<u>1,900,766</u>	<u>102,502,517</u>	<u>104,990,658</u>	<u>3,206,380</u>	<u>108,197,038</u>
Deferred Inflows of Resources	<u>6,804,201</u>	<u>152,394</u>	<u>6,956,595</u>	<u>8,802,213</u>	<u>217,610</u>	<u>9,019,823</u>

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Table A - 1
Years Ended June 30, 2024 and 2023
Net Position

	2024			2023		
	Governmental	Business-		Governmental	Business-	
	Activities	Type		Activities	Type	
		Activities	Totals		Activities	Totals
Net Position						
Net Investment in Capital Assets	(984,169)	54,631	(929,538)	(4,271,978)	68,186	(4,203,792)
Unrestricted	<u>(30,276,776)</u>	<u>(1,263,685)</u>	<u>(31,540,461)</u>	<u>(35,362,449)</u>	<u>(1,593,447)</u>	<u>(36,955,896)</u>
Total Net Position	<u>\$ (31,260,945)</u>	<u>\$ (1,209,054)</u>	<u>\$ (32,469,999)</u>	<u>\$ (39,634,427)</u>	<u>\$ (1,525,261)</u>	<u>\$ (41,159,688)</u>

The results of this year's operation as a whole are reported in the statement of activities. All expenditures are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expenditure categories are represented to determine the final amount of the School District's activities that are supported by other general revenues. The two largest general revenues are the basic education subsidy provided by the Commonwealth of Pennsylvania and the real estate and earned income taxes assessed to the taxpayers of the School District.

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

Table A - 2
Years Ended June 30, 2024 and 2023
Changes in Net Position

	2024			2023		
	Governmental	Business-		Governmental	Business-	
	Activities	Type		Activities	Type	
		Activities	Totals		Activities	Totals
Revenues						
Program Revenues						
Charges for Services	\$ 353,725	\$ 58,388	\$ 412,113	\$ 217,443	\$ 41,264	\$ 258,707
Operating Grants and Contribs.	12,056,389	1,929,736	13,986,125	13,209,029	1,913,602	15,122,631
Capital Grants and Contribs.	609,273	-	609,273	615,558	-	615,558

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Table A - 2
Years Ended June 30, 2024 and 2023
Changes in Net Position

	2024			2023		
	Governmental	Business-		Governmental	Business-	
	Activities	Type	Totals	Activities	Type	Totals
	Activities	Activities		Activities	Activities	
General Revenues						
Property Taxes	21,727,113	-	21,727,113	21,772,333	-	21,772,333
Other Taxes	4,452,965	-	4,452,965	4,182,846	-	4,182,846
Grants, Subsidies and Contribs.						
Unrestricted	14,065,594	-	14,065,594	13,341,097	-	13,341,097
Investment Earnings	1,028,256	89,484	1,117,740	603,068	35,006	638,074
Other	411,916	-	411,916	789,985	-	789,985
Total Revenues	<u>54,705,231</u>	<u>2,077,608</u>	<u>56,782,839</u>	<u>54,731,359</u>	<u>1,989,872</u>	<u>56,721,231</u>
Expenses						
Instruction	30,541,563	-	30,541,563	28,342,982	-	28,342,982
Instructional Student Support	1,913,796	-	1,913,796	2,044,878	-	2,044,878
Admin. and Fin. Support Svcs.	3,880,514	-	3,880,514	3,393,487	-	3,393,487
Operation and Maintenance						
of Plant Services	4,114,060	-	4,114,060	4,255,636	-	4,255,636
Pupil Transportation	3,409,346	-	3,409,346	3,200,096	-	3,200,096
Student Activities	863,812	-	863,812	796,889	-	796,889
Community Services	66,070	-	66,070	82,514	-	82,514
Interest on Long-Term Debt	1,542,588	-	1,542,588	1,695,584	-	1,695,584
Food Service	-	1,761,401	1,761,401	-	1,753,084	1,753,084
Total Expenses	<u>46,331,749</u>	<u>1,761,401</u>	<u>48,093,150</u>	<u>43,812,066</u>	<u>1,753,084</u>	<u>45,565,150</u>
Increase (Decrease) in Net Position	8,373,482	316,207	8,689,689	10,919,293	236,788	11,156,081
Beginning Net Position	<u>(39,634,427)</u>	<u>(1,525,261)</u>	<u>(41,159,688)</u>	<u>(50,553,720)</u>	<u>(1,762,049)</u>	<u>(52,315,769)</u>
Ending Net Position	<u>\$ (31,260,945)</u>	<u>\$ (1,209,054)</u>	<u>\$ (32,469,999)</u>	<u>\$ (39,634,427)</u>	<u>\$ (1,525,261)</u>	<u>\$ (41,159,688)</u>

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

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Table A-3 shows the School District's largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant services, pupil transportation, student activities, community services, 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.

Table A - 3
Years Ended June 30, 2024 and 2023
Governmental Activities

	2024		2023	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Instruction	\$ 30,541,563	\$ 20,806,280	\$ 28,342,982	\$ 17,662,769
Instructional Student Support	1,913,796	1,387,598	2,044,878	1,169,696
Admin. and Fin. Support Svcs.	3,880,514	3,554,900	3,393,487	3,083,373
Operation and Maintenance of Plant Services	4,114,060	3,747,378	4,255,636	3,703,562
Pupil Transportation	3,409,346	2,104,564	3,200,096	2,383,382
Student Activities	863,812	720,773	796,889	617,319
Community Services	66,070	57,554	82,514	69,909
Interest on Long-Term Debt	<u>1,542,588</u>	<u>933,315</u>	<u>1,695,584</u>	<u>1,080,026</u>
Total Governmental Activities	<u>\$ 46,331,749</u>	33,312,362	<u>\$ 43,812,066</u>	29,770,036
Less:				
Unrestricted Grants, Subsidies		<u>(14,065,594)</u>		<u>(13,341,097)</u>
Total Needs from Local Taxes and Other Revenues		<u>\$ 19,246,768</u>		<u>\$ 16,428,939</u>

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Table A-4 reflects the activities of the food service program, the only business-type activity of the School District.

Table A - 4
Years Ended June 30, 2024 and 2023
Business-Type Activities

	2024		2023	
	Total Cost (Expense) of Services	Net Cost (Expense) of Services	Total Cost (Expense) of Services	Net Cost (Expense) of Services
Functions/Programs				
Food Service	<u>\$ 1,753,084</u>	\$ (226,723)	<u>\$ 1,753,084</u>	\$ (201,782)
Add/Less:				
Investment Earnings/Other		<u>(89,484)</u>		<u>(35,006)</u>
Total Business-Type Activities		<u>\$ (316,207)</u>		<u>\$ (236,788)</u>

The statement of revenues, expenses and changes in fund net position for this proprietary fund shown on Exhibit 8 will further detail the actual results of operations.

School District Funds

At June 30, 2024, the School District's governmental funds reported a combined fund balance of \$14,270,682, which is an increase of \$2,121,510. This is an increase of \$2,025,239 in the general fund; and an increase of \$96,271 in the capital projects fund.

General Fund Budget

During the fiscal year, the Board of School Directors authorizes revisions to the original budget to accommodate changes in actual revenues and expenditures of the School District. All adjustments are reconfirmed when the annual audit report is accepted, after the end of the fiscal year, which is not prohibited by the laws of the commonwealth of Pennsylvania in the statement of revenues, expenditures and changes in fund balance - budget and actual - general fund. Revenue budgets can change for different reasons. Some of these reasons are as follows: the School District applies for federal, state and local grants; and grants awarded after the start of the fiscal year and anticipated funding levels cannot be accurately anticipated during the budgeting process.

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Budgeting for expenditures and other financing uses also change for various reasons. Increases or decreases in expenditures for grants will also be made after the start of the fiscal year, and changes to the budget will be made to accommodate the grants. Transfers between specific categories of expenditures and financing uses occur during the fiscal year. Most significant transfers occur between the budgetary reserve and specific areas of expenditures.

This year, the budgeted revenues and expenditures increased for changes made to reflect unexpected revenue changes, such as donations and changes to grant and/or subsidy funding levels. The budgetary reserve includes amounts that will be funded by the designated fund balance for planned opportunities of expenditures for improvements or enhancements to the School District's operations. These amounts are only appropriated with Board approval. This method is used by the Board to control real estate taxes while also protecting the integrity of the fund balance.

As reflected under the "Statement of Revenues, Expenditures and Changes in Fund Balance", the general fund revenue for the School District during 2023-2024, totaled \$54,854,347. Local Sources of \$28,519,140 accounted for 52.0% of total revenue, State sources of \$23,975,504 accounted for 43.7%; and Federal sources of \$2,269,703 accounted for 4.1% and other financing sources of \$90,000 accounted for .20%.

Budgetary variances in General Fund revenues were mainly the result of the following:

- Current real estate tax collection were \$20,803,535 for the year. The School District will continue to monitor collections to determine if this rate should be adjusted for future projections.
- Earned income taxes collected were over anticipated revenue by \$357,655. This was a direct result of the continued economic stabilization that began in 2020-2021.
- Real Estate Transfer taxes collected were under anticipated revenue by \$70,459. This was a direct result of the continued economic stabilization that began in 2020-2021.
- Delinquent tax collections were more than anticipated revenue by \$57,310 as a result of the School District selling its outstanding tax liens in 2019-2020 school year.
- State revenues exceeded anticipated revenues by \$1,711,184 due to state subsidy increase and Pre K added classroom.
- Federal revenues exceeded anticipated revenues by \$281,424 due to federal government COVID related grants.

As reflected under the "Statement of Revenues, Expenditures and Changes in Fund Balance", the general fund expenditures for the School District during 2023-2024 (excluding interfund transfers), totaled \$52,829,108. Total general fund expenditures, before interfund transfers were \$1,788,698 under budget. This surplus was due job market difficulties hiring new staff, energy efficiencies, support services savings due to a special ed director. Direct instructional costs were \$30,620,648, while instructional support costs were \$13,392,463, Noninstructional services totaled \$926,957 and facilities and debt services were \$7,889,040.

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Capital Assets and Debt Administration

Capital Assets

As of June 30, 2024, the School District had \$48,258,604 in capital assets, net of depreciation/amortization reflected on Exhibit 1 in the governmental activities column. This amount represents a decrease of \$1,163,461 or 2.4% due to accumulated depreciation/amortization.

Table A-5 shows the capital assets of the governmental activities of the School District.

Table A - 5
Governmental Activities
Capital Assets - Net of Depreciation/Amortization

	2024	2023
Land and Land Improvements	\$ 2,247,953	\$ 2,700,970
Buildings and Building Improvements	43,601,357	45,794,280
Furniture and Equipment	649,322	797,707
Construction in Progress	1,741,422	-
Intangible Right-to-Use Assets	18,550	129,108

More detailed information regarding the School District's capital assets is included in the notes to the financial statements.

Debt Administration

As of June 30, 2024, the School District has \$49,100,000 in general obligation bonds outstanding with principal payments of approximately \$4,335,000 scheduled for the 2024-2025 fiscal year. Detailed information regarding the School District's long-term debt is detailed in Note 8 in the accompanying financial statements. The School District's general obligation bonds rating are a Standard & Poor's: A-, by Assured Guaranty Municipal Holdings Inc. The A- rating is based upon AGM and additional security for bonds provided by the Commonwealth of Pennsylvania, Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default. The Ambridge Area School District is a full faith credit and taxing power. The School District also had \$285,169 in financing agreements outstanding at June 30, 2024 with principal payments of approximately \$81,923 scheduled for the 2024-2025 fiscal year. Other long-term obligations include lease liabilities, accrued vacation pay and sick leave for specific employees of the School District. More detailed information about our long-term liabilities is included in Note 8 of the financial statements.

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Major Financial and Program Issues

Healthcare

Health insurance costs remain a major concern for the School District. The School District saw an increase in health insurance costs of approximately 4.2% in the 2014-15, 8% in 2015-2016, 2.25% in 2016-2017, 2.4% in 2017-2018, 1.9% in 2018-19, 3% in 2019-2020, 2.8% in 2020-2021, 4% in 2021-2022, 8% in 2022-2023, 14% in 2023-2024, 9% in 2024-2025 fiscal years respectively. The anticipated rate increase for 2025-2026 is 11%. During contract negotiations, all employees were migrated to pay a percentage of premium costs that will continue to increase each year to help shift the cost of benefits to the employees. The School District remains in the Allegheny County Schools Health Insurance Consortium since the conclusion of 2017-2018 fiscal year. This continues to spread the risk of potential shock claims over a larger pool of members. We had hoped this would allow for stable and lower premium rate increases over time but is not the case this year.

Retirement Contribution

The School District's contributions rate to the state retirement system increased from 1.15% of compensation to 3.77% in 2003/2004, to 4.23% in 2004/2005, 4.69% in 2005/2006, to 6.46% in 2006/2007, to 7.3% in 2007/2008 and 4.76% in 2008/2009. For the 2009/2010 school year the contribution rate was 4.78% of eligible compensation and it was 5.64% for 2010/2011 and 8.65% for 2011/2012. The increases over this time period have resulted in the School District's contribution increasing over 300%. The contribution rate for the 2012/2013 school year was 12.36%, the 2013/2014 rate increased to 16.93%, 21.4% for 2014/2015, 25.84% for 2015/2016, 30.03% for 2016/2017, 32.57% for 2017/2018, 33.43% for the 2018/2019 year, 34.29% for 2019/2020 year. The employer contribution rate for 2020/2021 was 34.51%, 34.94% for 2021/2022, 35.26% for 2022/2023 and 34% for 2023/20 and is expected to lower to 33.90% for 2024/2025. The cost of retirement payments exceeds \$5 million.

Act 1 of the Special Session of 2006

The methods of funding public schools in Pennsylvania changed as a result of legislation introduced in Harrisburg. This Act was signed into law in July 2006. It will provide property tax relief to residential property owners who qualify provided that the voters approve an increase in either the earned income tax rate or approve a switch to a personal income tax. The Ambridge Area School District appointed a nine-member Tax Study Commission in September of 2006, as required by the provisions of Act 1, whose responsibility was to recommend to the School Board whether to increase the EIT or switch to a PIT. The Tax Study Commission recommended an increase in the EIT; however the School Board rejected that and put forth a switch to a PIT. This referendum was voted on at the May Primary of 2007, where the constituents rejected this proposal. This action makes the School District eligible to receive gaming revenues. A further condition of Act 1 means that limits will be placed on the School District's ability to raise tax rates without seeking voter approval. The goal is to lessen the reliance on real estate taxes to fund public education; thus, reducing the impact of tax increases on fixed income residents. However, the referendum requirements of the act have a significant impact on budgetary processes, and the School District's ability to raise taxes. Payments will be made to school districts from state gaming revenues to offset their loss in local revenue.

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The School District received its first distribution of gaming revenue during the 2008/2009 school year and in each of the subsequent years the funding has remained level. These disbursements do not provide additional funding to school districts but represent tax shifting.

Labor Relations

The School District's teachers are represented by the Ambridge Area Education Association, an affiliation of the Pennsylvania State Education Association (PSEA). This group has the responsibility of bargaining for all School District teachers, librarians, counselors, nurses and long-term substitutes. The current contract runs through the 2025/2026 school year.

The School District's secretarial and support personnel are represented by the Ambridge Area Educational Support Personnel Association; also an affiliation of Pennsylvania State Education Association (PSEA). This group has the responsibility of bargaining for the School District secretaries, teaching assistants, hourly nurses and hall monitors. A current contract runs through June 30, 2026.

The School District's custodial and maintenance personnel are represented by Local 248, American Federation of State, County and Municipal Employees, AFL-CIO. The current contract runs through June 30, 2028. They are working under the old contract while a new contract is being negotiated.

The School District's cafeteria employees are represented by the Ambridge Educational Support Personnel Association – Cafeteria Branch; also an affiliation of the Pennsylvania State Education Association (PSEA). The current contract runs through June 30, 2030.

The Future

Security

The School District will be investigating and implementing new security protocols and software for communication with staff and first responders.

Capital Planning

The district continues working on a concrete replacement plan and security upgrades listed above. We are also evaluating and upgrading our building roofs. Improvements are part of a five year capital projects plan that includes continued security improvements and training, fieldhouse improvements, roof inspections and HVAC energy saving improvements.

Assessment and Staff Development

The school continues enhance future assessments aligned to the PA Coore standards and STEELS standards.

**Ambridge Area School District
Management's Discussion and Analysis
June 30, 2024**

Five-Year Budget Projections

The School District has developed a five-year budgeting model to better project revenue and expenditure trends and develop staffing models that are in line with projected enrollments. This will assist the board of directors in considering possible future tax increases that may be required to support instructional and extracurricular programs for students.

Contacting the School District

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's financial position and to show the Board's accountability for the funds the School District receives. A copy of the annual financial report, in the Pennsylvania Department of Education's format can be found on the School District website at ambridgeareaschools.org. If you have questions regarding financial aspects of this report, please contact the Business Office at Ambridge Area School District, 901 Duss Avenue, Ambridge, PA 15003, 724-266-2833.

Ambridge Area School District
Statement of Net Position
June 30, 2024

Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 14,534,278	\$ 493,956	\$ 15,028,234
Taxes Receivable, Net	2,220,693	-	2,220,693
Due From Other Governments	2,418,662	6,750	2,425,412
Other Receivables	-	4,104	4,104
Inventories	-	47,882	47,882
Prepaid Items	339,500	-	339,500
Capital Assets not Being Depreciated			
Land	138,400	-	138,400
Construction in Progress	1,741,422	-	1,741,422
Capital Assets, Net			
Land Improvements	2,109,553	-	2,109,553
Building & Building Improvements	43,601,357	-	43,601,357
Furniture & Equipment	649,322	54,631	703,953
Intangible Right-to-Use Assets	18,550	-	18,550
TOTAL ASSETS	67,771,737	607,323	68,379,060
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	645,268	-	645,268
Amounts Related to OPEB - District	623,562	-	623,562
Amounts Related to OPEB - PSERS	289,154	9,504	298,658
Amounts Related to Pension	6,815,286	227,279	7,042,565
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,373,270	236,783	8,610,053
LIABILITIES			
Internal Balances	(419,997)	419,997	-
Accounts Payable	967,944	9,474	977,418
Accrued Interest	247,843	-	247,843
Accrued Salaries and Benefits	3,620,518	4,197	3,624,715
Payroll Deductions and Withholdings	172,587	-	172,587
Unearned Revenues	-	3,675	3,675
Other Current Liabilities	-	5,532	5,532
Noncurrent Liabilities:			
Due Within One Year	4,518,764	-	4,518,764
Due in More Than One Year:			
Financing Agreements	203,246	-	203,246
Lease Payable	12,905	-	12,905
Compensated Absences	377,089	5,214	382,303
Bonds Payable	45,248,789	-	45,248,789
Retiree Incentive	84,000	-	84,000
Other Post-Employment Benefits - District	817,740	-	817,740
Other Post-Employment Benefits - PSERS	1,749,219	56,781	1,806,000
Net Pension Liability	43,001,104	1,395,896	44,397,000
TOTAL LIABILITIES	100,601,751	1,900,766	102,502,517
DEFERRED INFLOWS OF RESOURCES			
Amounts Related to OPEB - District	2,109,595	-	2,109,595
Amounts Related to OPEB - PSERS	615,036	19,964	635,000
Amounts Related to Pension	4,079,570	132,430	4,212,000
TOTAL DEFERRED INFLOWS OF RESOURCES	6,804,201	152,394	6,956,595
NET POSITION			
Net Investment in Capital Assets	(984,169)	54,631	(929,538)
Unrestricted	(30,276,776)	(1,263,685)	(31,540,461)
TOTAL NET POSITION	\$ (31,260,945)	\$ (1,209,054)	\$ (32,469,999)

See Accompanying Notes

**Ambridge Area School District
Statement of Activities
Year Ended June 30, 2024**

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$ 30,541,563	\$ 195,321	\$ 9,539,962	\$ -	\$ (20,806,280)	\$ -	\$ (20,806,280)
Instructional Student Support	1,913,796	-	526,198	-	(1,387,598)	-	(1,387,598)
Administrative and Financial Support Services	3,880,514	-	325,614	-	(3,554,900)	-	(3,554,900)
Operation and Maintenance of Plant Services	4,114,060	84,874	281,808	-	(3,747,378)	-	(3,747,378)
Pupil Transportation	3,409,346	-	1,304,782	-	(2,104,564)	-	(2,104,564)
Student Activities	863,812	73,530	69,509	-	(720,773)	-	(720,773)
Community Services	66,070	-	8,516	-	(57,554)	-	(57,554)
Interest on Long-Term Debt	1,542,588	-	-	609,273	(933,315)	-	(933,315)
Total Governmental Activities	46,331,749	353,725	12,056,389	609,273	(33,312,362)	-	(33,312,362)
Business-type Activities:							
Food Service	1,761,401	58,388	1,929,736	-	-	226,723	226,723
Total Primary Government	\$ 48,093,150	\$ 412,113	\$ 13,986,125	\$ 609,273	(33,312,362)	226,723	(33,085,639)
General Revenues							
Taxes							
Property Taxes Levied for General Purposes, Net					21,727,113	-	21,727,113
Earned Income Taxes					3,498,888	-	3,498,888
Real Estate Transfer Taxes					544,691	-	544,691
Other Taxes Levied for General Purposes, Net					409,386	-	409,386
Grants, Subsidies and Contributions not Restricted					14,065,594	-	14,065,594
Investment Earnings					1,028,256	89,484	1,117,740
Miscellaneous Income					411,916	-	411,916
Total General Revenues					41,685,844	89,484	41,775,328
Change in Net Position					8,373,482	316,207	8,689,689
Net Position - July 1, 2023					(39,634,427)	(1,525,261)	(41,159,688)
Net Position - June 30, 2024					\$ (31,260,945)	\$ (1,209,054)	\$ (32,469,999)

See Accompanying Notes

Ambridge Area School District
Balance Sheet
Governmental Funds
June 30, 2024

Exhibit 3

	General Fund	Capital Projects Funds	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 12,625,744	\$ 1,908,534	\$ 14,534,278
Taxes Receivable, Net	2,220,693	-	2,220,693
Due from Other Funds	419,997	-	419,997
Due from Other Governments	2,418,662	-	2,418,662
Prepaid Items	<u>339,500</u>	<u>-</u>	<u>339,500</u>
TOTAL ASSETS	<u>\$ 18,024,596</u>	<u>\$ 1,908,534</u>	<u>\$ 19,933,130</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 967,944	\$ -	\$ 967,944
Accrued Salaries and Benefits	3,620,518	-	3,620,518
Payroll Deductions and Withholdings	<u>172,587</u>	<u>-</u>	<u>172,587</u>
Total Liabilities	<u>4,761,049</u>	<u>-</u>	<u>4,761,049</u>
Deferred Inflows of Resources			
Unavailable Revenues - Property Taxes	<u>901,399</u>	<u>-</u>	<u>901,399</u>
Fund Balances			
Nonspendable	339,500	-	339,500
Committed	7,600,000	1,908,534	9,508,534
Unassigned	<u>4,422,648</u>	<u>-</u>	<u>4,422,648</u>
Total Fund Balances	<u>12,362,148</u>	<u>1,908,534</u>	<u>14,270,682</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 18,024,596</u>	<u>\$ 1,908,534</u>	<u>\$ 19,933,130</u>

See Accompanying Notes

**Ambridge Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024**

Exhibit 4

Total Fund Balances - Governmental Funds	\$	14,270,682
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$109,360,910 and the accumulated depreciation is \$61,120,856.		48,240,054
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Intangible right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The value of these assets is \$30,917 and the accumulated amortization is \$12,367.		18,550
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Property taxes receivable will be collected next year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred inflows in the funds.		901,399
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Deferred charges, discount and premium on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position.		161,479
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Long-term liabilities, including bonds and financing agreements, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$ (49,100,000)	
Accrued Interest on the Bonds	(247,843)	
Financing Agreements	(285,169)	
Lease Payable	(19,083)	
Termination Payments	(168,000)	
Compensated Absences	<u>(388,752)</u>	(50,208,847)

Some liabilities, including net pension obligations and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB Liability-District	(817,740)	
OPEB Liability-PSERS	(1,749,219)	
Net Pension Liability	<u>(43,001,104)</u>	(45,568,063)

**Ambridge Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2024**

Exhibit 4

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	6,815,286	
Deferred Inflows of Resources Related to Pensions	(4,079,570)	
Deferred Outflows of Resources Related to OPEB- District	623,562	
Deferred Outflows of Resources Related to OPEB- PSERS	289,154	
Deferred Inflows of Resources Related to OPEB- District	(2,109,595)	
Deferred Inflows of Resources Related to OPEB- PSERS	<u>(615,036)</u>	<u>923,801</u>

Total Net Position - Governmental Activities		<u>\$ (31,260,945)</u>
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See Accompanying Notes

**Ambridge Area School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024**

Exhibit 5

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues			
Local Sources	\$ 28,519,140	\$ 96,271	\$ 28,615,411
State Sources	23,975,504	-	23,975,504
Federal Sources	<u>2,269,703</u>	<u>-</u>	<u>2,269,703</u>
Total Revenues	<u>54,764,347</u>	<u>96,271</u>	<u>54,860,618</u>
Expenditures			
Instruction	30,620,648	-	30,620,648
Support Services	13,392,463	-	13,392,463
Noninstructional Services	926,957	-	926,957
Capital Outlay	1,851,841	-	1,851,841
Debt Service (Principal & Interest)	6,019,309	-	6,019,309
Refunds of Prior Year's Receipts	<u>17,890</u>	<u>-</u>	<u>17,890</u>
Total Expenditures	<u>52,829,108</u>	<u>-</u>	<u>52,829,108</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,935,239</u>	<u>96,271</u>	<u>2,031,510</u>
Other Financing Sources (Uses)			
Sale/Compensation for Fixed Assets	<u>90,000</u>	<u>-</u>	<u>90,000</u>
Net Changes in Fund Balances	2,025,239	96,271	2,121,510
Fund Balances - July 1, 2023	<u>10,336,909</u>	<u>1,812,263</u>	<u>12,149,172</u>
Fund Balances - June 30, 2024	<u>\$ 12,362,148</u>	<u>\$ 1,908,534</u>	<u>\$ 14,270,682</u>

See Accompanying Notes

**Ambridge Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2024**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$	2,121,510
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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 difference between depreciation/amortization and capital outlays in the period.

Depreciation Expense	\$	(2,935,928)	
Intangible Right-to-Use Assets Amortization		(110,558)	
Capital Outlays		1,908,709	
Net Book Value of Assets Disposed		(25,684)	(1,163,461)

Payments for the intangible right-to-use assets are reported as principal and interest in governmental funds, but in the statement of activities, the asset is amortized and the repayment reduces the long-term liabilities in the statement of net position.

116,727

Because some property taxes will not be collected within the current financial resources measurement focus period, they are not considered as "available" revenues in the governmental funds. Unavailable revenues changed by this amount this year.

(219,703)

Repayment of bond and financing agreements principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

4,312,172

**Ambridge Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended June 30, 2024**

Exhibit 6

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (OPEB) are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated Absences	99,482	
Termination Payments	(168,000)	
Other Post-Employment Benefits - PSERS	90,306	
Other Post-Employment Benefits - District	<u>300,867</u>	322,655

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.

Net Change in Accrued Interest on Bonds		25,451
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Bond discount, premium and deferred charges on bonds are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Amortization of Discount, Premium and Deferred Loss on Refunding		22,371
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Governmental funds report School District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.

District pension contributions to PSERS	4,939,253	
Cost of benefits earned	<u>(2,103,493)</u>	<u>2,835,760</u>

Change in Net Position of Governmental Activities		<u>\$ 8,373,482</u>
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See Accompanying Notes

Ambridge Area School District
Statement of Net Position
Proprietary Funds
June 30, 2024

Exhibit 7

	Food Service Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 493,956
Due From Other Governments	6,750
Other Receivables	4,104
Inventories	47,882
Total Current Assets	<u>552,692</u>
Noncurrent Assets	
Furniture and Equipment, Net	<u>54,631</u>
TOTAL ASSETS	<u>607,323</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Related to OPEB PSERS	9,504
Amounts Related to Pensions	<u>227,279</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>236,783</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	419,997
Accounts Payable	9,474
Accrued Salaries and Benefits	4,197
Unearned Revenues	3,675
Other Current Liabilities	5,532
Total Current Liabilities	<u>442,875</u>
Noncurrent Liabilities	
Long-Term Portion of Compensated Absences	5,214
Net OPEB Liability PSERS	56,781
Net Pension Liability	<u>1,395,896</u>
Total Noncurrent Liabilities	<u>1,457,891</u>
TOTAL LIABILITIES	<u>1,900,766</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB PSERS	19,964
Amounts Related to Pensions	<u>132,430</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>152,394</u>
NET POSITION	
Invested in Capital Assets	54,631
Unrestricted	<u>(1,263,685)</u>
TOTAL NET POSITION	<u>\$ (1,209,054)</u>

See Accompanying Notes

Ambridge Area School District
Statement of Revenues, Expenses and Changes
in Net Position
Proprietary Funds
Year Ended June 30, 2024

Exhibit 8

	Food Service Fund
Operating Revenues	
Food Service Revenue	\$ <u>58,388</u>
Operating Expenses	
Salaries	568,561
Employee Benefits	332,703
Purchased Property Services	44,998
Other Purchased Services	1,791
Supplies	950,013
Depreciation	18,170
Dues and Fees	<u>5,061</u>
Total Operating Expenses	<u>1,921,297</u>
Operating Income (Loss)	<u>(1,862,909)</u>
Nonoperating Revenues (Expenses)	
Earnings on Investments	89,484
Pension/OPEB Adjustment	159,896
State Sources	246,542
Federal Sources	<u>1,683,194</u>
Total Nonoperating Revenues (Expenses)	<u>2,179,116</u>
Change in Net Position	316,207
Net Position - July 1, 2023	<u>(1,525,261)</u>
Net Position - June 30, 2024	<u>\$ (1,209,054)</u>

See Accompanying Notes

Ambridge Area School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

Exhibit 9

	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	\$ 58,225
Cash Payments to Employees for Services	(901,264)
Cash Payments to Suppliers for Goods and Services	(855,168)
Cash Payments for Other Operating Expenses	<u>(5,061)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(1,703,268)</u>
Cash Flows From Non-Capital Financing Activities	
State Sources	247,070
Federal Sources	<u>1,547,566</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>1,794,636</u>
Cash Flows From Capital and Related Financing Activities	
Facilities Acquisition/Const./Imp.Serv	<u>(4,615)</u>
Cash Flows From Investing Activities	
Earnings on Investments	89,484
Loans Received (Paid)	<u>(1,224,044)</u>
Net Cash Provided by (Used for) Investing Activities	<u>(1,134,560)</u>
Net Increase (Decrease) in Cash and Cash Flows	(1,047,807)
Cash and Cash Equivalents - July 1, 2023	<u>1,541,763</u>
Cash and Cash Equivalents - June 30, 2024	<u>\$ 493,956</u>

**Ambridge Area School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024**

Exhibit 9

	Food Service Fund
Operating Income (Loss)	\$ (1,862,909)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation and Net Amortization	18,170
Donated Commodities	142,429
(Increase) Decrease in Inventories	(2,843)
Increase (Decrease) in Accounts Payable	2,048
Increase (Decrease) in Other Current Liabilities	<u>(163)</u>
Total Adjustments	<u>159,641</u>
Cash Provided by (Used for) Operating Activities	<u>\$ (1,703,268)</u>

Noncash Non-Capital Financing Activities

During the year ended June 30, 2024, the School District received \$142,548 of U.S.D.A Donated Commodities in the food service fund.

See Accompanying Notes

Ambridge Area School District
Statement of Net Position
Fiduciary Funds
June 30, 2024

Exhibit 10

	Private Purpose Trust	Custodial Fund
ASSETS		
Cash and Cash Equivalents	<u>\$ 25,789</u>	<u>\$ 56,092</u>
LIABILITIES		
Other Current Liabilities	<u>9,872</u>	<u>-</u>
NET POSITION		
Restricted for:		
Scholarships	15,917	-
Student Groups	<u>-</u>	<u>56,092</u>
TOTAL NET POSITION	<u><u>\$ 15,917</u></u>	<u><u>\$ 56,092</u></u>

See Accompanying Notes

**Ambridge Area School District
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2024**

Exhibit 11

	Private Purpose Trust	Custodial Fund
Additions		
Gifts and Contributions	\$ 421	\$ -
Revenue from Student Activities	-	69,669
Interest	<u>1,422</u>	<u>2,998</u>
 Total Additions	 <u>1,843</u>	 <u>72,667</u>
Deductions		
Scholarships Awarded	1,750	-
Student Activities Program Expenses	<u>-</u>	<u>65,518</u>
 Total Deductions	 <u>1,750</u>	 <u>65,518</u>
 Change in Net Position	 93	 7,149
 Net Position - July 1, 2023	 <u>15,824</u>	 <u>48,943</u>
 Net Position - June 30, 2024	 <u>\$ 15,917</u>	 <u>\$ 56,092</u>

See Accompanying Notes

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

Note 1 - Summary of Significant Accounting Policies

Ambridge Area School District, located in Beaver County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of the Boroughs of Ambridge, Baden, Economy and South Heights and the Township of Harmony. The School District operates under an elected Board of Directors.

A. Basic Financial Statements - Government-Wide Statements

The School District's basic financial statements include both government-wide (reporting the School District as a whole) and fund financial statements (reporting the School District's major funds). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of Ambridge Area School District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide statement of net position, governmental activities are represented on a consolidated basis by column.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental; proprietary; and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental category. Nonmajor funds are summarized in a single column. The nonmajor funds are combined in a column in the fund financial statements.

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The School District reports these major governmental funds and fund types:

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodeling of facilities, and procurement of equipment necessary for providing educational programs for all students within the School District.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The School District reports the following proprietary fund type:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The *food service fund* accounts for the revenues, food purchases and other costs and expenses for providing meals to students and/or faculty during the school year.

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and are therefore not available to support School District programs. The reporting focus is on net position and changes in net position. The School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust funds, investment trust funds, private purpose trust funds, or custodial funds). The School District reports the following fiduciary fund types:

The *private purpose trust fund* is used to account for resources of monies contributed to the School District for scholarships. This fund was reported as an agency fund in the prior year's financial statements.

The *custodial fund* represents the School District's student activity funds. These funds account for student activities in the high school and junior high school.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds.

Ambridge Area School District
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While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e. the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, intergovernmental revenues, interest, rent and certain miscellaneous income associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

Ambridge Area School District
Notes to Financial Statements
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Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and the fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

D. Joint Ventures

The School District is one of fourteen member school districts of the Beaver County Career & Technology Center (CTC). CTC provides vocational-technical training and education to participating students of the member districts. CTC is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of CTC's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of CTC. The School District's share of annual operating and capital costs for CTC fluctuates, based on the percentage of enrollment of each member district in the school. The School District's financial obligation to CTC for the year ended June 30, 2024 was \$448,223, which has been reported in the School District's general fund.

The School District has no equity interest in CTC as of June 30, 2024. Complete financial statements for CTC can be obtained from the administrative offices at 145 Poplar Drive, Monaca, Pennsylvania 15061.

The School District is also one of fourteen member school districts of the Beaver Valley Joint School Committee (Beaver Valley). Beaver Valley provides alternative education services to participating students of the member districts. Beaver Valley is controlled and governed by the Joint Board, which is composed of all the school board members of all the member districts. Direct oversight of Beaver Valley's operations is the responsibility of the Joint Committee, which consists of one representative from each participating school district. No member of the Jointure exercises specific control over the fiscal policies or operations of Beaver Valley. The School District's share of annual operating and capital costs for Beaver Valley fluctuates, based on the percentage of enrollment of each member district in the school. The School District has no equity interest in Beaver Valley as of June 30, 2024. Complete financial statements for Beaver Valley can be obtained from the administrative offices at 147 Poplar Drive, Monaca, PA 15061.

E. Cash and Cash Equivalents

The School District's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments are stated at fair value except that treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost. Fair value is based on quoted market prices.

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Funds are invested pursuant to the Public School Code of 1949 and investment policy guidelines established by the School District and approved by the Members of the Board. The School Code states that authorized types of investments shall be: United States Treasury Bills; short-term obligations of the United States Government or its agencies or instrumentalities; deposits in savings accounts, time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or any of its agencies or instrumentalities backed by the full faith and credit of the United States and the Commonwealth of Pennsylvania.

G. Budgets

The School Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis of accounting for the general fund. This is the only fund for which a budget is required and for which taxes may be levied. The general fund is the only fund that has an annual budget that has been legally adopted by the School Board. The Public School Code allows the School Board to authorize budget transfer amendments during the year, but only during the last nine months of the fiscal year. The School Board approved various budget transfers throughout the school year. There were no supplemental budgetary appropriations made during the year ended June 30, 2024.

The final budget data reflected in the financial statements includes the effect of approved budget transfer amendments and, for comparative purposes, the actual amounts have also been presented. The School District expenditures may not legally exceed the revised budget amounts by function. Function is defined as a program area such as instructional services. Management may amend the budget without seeking prior approval of the Board within a function. Amendments between functions require prior Board approval. Excess of expenditures over appropriations in the general fund is presented in the required supplementary information section.

H. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

I. Inventories

On government-wide financial statements, inventories are stated at cost.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund if considered material. There was no material inventory balance as of June 30, 2024 in the governmental funds.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

Ambridge Area School District
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J. Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

K. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Building Improvements	20-40
Furniture and Equipment	7-20
Vehicles	8

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over 5 to 10 years.

L. Intangible Right-to-Use Assets

The School District has recorded intangible right-to-use assets as a result of implementing Governmental Accounting Standards Board (GASB) Statements No. 87 and No. 96. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease/subscription liability plus any payment made prior to the term, less any incentives, and plus any ancillary charges necessary to place the lease/subscription into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease/subscription.

Per review of the information technology arrangements identified by the School District as potential SBITAs, the arrangements were determined to either not meet the definition of a SBITA or were immaterial to the financial statements.

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

M. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discount are reported as deferred charges and amortized over the term of the related debt.

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

N. Compensated Absences

The School District's policies regarding vacation and sick time under various contracts, provide for employees to accumulate sick and/or vacation days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends.

In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, in the government-wide statement of net position, the School District reports *deferred outflows of resources* as they relate to the cost-sharing defined benefit plan and other post-employment benefits. The School District reports no *deferred outflows of resources* in the fund financial statements.

In addition to liabilities, the statement of financial 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 assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time.

The School District has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes.

The School District has two items reported in the government-wide statement of net position relating to the cost sharing defined benefit pension plan and other post-employment benefits. These amounts are deferred and recognized as inflows of resources in the period that the amount becomes available.

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

P. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in two components:

Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the School District classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the School District's highest level of authority, school board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money.

Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the superintendent or business manager.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The School District's policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

Note 2 - Fund Balance Classification

The purposes of the restricted, committed, and assigned fund balance as of June 30, 2024, are as follows:

1. The committed fund balance of \$1,908,534 in the capital projects fund is committed for capital improvements and debt service.
2. The committed fund balance of \$7,600,000 in the general fund is committed as follows, \$5,600,000 for future capital improvements; \$1,000,000 for future retirement and healthcare expenses and \$1,000,000 for future tax appeals.
3. The nonspendable fund balance in the general fund of \$339,500 is for prepaid items.

Note 3 - Deposits and Investments

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the School District.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of June 30, 2024, \$11,064,569 of the School District's bank balance of \$11,314,569 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging	
Bank's Agent not in the School District's Name	<u>\$11,064,569</u>

As of June 30, 2024, the School District had investments in Pennsylvania School District Liquid Asset Fund (PSDLAF). The fair value was \$3,727,923 as of June 30, 2024.

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

Credit Risks - The Pennsylvania Public School Code authorizes the types of investments allowed. These are described in Note 1F. The School District has no investment policy that would further limit its investment choices.

The School District's investments in Pennsylvania School District Liquid Asset Fund (PSDLAF), PA Invest funds and First American Government Obligation Fund were rated AAAM by Standard & Poor's.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issue.

Ambridge Area School District
Notes to Financial Statements
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Investments

The Pennsylvania School District Liquid Asset Fund (PSDLAF) and PA Invest were established as common law trusts, organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the funds is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended.

PSDLAF is governed by an elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in the fund. The fund is audited annually by independent auditors. PSDLAF and PA Invest are local government investment pools and are exempt from the requirement of SEC's Rule 2(a)7 of the Investment Company Act of 1940. The funds measure, for financial reporting purposes, their assets at amortized cost and maintain a stable net asset value of \$1 per share.

Accordingly, the fair value of the position in PSDLAF and PA Invest is the same as the value of PSDLAF and PA Invest shares. There are no limitations or restrictions on withdrawals.

Fair Value of Investments

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District had no investments that required disclosure as of June 30, 2024 under this hierarchy.

Note 4 - Real Estate Taxes

The municipal tax collectors bill and collect real estate taxes on behalf of the School District based upon assessed values provided by the County. The School District's tax rate for all purposes in 2023/2024 was 83.47 mills (\$83.47 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2023/2024 is as follows:

Tax Levy Date	July 1, 2023
2% Discount Period	Through September 14, 2023
Face Payment Period	September 15 - November 14, 2023
10% Penalty Period	November 15 Until April 15, 2024
Lien Filing Date	April 15, 2024

The amounts shown as delinquent real estate taxes receivable have not yet been recorded as revenue on the fund statements. These taxes are, however, recorded as unavailable revenues on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of \$901,399 along with other taxes receivable of \$1,319,294.

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

Note 5 - Due from Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2024, the following amounts are due from other governmental units:

	Governmental Funds	Enterprise Fund	Totals
Federal (through the state)	\$ 557,136	\$ 6,750	\$ 563,886
State	1,717,060	-	1,717,060
Local	144,466	-	144,466
	<u>\$ 2,418,662</u>	<u>\$ 6,750</u>	<u>\$ 2,425,412</u>

Note 6 - Capital Assets

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

	Balance 07/01/23	Additions	Deletions/ Transfers	Balance 06/30/24
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 153,900	\$ -	\$ (15,500)	\$ 138,400
Construction in Progress	-	1,741,422	-	1,741,422
Total Capital Assets not Being Depreciated	<u>153,900</u>	<u>1,741,422</u>	<u>(15,500)</u>	<u>1,879,822</u>
Capital Assets Being Depreciated/Amortized				
Land Improvements	\$ 9,651,461	\$ -	\$ (98,856)	\$ 9,552,605
Building & Building Improvements	91,673,366	104,150	(511,000)	91,266,516
Furniture and Equipment	6,647,710	63,137	(48,880)	6,661,967
Intangible Right-to-Use Assets	657,164	-	(626,247)	30,917
Total Capital Assets Being Depreciated/Amortized	<u>108,629,701</u>	<u>167,287</u>	<u>(1,284,983)</u>	<u>107,512,005</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	7,104,391	436,640	(97,979)	7,443,052
Building & Building Improvements	45,879,086	2,297,073	(511,000)	47,665,159
Furniture and Equipment	5,850,003	202,215	(39,573)	6,012,645
Intangible Right-to-Use Assets	528,056	110,558	(626,247)	12,367
Total Accumulated Depreciation/Amortization	<u>59,361,536</u>	<u>3,046,486</u>	<u>(1,274,799)</u>	<u>61,133,223</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>49,268,165</u>	<u>(2,879,199)</u>	<u>(10,184)</u>	<u>46,378,782</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,422,065</u>	<u>\$ (1,137,777)</u>	<u>\$ (25,684)</u>	<u>\$ 48,258,604</u>

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

	Balance 07/01/23	Additions	Deletions/ Transfers	Balance 06/30/24
Business-Type Activities				
Furniture and Equipment	\$ 710,085	\$ 4,615	\$ -	\$ 714,700
Less Accumulated Depreciation and Equipment	<u>641,899</u>	<u>18,170</u>	<u>-</u>	<u>660,069</u>
Business-Type Activities Capital Assets, Net	<u>\$ 68,186</u>	<u>\$ (13,555)</u>	<u>\$ -</u>	<u>\$ 54,631</u>

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

Governmental Activities

Instruction	\$ 2,228,435
Instructional Student Support	148,712
Administration and Financial Support Services	375,127
Operation and Maintenance of Plant Services	228,229
Student Activities	<u>65,983</u>
Total Depreciation/Amortization Expense	<u>\$ 3,046,486</u>

Business-Type Activities

Food Service	<u>\$ 18,170</u>
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Note 7 - Interfund Balances

At June 30, 2024, interfund balances were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 419,997	\$ -
Proprietary Fund		
Food Service	<u>-</u>	<u>419,997</u>
	<u>\$ 419,997</u>	<u>\$ 419,997</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

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Notes to Financial Statements
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Note 8 - Long-Term Liabilities

Long-term liability for the year ended June 30, 2024 was as follows:

	Balance 07/01/23	Additions	Reductions	Balance 06/30/24	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 53,335,000	\$ -	\$ 4,235,000	\$ 49,100,000	\$ 4,335,000
Plus: Bond Premium	858,310	-	108,033	750,277	-
Less: Bond Discount	<u>(293,946)</u>	<u>-</u>	<u>(27,458)</u>	<u>(266,488)</u>	<u>-</u>
Total Bonds Payable	<u>53,899,364</u>	<u>-</u>	<u>4,315,575</u>	<u>49,583,789</u>	<u>4,335,000</u>
Financing Agreement	362,341	-	77,172	285,169	81,923
Compensated Absences	488,234	-	99,482	388,752	11,663
Retiree Incentive	<u>-</u>	<u>252,000</u>	<u>84,000</u>	<u>168,000</u>	<u>84,000</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 54,749,939</u>	<u>\$ 252,000</u>	<u>\$ 4,576,229</u>	<u>\$ 50,425,710</u>	<u>\$ 4,512,586</u>
Lease Liabilities	<u>\$ 135,810</u>	<u>\$ -</u>	<u>\$ 116,727</u>	<u>\$ 19,083</u>	<u>\$ 6,178</u>
Total long term obligations as reported in the statement of net position				<u>\$ 50,444,793</u>	<u>\$ 4,518,764</u>

General Obligation Bonds

Series of 2014 in the amount of \$47,005,000; 1.00% to 4.00% current interest; bonds payable in semi-annual installments; final installment due November 1, 2032

\$ 26,815,000

Series of 2016 in the amount of \$5,000,000; 0.85% to 3.00% current interest; bonds payable in semi-annual installments; final installment due May 1, 2026

1,085,000

Series of 2017C in the amount of \$9,195,000; 2.00% to 3.00% current interest; bonds payable in semi-annual installments; final installment due May 1, 2034

8,390,000

Ambridge Area School District
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June 30, 2024

General Obligation Bonds

Series of 2021A in the amount of \$2,355,000; 2.00% current interest; bonds payable in semi-annual installments; final installment due November 1, 2026

2,295,000

Series of 2021B in the amount of \$10,645,000; 0.544% to 2.593% current interest; bonds payable in semi-annual installments; final installment due November 1, 2035

10,515,000

\$ 49,100,000

Financing Agreements

Agreement dated June 28, 2022 in the amount of \$417,268; due in monthly payments of \$8,065 including interest at 5.99% through September 28, 2027

\$ 285,169

The debt service source for the above is the general fund.

The annual requirements of School District funds to amortize all debt outstanding (excluding compensated absences) as of June 30, 2024, including interest and sinking fund payments, are as follows:

Year Ended June 30,	General Obligation Bonds		Financing Agreements		Totals
	Principal	Interest	Principal	Interest	
2025	\$ 4,335,000	\$ 1,425,863	\$ 81,923	\$ 14,857	\$ 5,857,643
2026	4,460,000	1,303,810	86,968	9,812	5,860,590
2027	4,085,000	1,187,160	92,322	4,458	5,368,940
2028	4,210,000	1,069,380	23,956	239	5,303,575
2029	3,575,000	950,628	-	-	4,525,628
2030-2034	19,615,000	2,870,979	-	-	22,485,979
2035-2036	8,820,000	241,524	-	-	9,061,524
	<u>\$ 49,100,000</u>	<u>\$ 9,049,344</u>	<u>\$ 285,169</u>	<u>\$ 29,366</u>	<u>\$ 58,463,879</u>

Ambridge Area School District
Notes to Financial Statements
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Note 9 – Lease Liabilities

The School District entered into agreements to lease copiers and postage equipment. The terms of these leases are for five years requiring original monthly payments of \$11,775 and \$555 for the copier and postage machine, respectively. The lease agreements qualify as other than short-term lease under GASB 87 and, therefore, have been recorded at present value of the future minimum lease payments as of the date of the inception. For purposes of discounting future payments, the School District determined an interest rate of 2.9% to be an appropriate discount rate. As of June 30, 2024, the value of the lease liability recorded for the above leases was \$19,083. As a result, the School District has recorded an Intangible Right-to-Use asset with a net book value of \$18,550 as of June 30, 2024.

	Balance 07/01/23	Additions	Transfers	Balance 06/30/24
Governmental Activities				
Intangible Right-to-use Assets:				
Copiers & Equipment	\$ 657,164	\$ -	\$ 626,247	\$ 30,917
Less Accumulated Amortization:				
Copiers & Equipment	528,056	110,558	626,247	12,367
Net Intangible Right-to-use Assets				
Copiers & Equipment	\$ 129,108	\$ (110,558)	\$ -	\$ 18,550

Future minimum lease payments under these leases are as follows:

Year Ended June 30,	Lease Payables		
	Principal	Interest	Totals
2025	\$ 6,178	\$ 487	\$ 6,665
2026	6,359	306	6,665
2027	6,546	119	6,665
	\$ 19,083	\$ 912	\$ 19,995

Note 10 - Retirement Incentives

The School District, as part of the collective bargaining agreement and memorandum of understanding with teachers, has available certain early-retirement enhancements to qualified employees under the current agreement. The provisions are:

- A. Bargaining Unit members must have 30 or more years of service with the Ambridge Area School District; or Bargaining Unit member must have 20 years of service with the Ambridge Area School District and be at least 55 years of age.

To receive the benefit for this offering, employees must submit irrevocable letters by the end of the semester prior to retirement.

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- B. This incentive shall be paid as a non-elective employer contribution into the employee's 403(b) account, as determined by each professional employee in the following manner:

A contribution of three thousand five hundred dollars (\$3,500) shall be paid into the employee's 403(b) account the year of retirement on or before September 1st of that year; and thereafter such amount of three thousand five hundred dollars (\$3,500) shall be deposited on or before each succeeding September 1 for the next two (2) years. Employees shall not have a cash alternative to this benefit.

- C. Under the memorandum of understanding the amount was increased to seven thousand dollars (\$7,000) for five (5) years. During the year ended June 30, 2024, twelve employees participated in the Plan and payments of \$84,000 were made. The liability was \$168,000 as of June 30, 2024, payable as follows:

Year Ended June 30,	
2025	\$ 84,000
2026	<u>84,000</u>
	<u>\$ 168,000</u>

Note 11 - Public School Employees' Retirement System (PSERS)

- A. Summary of Significant Accounting Policies

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' 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.

- B. General Information about the Pension Plan

1. Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania.

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

2. 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.

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

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

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

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

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3. Contributions

Member Contributions

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%/6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were \$5,105,633 for the year ended June 30, 2024.

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

At June 30, 2024, the School District reported a liability of \$44,397,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023.

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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 total one-year reported contributions.

At June 30, 2024, the School District's proportion was 0.0998%, which was a decrease of 0.0022% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the School District recognized pension expense of \$2,115,672. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 10,000	\$ 608,000
Net difference between projected and actual investment earnings	1,257,000	-
Changes in assumptions	662,000	-
Changes in proportions	-	3,604,000
Difference between employer contributions and proportionate share of total contributions	7,932	-
Contributions subsequent to the measurement date	<u>5,105,633</u>	<u>-</u>
	<u>\$ 7,042,565</u>	<u>\$ 4,212,000</u>

\$5,105,633 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2025	\$(1,695,872)
2026	(2,097,277)
2027	1,096,926
2028	<u>421,155</u>
	<u>\$ (2,275,068)</u>

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1. Changes in Actuarial Assumptions

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

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

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

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

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed Income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	<u>-10.5%</u>	1.2%
	<u>100%</u>	

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

2. Discount Rate

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

3. Sensitivity of School 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 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	(In Thousands)		
	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
School District's proportionate share of the net pension liability	\$ 57,551	\$ 44,397	\$ 33,299

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4. Pension 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.

Note 12 - Contingent Liabilities

Ambridge Area School District participates in a number of federally assisted grant programs, principal of which are Education Stabilization Fund and the National School Lunch Program. The programs are subject to program compliance audits by the grantors or their representatives. The audits of some of these programs for and including the year ended June 30, 2024 have not yet been conducted. Accordingly, the School District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 13 - Other Post-Employment Benefit Plan

A. Plan Description

Ambridge Area School District administers a single-employer defined benefit healthcare plan ("The Supplemental Health Plan"). The plan provides medical, and in some cases dental and vision, for five groups of employees: teachers; administrators; support staff; custodial/maintenance; and cafeteria. The benefits provided are for the eligible retirees and their spouses through the School District group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the School District and union or group representing the employees. The plan does not issue a publicly available financial report.

Medical Benefits

In accordance with Pennsylvania law, the School District is required to allow all employees to retire at any time and elect to remain in the School District plan provided they pay 102% of the premium rate. Medical, dental and vision coverages are all available up to the age of 65 only.

Categories of Employees/Retirees

The School District categorizes employees as either teachers, administrators, support staff, custodial/maintenance or cafeteria.

Below is a description of the retiree medical, dental, vision and life insurance programs provided to the various employee groups.

- Teachers

There is no incentive currently in place for teachers. Any employee who retires is eligible for post-retirement medical benefits under Act 110/43 only.

All current and future retirees with medical coverage are required to contribute 100% of the premium rate in order to maintain coverage.

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- Administrators

There is no incentive currently in place for administrators. Any employee who retires is eligible for post-retirement medical benefits under Act 110/43 only.

All current and future retirees with medical coverage are required to contribute 100% of the premium rate in order to maintain coverage.

- Support Staff

After attaining age 60 with at least 20 years of service, retiring support staff employees are eligible for post-retirement medical benefits.

Coverage is for individual only.

Retirees must contribute the same amount as active employees, which is currently 6% of premium. Any support staff retiree with coverage other than individual must contribute the 6% of premium for the individual coverage plus 100% of the cost difference between their tier and individual coverage.

- Custodial/Maintenance

After attaining age 60 with at least 20 years of service with the District (for retirements through June 30, 2021) or age 62 with at least 20 years of service with the District (for retirements from July 1, 2021 through September 30, 2023), retiring Custodial/Maintenance employees are eligible for postretirement medical benefits.

Coverage is for Individual only.

Retirees must contribute the same amount as active employees, which is currently 7% for 2023-2024.

- Cafeteria

There is no incentive currently in place for cafeteria employees. Any employee who retires is eligible for post-retirement medical benefits under Act 110/43 only.

All current and future retirees with medical coverage are required to contribute 100% of the premium rate in order to maintain coverage.

- Benefit Duration

Post-retirement benefits are provided to the retiree and spouse until age 65, eligible for Medicare, or death, whichever occurs first.

- Medical Plan

Retiree medical benefits are provided through the Allegheny County Health Insurance Consortium (ACSHIC). The Plan is an EPO and it is self-insured and underwritten by Highmark.

- Dental

Retirees are eligible for dental benefits payable through ACSHIC. Retirees must pay 100% of the premium.

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- Vision
Retirees are eligible for vision benefits payable through ACSHIC. Retirees must pay 100% of the premium.
- Life Insurance
Retiree life insurance coverage is not provided.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	11
Active employees	<u>168</u>
	<u>179</u>

B. Total OPEB Liability

The School District's total OPEB liability of \$817,740 was measured as of July 1, 2023 and was determined from an actuarial valuation performed as of July 1, 2022. Standard roll-forward techniques were used to roll-forward the liability from the valuation date to the measurement date using updated assumption below.

C. Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation and measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	2.50%
Discount Rate	4.13%
Healthcare Cost Trend Rates	7.00% for 20232024 decreasing .25% per year to an ultimate rate of 4.50%

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index.

Mortality rates were based on the Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation and roll-forward measurement date were selected using input from the School District based upon actual experience.

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D. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	\$ 938,548
Changes for the year:	
Service Cost	23,128
Interest	33,225
Changes of assumptions or other inputs	(32,927)
Benefit Payments	<u>(144,234)</u>
Net Changes	<u>(120,808)</u>
Balance at June 30, 2024	<u>\$ 817,740</u>

E. Changes of Assumptions and Other Inputs

- Changed the discount rate from 3.54% to 4.13%.

F. Sensitivity of the Total Liability to Changes in the Discount Rate

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

	1.00% Decrease 3.13%	Current Discount Rate 4.13%	1.00% Increase 5.13%
Total OPEB Liability	\$ 874,796	\$ 817,740	\$ 765,822

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

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

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 761,693	\$ 817,740	\$ 881,665

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

For the year ended June 30, 2024, the School District recognized negative OPEB Expense of \$156,520. At June 30, 2024 the School District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 161,591	\$ 120,878
Difference between expected and actual experience	317,624	1,988,717
Benefit payments subsequent to the measurement date	<u>144,347</u>	<u>-</u>
	<u>\$ 623,562</u>	<u>\$ 2,109,595</u>

The \$144,347 amount reported as deferred outflows of resources resulting from the School District's benefit payments subsequent to the measurement date will be recognized as a reduction in next year's total OPEB liability. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2025	\$ (212,873)
2026	(212,873)
2027	(212,873)
2028	(212,873)
2029	(212,873)
Thereafter	<u>(566,015)</u>
	<u>\$ (1,630,380)</u>

Note 14 - Other Post-Employment Benefits - PSERS

A. Summary of Significant Accounting Policies

Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' 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.

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B. General Information about the Health Insurance Premium Assistance Program

1. Health Insurance Premium Assistance Program

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

2. Premium Assistance Eligibility Criteria

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

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

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

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

3. Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania.

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

4. 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.

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Employer Contributions

The School District's contractually required contribution rate for fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School District were \$98,749 for the year ended June 30, 2024.

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

At June 30, 2024, the School District reported a liability of \$1,806,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School District's proportion was .0998%, which was a decrease of .0020% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024 the School District recognized OPEB expense of \$2,748. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,000	\$ 18,000
Changes in assumptions	156,000	342,000
Net difference between projected and actual investment earnings	4,000	-
Changes in proportions	27,000	275,000
Difference between employer contributions and proportionate share of total contributions	909	-
Contributions subsequent to the measurement date	<u>98,749</u>	<u>-</u>
	<u>\$ 298,658</u>	<u>\$ 635,000</u>

\$98,749 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025.

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

Year Ended June 30,	
2025	\$ (84,718)
2026	(112,773)
2027	(107,672)
2028	(117,928)
2029	<u>(12,000)</u>
	<u>\$ (435,091)</u>

1. Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.13%, S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, 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%.

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual date for retirees benefitting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	<u>100.0%</u>	1.20%

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

2. Discount Rate

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

3. Sensitivity of System Net OPEB Liability to Change in the Healthcare Cost Trend Rates

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

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

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

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Trend Rate	Increase
System net OPEB Liability	\$ 1,805	\$ 1,806	\$ 1,806

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

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

	(In Thousands)		
	1.00%	Current	1.00%
	Decrease	Discount Rate	Increase
	3.13%	4.13%	5.13%
School District's proportionate share of the net OPEB liability	\$ 2,041	\$ 1,806	\$ 1,608

5. 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.

Note 15 - Risk Management

The School District is one of various members of the Allegheny County Schools Health Insurance Consortium (Consortium) which purchases health benefits on behalf of participating public school districts. The School District is billed monthly based on employee count and coverage information at rates established by the Consortium at the beginning of each fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements. Contributions to the Consortium totaled \$3,850,856 and \$3,578,721 for the years ended June 30, 2024 and 2023, respectively.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to or responsible for a proportionate share of the Consortium net position or deficiency in net position, respectively, as determined on the fiscal year-end date after withdrawal. As of June 30, 2024, the net position of the Consortium was \$64,607,800 of which \$473,046 is attributable to the School District. The School District's share would be reduced by amounts due under the applicable joinder agreement.

Ambridge Area School District
Notes to Financial Statements
June 30, 2024

School District participates in an insurance program offered by a commercial insurance company. It purchases commercial insurance policies for risks of losses for casualty, workmen's compensation and liability claims.

The School 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. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 16 - On-Behalf Payments

The amounts recognized for revenues and expenditures for on-behalf payments relating to fringe benefits for the year ended June 30, 2024 were \$3,713,328.

This includes \$3,082,573 recognized for revenues and expenditures relating to pension contributions for its employees that the Commonwealth of Pennsylvania paid to the Public School Employees' Retirement System (PSERS) for pension and \$630,755 to the federal government for social security and Medicare taxes for the year ended June 30, 2024. The School District pays these on-behalf payments directly to PSERS and the government and is reimbursed by the Commonwealth for their appropriate share.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

**Ambridge Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues				
Local Sources				
Taxes				
Current Real Estate Taxes	\$ 20,980,868	\$ 20,980,868	\$ 20,803,535	\$ (177,333)
Public Utility Realty Taxes	27,701	27,701	23,098	(4,603)
Payments in Lieu of Current Taxes	19,938	19,938	10,725	(9,213)
Current Per Capita Taxes - Sec. 679	81,113	81,113	80,750	(363)
Current Per Capita Taxes - Act 511	13,887	13,887	-	(13,887)
Local Services Taxes	27,139	27,139	27,592	453
Mercantile Taxes	247,064	247,064	267,221	20,157
Earned Income Taxes	3,141,233	3,141,233	3,498,888	357,655
Real Estate Transfer Taxes	615,150	615,150	544,691	(70,459)
Delinquencies on Taxes	1,085,971	1,085,971	1,143,281	57,310
Earnings on Investments	15,141	15,141	931,985	916,844
Other Local Revenues				
Other Revenues from IU	615	615	561	(54)
Federal Revenues from IU	408,800	408,800	418,356	9,556
Contributions & Donations from				
Private Sources	66,154	66,154	67,132	978
Rentals	32,973	32,973	84,874	51,901
Revenue from LEA Activities	91,273	91,273	73,530	(17,743)
Tuition	20,000	20,000	195,321	175,321
Refund of Prior Year's Expenditures	106,250	106,250	16,236	(90,014)
Miscellaneous Revenue	<u>27,152</u>	<u>27,152</u>	<u>331,364</u>	<u>304,212</u>
Total Revenues from Local Sources	<u>27,008,422</u>	<u>27,008,422</u>	<u>28,519,140</u>	<u>1,510,718</u>
State Sources				
Basic Instructional & Oper. Subsidies				
Basic Instructional Subsidy	11,968,763	11,968,763	12,671,461	702,698
Tuition	30,000	30,000	1,553	(28,447)
Subsidies for Spec. Educ. Programs				
Special Education of Excep. Pupils	2,591,878	2,591,878	2,748,640	156,762
PreK Counts	1,000,000	1,000,000	1,024,881	24,881

**Ambridge Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Subsidies for Noneduc. Programs				
Transportation (Regular & Additional)	936,575	936,575	1,263,676	327,101
Rentals & Sinking Fund Payments	610,000	610,000	609,273	(727)
Ready to Learn Block Grant	422,955	422,955	672,955	250,000
Health Services	39,000	39,000	36,832	(2,168)
State Property Tax Reduction	1,327,001	1,327,001	1,327,001	-
Safe Schools	30,000	30,000	31,214	1,214
Social Security Payments	605,238	605,238	605,671	433
State Retirement Revenue	<u>2,702,910</u>	<u>2,702,910</u>	<u>2,982,347</u>	<u>279,437</u>
 Total Revenues from State Sources	 <u>22,264,320</u>	 <u>22,264,320</u>	 <u>23,975,504</u>	 <u>1,711,184</u>
Federal Sources				
Restricted Grants-In-Aid from the Fed.				
Gov't. through the Commonwealth				
Title I	650,000	650,000	731,604	81,604
Title II	91,000	91,000	90,655	(345)
Title III	-	-	8,410	8,410
Title IV	46,000	46,000	52,591	6,591
ARP ESSER (ESSER III) Elementary & Secondary School Emergency Relief	882,414	882,414	1,161,158	278,744
ARP ESSER Learning Loss	87,301	87,301	130,479	43,178
ARP ESSER Summer Programs	12,836	12,836	30,926	18,090
ARP ESSER After School	18,728	18,728	51,620	32,892
Other CARES Act Funding	30,000	30,000	-	(30,000)
Medicaid Admin. Claims	20,000	20,000	12,260	(7,740)
Medical Assistance	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>
 Total Revenues from Federal Sources	 <u>1,988,279</u>	 <u>1,988,279</u>	 <u>2,269,703</u>	 <u>281,424</u>
 Total Revenues	 <u>51,261,021</u>	 <u>51,261,021</u>	 <u>54,764,347</u>	 <u>3,503,326</u>
Other Financing Sources				
Sale of Capital Assets	<u>20,000</u>	<u>20,000</u>	<u>90,000</u>	<u>70,000</u>
 Total Revenues and Other Financing Sources	 <u>51,281,021</u>	 <u>51,281,021</u>	 <u>54,854,347</u>	 <u>3,573,326</u>

**Ambridge Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures				
Instruction				
Regular Programs				
Personal Services				
Salaries	8,439,033	8,439,033	8,285,985	153,048
Employee Benefits	5,714,510	5,714,510	5,287,381	427,129
Purchased Prof. and Tech. Services	338,200	338,200	479,310	(141,110)
Purchased Property Services	7,300	8,132	7,931	201
Other Purchased Services	4,502,015	4,505,611	3,840,809	664,802
Supplies	226,983	231,363	414,425	(183,062)
Property	10,700	10,464	15,598	(5,134)
Other Objects	36,479	29,829	5,276	24,553
	<u>19,275,220</u>	<u>19,277,142</u>	<u>18,336,715</u>	<u>940,427</u>
Total Regular Programs				
	<u>19,275,220</u>	<u>19,277,142</u>	<u>18,336,715</u>	<u>940,427</u>
Special Programs				
Personal Services				
Salaries	3,041,301	3,041,301	2,927,100	114,201
Employee Benefits	1,911,302	1,911,302	1,727,377	183,925
Purchased Prof. and Tech. Services	1,197,166	1,197,166	1,078,049	119,117
Purchased Property Services	6,100	6,100	-	6,100
Other Purchased Services	4,669,556	4,669,556	5,067,366	(397,810)
Supplies	108,049	108,049	77,344	30,705
Property	3,000	3,000	-	3,000
Other Objects	14,410	14,410	10,305	4,105
	<u>10,950,884</u>	<u>10,950,884</u>	<u>10,887,541</u>	<u>63,343</u>
Total Special Programs				
	<u>10,950,884</u>	<u>10,950,884</u>	<u>10,887,541</u>	<u>63,343</u>
Vocational Education Programs				
Other Purchased Services	<u>465,000</u>	<u>465,000</u>	<u>448,223</u>	<u>16,777</u>
Other Instructional Programs				
Personal Services				
Salaries	31,864	31,864	14,841	17,023
Employee Benefits	13,575	13,575	6,242	7,333
Other Purchased Services	295,414	295,414	246,424	48,990
Supplies	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Other Instructional Programs	<u>342,853</u>	<u>342,853</u>	<u>267,507</u>	<u>75,346</u>

**Ambridge Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Nonpublic School Programs				
Purchased Prof. and Tech. Services	8,000	8,000	4,473	3,527
Other Purchased Services	-	-	5,695	(5,695)
Supplies	<u>12,300</u>	<u>12,300</u>	<u>7,657</u>	<u>4,643</u>
Total Nonpublic School Programs	<u>20,300</u>	<u>20,300</u>	<u>17,825</u>	<u>2,475</u>
Higher Education Programs				
Other Purchased Services	<u>144,975</u>	<u>144,975</u>	<u>6,500</u>	<u>138,475</u>
Pre-Kindergarten				
Personal Services				
Salaries	424,010	424,010	410,223	13,787
Employee Benefits	242,626	242,626	225,969	16,657
Other Purchased Services	5,000	5,000	1,350	3,650
Supplies	18,000	18,000	15,186	2,814
Other Objects	<u>2,600</u>	<u>2,600</u>	<u>3,609</u>	<u>(1,009)</u>
Total Pre-Kindergarten	<u>692,236</u>	<u>692,236</u>	<u>656,337</u>	<u>35,899</u>
Total Instruction	<u>31,891,468</u>	<u>31,893,390</u>	<u>30,620,648</u>	<u>1,272,742</u>
Support Services				
Pupil Personnel				
Personal Services				
Salaries	622,629	622,629	575,460	47,169
Employee Benefits	378,490	378,490	361,047	17,443
Purchased Prof. and Tech. Services	124,500	124,500	34,969	89,531
Purchased Property Services	200	-	-	-
Other Purchased Services	6,500	6,000	743	5,257
Supplies	19,825	19,825	3,483	16,342
Property	4,250	4,250	1,709	2,541
Other Objects	<u>38,639</u>	<u>38,639</u>	<u>14,100</u>	<u>24,539</u>
Total Pupil Personnel	<u>1,195,033</u>	<u>1,194,333</u>	<u>991,511</u>	<u>202,822</u>
Instructional Staff				
Personal Services				
Salaries	266,012	266,012	241,063	24,949
Employee Benefits	159,655	159,655	133,735	25,920
Purchased Prof. and Tech. Services	1,855	1,855	17,697	(15,842)
Other Purchased Services	14,125	14,125	231	13,894

Ambridge Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2024

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Supplies	283,389	283,389	129,633	153,756
Property	1,000	1,000	-	1,000
Other Objects	900	900	858	42
	<u>726,936</u>	<u>726,936</u>	<u>523,217</u>	<u>203,719</u>
Total Instructional Staff				
Administration				
Personal Services				
Salaries	1,246,253	1,246,253	1,234,163	12,090
Employee Benefits	830,460	830,460	710,152	120,308
Purchased Prof. and Tech. Services	223,747	223,747	224,503	(756)
Other Purchased Services	43,500	44,500	47,649	(3,149)
Supplies	34,050	34,150	26,380	7,770
Property	2,000	-	-	-
Other Objects	55,490	55,000	58,523	(3,523)
	<u>2,435,500</u>	<u>2,434,110</u>	<u>2,301,370</u>	<u>132,740</u>
Total Administration				
Pupil Health				
Personal Services				
Salaries	203,590	203,590	179,562	24,028
Employee Benefits	106,095	106,095	101,110	4,985
Purchased Prof. and Tech. Services	115,500	115,500	212,379	(96,879)
Other Purchased Services	1,000	1,000	82	918
Supplies	3,650	3,650	3,578	72
Property	500	500	-	500
	<u>430,335</u>	<u>430,335</u>	<u>496,711</u>	<u>(66,376)</u>
Total Pupil Health				
Business				
Personal Services				
Salaries	232,109	232,109	224,854	7,255
Employee Benefits	142,178	142,178	111,739	30,439
Purchased Prof. and Tech. Services	71,350	71,350	49,636	21,714
Purchased Property Services	165,000	165,000	28,496	136,504
Other Purchased Services	500	500	2,185	(1,685)
Supplies	3,000	3,000	2,481	519
Property	35,000	35,000	-	35,000
Other Objects	1,000	1,000	1,098	(98)
	<u>650,137</u>	<u>650,137</u>	<u>420,489</u>	<u>229,648</u>
Total Business				

**Ambridge Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Oper. and Maint. of Plant Svcs.				
Personal Services				
Salaries	1,342,861	1,342,861	1,075,171	267,690
Employee Benefits	1,001,144	1,001,144	860,149	140,995
Purchased Prof. and Tech. Services	285,000	285,000	304,472	(19,472)
Purchased Property Services	693,000	694,168	711,334	(17,166)
Other Purchased Services	258,186	258,186	239,141	19,045
Supplies	1,094,000	1,094,000	901,853	192,147
Property	121,000	121,000	87,044	33,956
Other Objects	550	550	520	30
	<u>4,795,741</u>	<u>4,796,909</u>	<u>4,179,684</u>	<u>617,225</u>
Total Oper. and Maint. of Plant Svcs.				
Student Transportation Services				
Personal Services				
Employee Benefits	-	-	10,000	(10,000)
Purchased Prof. and Tech. Services	-	-	4,155	(4,155)
Other Purchased Services	3,686,846	3,686,846	3,266,471	420,375
Supplies	38,000	38,000	130,882	(92,882)
	<u>3,724,846</u>	<u>3,724,846</u>	<u>3,411,508</u>	<u>313,338</u>
Total Student Transportation Services				
Central				
Personal Services				
Salaries	130,764	130,764	108,566	22,198
Employee Benefits	108,432	108,432	61,546	46,886
Purchased Prof. and Tech. Services	148,000	148,000	84,107	63,893
Purchased Property Services	26,500	26,500	24,184	2,316
Other Purchased Services	8,800	8,800	1,475	7,325
Supplies	209,200	209,200	295,282	(86,082)
Property	1,063,984	1,063,984	471,212	592,772
Other Objects	500	500	-	500
	<u>1,696,180</u>	<u>1,696,180</u>	<u>1,046,372</u>	<u>649,808</u>
Total Central				
Other				
Other Purchased Services	22,660	22,660	21,601	1,059
	<u>15,677,368</u>	<u>15,676,446</u>	<u>13,392,463</u>	<u>2,283,983</u>
Total Support Services				

**Ambridge Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Noninstructional Services				
Student Activities				
Personal Services				
Salaries	357,139	357,139	359,833	(2,694)
Employee Benefits	158,613	158,613	138,116	20,497
Purchased Prof. and Tech. Services	136,850	136,850	148,624	(11,774)
Purchased Property Services	14,000	14,000	18,310	(4,310)
Other Purchased Services	91,786	89,786	76,477	13,309
Supplies	75,590	76,210	71,271	4,939
Property	30,500	31,880	6,066	25,814
Other Objects	55,500	55,500	38,853	16,647
Total Student Activities	919,978	919,978	857,550	62,428
Community Services				
Personal Services				
Salaries	28,991	28,991	31,371	(2,380)
Employee Benefits	9,000	9,000	7,896	1,104
Purchased Prof. and Tech. Services	27,800	26,800	14,085	12,715
Other Purchased Services	2,000	2,000	38	1,962
Supplies	10,000	10,000	4,017	5,983
Other Objects	12,000	12,000	12,000	-
Total Community Services	89,791	88,791	69,407	19,384
Total Noninstructional Services	1,009,769	1,008,769	926,957	81,812
Facilities Acquisition, Construction and Improvement Services				
Purchased Property Services	90,000	90,000	1,851,841	(1,761,841)
Debt Service				
Interest	1,599,201	1,599,201	1,590,410	8,791
Refunds of Prior Year's Receipts	25,000	25,000	17,890	7,110
Redemption of Principal	4,275,000	4,275,000	4,428,899	(153,899)
Total Debt Service	5,899,201	5,899,201	6,037,199	(137,998)
Total Expenditures	54,567,806	54,567,806	52,829,108	1,738,698

**Ambridge Area School District
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Other Financing Uses				
Budgetary Reserve	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Expenditures and Other Financing Uses	<u>54,617,806</u>	<u>54,617,806</u>	<u>52,829,108</u>	<u>1,788,698</u>
Net Change in Fund Balance	(3,336,785)	(3,336,785)	2,025,239	5,362,024
Fund Balance - July 1, 2023	<u>5,709,413</u>	<u>5,709,413</u>	<u>10,336,909</u>	<u>4,627,496</u>
Fund Balance - June 30, 2024	<u>\$ 2,372,628</u>	<u>\$ 2,372,628</u>	<u>\$ 12,362,148</u>	<u>\$ 9,989,520</u>

Ambridge Area School District
Note to the Required Supplementary Information
Budget Comparison
June 30, 2024

Note 1 – Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

**Ambridge Area School District
Required Supplementary Information
Schedule of Changes in Total OPEB Liability
and Related Ratios
Last Eight Years**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability								
Service Cost	\$ 23,128	\$ 29,781	\$ 28,821	\$ 18,709	\$ 13,974	\$ 24,361	\$ 24,145	\$ 260,577
Interest	33,225	25,255	27,380	27,613	28,961	33,838	31,348	164,200
Difference between Expected and Actual Experience	-	(67,227)	-	423,500	-	(29,473)	-	(3,822,953)
Change of Assumptions and Other Inputs	(32,927)	(80,258)	4,393	87,001	106,508	(14,026)	(19,594)	39,095
Benefit Payments	<u>(144,234)</u>	<u>(138,226)</u>	<u>(130,284)</u>	<u>(106,848)</u>	<u>(108,857)</u>	<u>(211,541)</u>	<u>(190,627)</u>	<u>(593,300)</u>
Net Change in Total OPEB Liability	(120,808)	(230,675)	(69,690)	449,975	40,586	(196,841)	(154,728)	(3,952,381)
Total OPEB Liability - Beginning	<u>938,548</u>	<u>1,169,223</u>	<u>1,238,913</u>	<u>788,938</u>	<u>748,352</u>	<u>945,193</u>	<u>1,099,921</u>	<u>5,052,302</u>
Total OPEB Liability - Ending	<u>\$ 817,740</u>	<u>\$ 938,548</u>	<u>\$ 1,169,223</u>	<u>\$ 1,238,913</u>	<u>\$ 788,938</u>	<u>\$ 748,352</u>	<u>\$ 945,193</u>	<u>\$ 1,099,921</u>
Covered-Employee Payroll	\$ 10,721,112	\$ 10,459,621	\$ 11,126,001	\$ 10,854,635	\$ 11,744,848	\$ 11,458,388	\$ 11,108,567	\$ 10,837,626
Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.63%	8.97%	10.51%	11.41%	6.72%	6.53%	8.51%	10.15%

Notes to Schedule:

GASB 75 was implemented beginning with fiscal year ended June 30, 2017.

Assumption Changes:

Discount rate used for fiscal year ending:

2024	4.13%
2023	3.54%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

**Ambridge Area School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS**

	Last Ten Years									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution	\$ 5,112,497	\$ 5,271,787	\$ 5,101,890	\$ 5,259,322	\$ 5,521,640	\$ 5,270,396	\$ 5,187,627	\$ 4,552,739	\$ 3,799,955	\$ 3,173,516
Contributions in Relation to the Contractually Required Contribution	<u>5,112,497</u>	<u>5,271,787</u>	<u>5,101,890</u>	<u>5,259,322</u>	<u>5,521,640</u>	<u>5,270,396</u>	<u>5,187,627</u>	<u>4,552,739</u>	<u>3,799,955</u>	<u>3,173,516</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 15,274,587	\$ 15,288,990	\$ 14,970,504	\$ 15,653,326	\$ 16,584,029	\$ 16,188,024	\$ 16,382,035	\$ 15,315,228	\$ 14,897,663	\$ 15,044,657
Contributions as a Percentage of Covered Payroll	33.47%	34.48%	34.08%	33.60%	33.29%	32.56%	31.67%	29.73%	25.51%	21.09%

The covered-payroll amount reported for June 30, 2023 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2024.

**Ambridge Area School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net Pension Liability
PSERS**

	Last Ten Years									
	(Dollar Amount in Thousands)									
	June 30, 2023	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
School District's Proportion of the Net Pension Liability (Asset)	0.0998%	0.1020%	0.1105%	0.1181%	0.1174%	0.1216%	0.1150%	0.1151%	0.1169%	0.1231%
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 44,397	\$ 45,348	\$ 45,368	\$ 58,151	\$ 54,923	\$ 58,374	\$ 56,797	\$ 57,040	\$ 50,636	\$ 48,723
School District's Covered Payroll	\$ 15,289	\$ 14,971	\$ 15,653	\$ 16,584	\$ 16,188	\$ 16,382	\$ 15,315	\$ 14,898	\$ 15,045	\$ 15,706
School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	290.39%	302.91%	289.84%	350.65%	339.28%	356.33%	370.86%	382.87%	336.56%	310.22%
Plan Fiduciary Net Position as a Percentage of The Total Pension Liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

**Ambridge Area School District
Required Supplementary Information
Schedule of School District's Contributions
PSERS OPEB Plan
Last Seven Years**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually Required Contribution	\$ 98,749	\$ 114,346	\$ 120,293	\$ 127,496	\$ 139,275	\$ 137,329	\$ 136,923
Contributions in Relation to the Contractually Required Contribution	<u>98,749</u>	<u>114,346</u>	<u>120,293</u>	<u>127,496</u>	<u>139,275</u>	<u>137,329</u>	<u>136,923</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 15,274,587	\$ 15,288,990	\$ 14,970,504	\$ 15,653,326	\$ 16,584,029	\$ 16,188,024	\$ 16,382,035
Contributions as a Percentage of Covered Payroll	0.65%	0.75%	0.80%	0.81%	0.84%	0.85%	0.84%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

The covered-payroll amount reported for June 30, 2023 has been revised from the prior year presentation to reflect adjustments processed by PSERS during fiscal year 2024.

Ambridge Area School District
Required Supplementary Information
Schedule of School District's Proportionate Share
of the Net OPEB Liability
PSERS OPEB Plan
Last Seven Years
(Dollar Amount in Thousands)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
School District's Proportion of the Net OPEB Liability (Asset)	0.0998%	0.1018%	0.1104%	0.1182%	0.1174%	0.1216%	0.1150%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,806	\$ 1,874	\$ 2,617	\$ 2,554	\$ 2,497	\$ 2,535	\$ 2,343
School District's Covered Payroll	\$ 15,289	\$ 14,971	\$ 15,653	\$ 16,584	\$ 16,188	\$ 16,382	\$ 15,315
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	11.81%	12.52%	16.72%	15.40%	15.43%	15.47%	15.30%
Plan Fiduciary Net Position as a Percentage of The Total OPEB Liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

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SINGLE AUDIT SECTION

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Members of the Board
Ambridge Area School District
Ambridge, Pennsylvania

Dear Members:

The reports contained in this single audit section are required in addition to the financial statements. The various reports for Ambridge Area School District for the period ended June 30, 2024 were prepared to fulfill the requirements of the Government Auditing Standards and the Uniform Grant Guidance. A summary of the reports is as follows:

- A. 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*
- B. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance
- C. Schedule of Findings and Questioned Costs
- D. Schedule of Expenditures of Federal Awards
- E. List of Report Distribution

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 4, 2025

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EXHIBIT A

**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***

Members of the Board
Ambridge Area School District
Ambridge, 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 Ambridge Area School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Ambridge Area School District's basic financial statements, and have issued our report thereon dated March 4, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 Ambridge Area School 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.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 4, 2025

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EXHIBIT B

**Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by the Uniform Guidance**

Members of the Board
Ambridge Area School District
Ambridge, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ambridge Area School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ambridge Area School District's major federal programs for the year ended June 30, 2024. Ambridge Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. In our opinion, Ambridge Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Ambridge Area School 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 Ambridge Area School 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 Ambridge Area School 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 Ambridge Area School 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 generally accepted auditing standards, *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 Ambridge Area School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Ambridge Area School 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 Ambridge Area School 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 Ambridge Area School 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.

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
March 4, 2025

Ambridge Area School District
Schedule of Findings and Questioned Costs
June 30, 2024

EXHIBIT C

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report was unmodified.

Internal control over financial reporting:

- | | | | | |
|---|-------|-----|----------|---------------|
| • Material weakness(es) identified? | _____ | yes | <u>✓</u> | no |
| • Significant deficiency(ies) identified? | _____ | yes | <u>✓</u> | none reported |

Noncompliance material to financial
statements noted?

_____	yes	<u>✓</u>	no
-------	-----	----------	----

Federal Awards

Internal control over major programs:

- | | | | | |
|---|-------|-----|----------|---------------|
| • Material weakness(es) identified? | _____ | yes | <u>✓</u> | no |
| • Significant deficiency(ies) identified? | _____ | yes | <u>✓</u> | none reported |

Type of auditor's report issued on compliance for major programs was unmodified.

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR Section
200.516(a)?

_____	yes	<u>✓</u>	no
-------	-----	----------	----

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
---------------	------------------------------------

84.425	Education Stabilization Fund
10.582; 10.555; 10.553 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?

<u>✓</u>	yes	_____	no
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**Ambridge Area School District
Schedule of Findings and Questioned Costs
June 30, 2024**

EXHIBIT C

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were noted.

Section IV – Status of Prior Year's Findings

No prior year's findings.

Ambridge Area School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/23	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/24
U.S. Department of Education Passed through the Pennsylvania Department of Education										
Title I Improving Basic Programs	I	84.010	013-230009	09/01/22-09/30/23	\$ 671,777	\$ 103,836	\$ 103,836	\$ -	\$ -	\$ -
Title I Improving Basic Programs	I	84.010	013-240009	08/31/23-09/30/24	731,604	<u>685,738</u>	<u>-</u>	<u>731,604</u>	<u>731,604</u>	<u>45,866</u>
						<u>789,574</u>	<u>103,836</u>	<u>731,604</u>	<u>731,604</u>	<u>45,866</u>
Title II Improving Teacher Quality	I	84.367	020-240009	08/31/23-09/30/24	90,655	<u>90,728</u>	<u>-</u>	<u>90,655</u>	<u>90,655</u>	<u>(73)</u>
Title III Language Inst LEP/Immigrant Students	I	84.365	010-240009	08/31/23-09/30/24	18,063	<u>8,597</u>	<u>-</u>	<u>8,410</u>	<u>8,410</u>	<u>(187)</u>
Title IV Student Sup. and Acad. Enrichment	I	84.424	144-240009	08/31/23-09/30/24	52,591	<u>26,295</u>	<u>-</u>	<u>52,591</u>	<u>52,591</u>	<u>26,296</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	I	84.425D	200-210009	03/13/20-09/30/23	2,298,471	160,359	160,359	-	-	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	I	84.425U	223-210009	03/13/20-09/30/24	4,649,141	929,828	46,308	1,161,158	1,161,158	277,638
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER 7%)	I	84.425U	225-210009	03/13/20-09/30/24	361,342	<u>249,653</u>	<u>36,628</u>	<u>213,025</u>	<u>213,025</u>	<u>-</u>
						<u>1,339,840</u>	<u>243,295</u>	<u>1,374,183</u>	<u>1,374,183</u>	<u>277,638</u>
Special Education Cluster Passed through the Beaver Intermediate Unit										
IDEA B	I	84.027	N/A	07/01/23-06/30/24	411,318	211,479	-	411,318	411,318	199,839
IDEA B Section 619	I	84.173	N/A	07/01/23-06/30/24	7,038	<u>-</u>	<u>-</u>	<u>7,038</u>	<u>7,038</u>	<u>7,038</u>
Subtotal Special Education Cluster						<u>211,479</u>	<u>-</u>	<u>418,356</u>	<u>418,356</u>	<u>206,877</u>
Subtotal U.S. Department of Education						<u>2,466,513</u>	<u>347,131</u>	<u>2,675,799</u>	<u>2,675,799</u>	<u>556,417</u>
U.S. Department of Health and Human Services Passed through the Pennsylvania Department of Public Welfare										
Medical Assistance Reimb. for Adm. Title 19	I	93.778	N/A	07/01/23-06/30/24	N/A	<u>11,541</u>	<u>-</u>	<u>12,260</u>	<u>12,260</u>	<u>719</u>

Ambridge Area School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

EXHIBIT D

Federal Grantor/ Pass Through Grantor/ Project Title	Source Code	Federal ALN Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue 07/01/23	Revenue Recognized	Expendi- tures	Accrued or (Deferred) Revenue 06/30/24
U.S. Department of Agriculture										
Passed through the Pennsylvania										
Department of Education										
Summer Food Program	I	10.559	N/A	07/01/23-06/30/24	N/A	19,037	7,217	18,570	18,570	6,750
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	1,038,410	4,609	1,033,801	1,033,801	-
National School Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	449,042	1,725	447,317	447,317	-
Fresh Fruit and Vegetable Program	I	10.582	N/A	07/01/23-06/30/24	N/A	37,821	-	37,821	37,821	-
Passed through the Pennsylvania										
Department of Agriculture										
National School Lunch Program (Donated Commodities Non Cash Assistance)	I	10.555	N/A	07/01/23-06/30/24	N/A	<u>142,548</u>	<u>(3,556)</u>	<u>142,429</u>	<u>142,429</u>	<u>(3,675)</u>
Total Child Nutrition Cluster						<u>1,686,858</u>	<u>9,995</u>	<u>1,679,938</u>	<u>1,679,938</u>	<u>3,075</u>
Passed through the Pennsylvania										
Department of Education										
P-EBT Administrative Costs Grant	I	10.649	N/A	07/01/23-06/30/24	N/A	<u>3,256</u>	<u>-</u>	<u>3,256</u>	<u>3,256</u>	<u>-</u>
Total U.S. Department of Agriculture						<u>1,690,114</u>	<u>9,995</u>	<u>1,683,194</u>	<u>1,683,194</u>	<u>3,075</u>
Total Federal Financial Assistance						<u>\$4,168,168</u>	<u>\$ 357,126</u>	<u>\$4,371,253</u>	<u>\$4,371,253</u>	<u>\$ 560,211</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**Ambridge Area School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024**

EXHIBIT D

Note A - Basis of Presentation

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

Note B - Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Ambridge Area School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C - Source Code

The Source Code (I) indicates funds received indirectly.

Note D - Reconciliation with Subsidy Confirmation

Amounts Received Per Schedule	\$ 4,168,168
Less: Commodities Received	(142,548)
Less: Passed Through Beaver IU	(211,479)
Less: Title 19	(11,541)
Add: State Funding on Confirmation	<u>1,146,642</u>
 Per Subsidy Confirmation	 <u><u>\$ 4,949,242</u></u>

Note E - Subrecipients

The School District did not pass through any federal expenditures to subrecipients.

**Ambridge Area School District
List of Report Distribution
June 30, 2024**

EXHIBIT E

1 Copy – Bureau of Audits

1 Copy – General Services Administration

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APPENDIX C
Bond Counsel Opinion

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FORM OF OPINION OF BOND COUNSEL

The form of the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Bond Counsel has no duty, and has assumed no obligation, to revise, update or supplement its opinion to address or reflect a change or changes in such circumstances subsequent to the date of delivery of the Bonds, whether or not it has notice or obtains knowledge of the same, and whether or not this Official Statement shall be recirculated. The approving legal opinion of Bond Counsel represents its considered professional judgment, following a comparison of relevant factual certifications to applicable law. Such opinion is not a guarantee of a particular result, nor is such opinion binding on any administrative or judicial tribunal.

We have served as Bond Counsel to Ambridge Area School District (Beaver County, Pennsylvania) (the "Local Government Unit") and do hereby undertake to advise you in connection with the issuance, sale and delivery of its \$ _____, aggregate principal amount, General Obligation Bonds, Series of 2025 (the "Bonds"), issued in fully registered form, dated and bearing interest from _____, 2025, maturing on various annual dates ending _____, _____, and subject to redemption at the option of the Local Government Unit prior to maturity beginning _____, _____.

In that capacity, we have examined the Constitution of the Commonwealth of Pennsylvania; the Public School Code of 1949, Act of March 10, 1949, P.L. 30, No. 14, as amended (the "School Code"); the Local Government Unit Debt Act, 53 Pa.C.S.A. §8001 *et seq.*, as amended (the "Debt Act"); the formal action of the Governing Body of the Local Government Unit authorizing the incurrence of nonelectoral debt evidenced by the Bonds (the "Debt Ordinance"); the corresponding Certificate of Approval of the Department of Community and Economic Development; the Internal Revenue Code of 1986, as amended (the "Tax Code"); the opinion of Weiss Burkardt Kramer, LLC, solicitor for the Local Government Unit, upon which we have relied; and such other proceedings and law as we deemed necessary in order to render this opinion. We have reviewed the Federal Tax Certificate of an authorized officer of the Local Government Unit, along with other closing certificates of the Local Government Unit and other parties to the issuance and sale of the Bonds. Unless separately noted, we have relied upon, but have not independently verified, factual certifications made to us by the Local Government Unit, its officers and agents, and by said other parties, both in such certificates and otherwise during the course of our engagement.

Both principal of and interest on the Bonds are payable at the designated corporate trust office of U.S. Bank Trust Company, National Association, Pittsburgh, Pennsylvania, as Paying Agent for the Local Government Unit; U.S. Bank Trust Company, National Association has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

These proceedings demonstrate that, in the absence of any meritoriously-based action in a governmental or judicial forum affecting the validity of the Bonds, the same have been delivered upon full payment.

We have not been engaged nor undertaken to review the adequacy of disclosure in the Official Statement nor in any other securities offering material produced in respect of the Bonds and, except as to matters set forth in this opinion and described as such in said Official Statement, we express no opinion or belief with respect thereto.

Based on the foregoing, we are of the opinion on this date as follows:

1. The Bonds are valid and binding general obligations of the Local Government Unit.

- (a) The Bonds are issued for a valid purpose under the School Code.
- (b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.
- (c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.
- (d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.

2. The Bonds are secured by a pledge of the full faith, credit and taxing power of the Local Government Unit. The Local Government Unit has effectively covenanted in the Debt Ordinance to include the amount of debt service on this issue, in each fiscal year for which such sums are due, in its budget for that year; to appropriate such amounts to the payment of such debt service; and to pay or cause to be paid, from time to time as and when due, the principal of the Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds.

3. Presently included among the general revenues of the Local Government Unit available for the payment of the Bonds are ad valorem real estate taxes, whose levy upon all taxable real property situate within the corporate limits of the Local Government Unit is subject to the limitations of 53 Pa. C.S. §§6926.101 et seq., as amended.

4. The Bonds are payable and enforceable according to their own terms, those of the Debt Ordinance and all provisions of the Debt Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors' rights, as then applicable.

5. The Bonds, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are negotiable instruments.

6. The Bonds are an authorized investment, under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.

7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds (including for this purpose, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and accrued value) is excludable from gross income for Federal income tax purposes, pursuant to the Tax Code. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax on individuals. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.

8. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.

This opinion is rendered as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter be brought to our attention, or any changes in law that may hereafter arise.

APPENDIX D

Form of Continuing Disclosure Undertaking

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by Ambridge Area School District (Beaver County, Pennsylvania) (the “Issuer”), in connection with the issuance of its \$ _____, aggregate principal amount, General Obligation Bonds, Series of 2025 (the “Obligations”). The Obligations are being issued pursuant to a resolution adopted by the Board of School Directors of the Issuer (the “Governing Body”) on March 20, 2024 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Undertaking.*** This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the holders of the Obligations and in order to comply with, and constitutes the written undertaking for the benefit of the holders of the Obligations required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”).

Section 2. ***Definitions.*** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined herein, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“*Disclosure Representative*” means the Business Manager of the Issuer or his or her designee, or such other officer or employee of the Issuer as the Governing Body may designate from time to time.

“*Dissemination Agent*” means any person or entity designated by the Issuer.

“*EMMA*” means the MSRB’s Electronic Municipal Market Access system, as established by SEC Release No. 34-58256, as amended, and approved by SEC Release No. 34-59061.

“*Financial Obligation*” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Undertaking with respect to the Obligations.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Official Statement*” means the Preliminary Official Statement relating to the Obligations, dated _____, 2025, and the Official Statement relating to the Obligations, dated _____, 2025.

“*Operating Data*” means updates to certain tabular information contained in the Official Statement including the information under the headings: (a) TABLE 2 – “Pupil Enrollment”, (b) TABLE 6 – “TAX RATES”, (c) TABLE 8 – “REAL PROPERTY TAX COLLECTION DATA”, (d) TABLE 9 – “REAL PROPERTY ASSESSMENT DATA”, and (e) TABLE 12 – “LARGEST REAL PROPERTY TAXPAYERS”.

“*Purchaser*” means Stifel, Nicolaus & Company, Incorporated, in its role as original purchaser and underwriter of the Obligations.

“*Tax-exempt*” means that interest on the Obligations is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

Section 3. ***Provision of Annual Reports.*** The Issuer shall provide the Annual Report within 270 days following the end of each fiscal year (the “Report Date”), beginning with the fiscal year ending June 30, 2025 to EMMA which is consistent with the requirements of Section 4 of this Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking, provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The Annual Report must be submitted in the manner prescribed by the Municipal Securities Rulemaking Board, currently by uploading a machine word-searchable .pdf file to the EMMA Dataport web site.

Section 4. ***Content of Annual Reports.*** The Issuer’s Annual Report shall contain or incorporate by reference the following financial information and operating information for the Issuer:

- (a) audited financial statements for the Issuer for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units¹;
- (b) a summary of the budget for the current fiscal year (the fiscal year following the fiscal year of the financial statements being provided); and
- (c) the Operating Data.

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

Section 5. ***Reporting of Significant Events.*** (a) Pursuant to the provisions of this Section 5, the Issuer shall file, in a timely manner not in excess of ten (10) business days after the occurrence of such event, with the MSRB, notice of the occurrence of any of the following events with respect to the Obligations:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue

¹ If not submitted as part of the annual financial information, then when and if available, audited financial statements for the Issuer.

(IRS Form 5701-TEB) or other similar events affecting the tax-exempt status of the security;

- (vii) modifications to the rights of Holders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition of the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;
- (xiv) the appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) the incurrence of a Financial Obligation of the Issuer, if material, or the agreement, in connection with a Financial Obligation, to new, or additional, covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) The Issuer shall file in a timely manner with the MSRB and accompanied by such identifying information as prescribed by the MSRB, notice of a failure to provide the required annual financial information specified above, on or before the date specified above.

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

Section 6. ***Filing of Annual Reports and Listed Events.*** All filings with the MSRB pursuant to this Disclosure Undertaking: (a) shall be made in an electronic format as prescribed by the MSRB; and (b) shall be accompanied by identifying information as prescribed by the MSRB

Section 7. ***Termination of Reporting Obligation.*** The Issuer's obligations under this Disclosure Undertaking shall terminate upon (i) the legal defeasance, prior redemption or payment in full of all of the Obligations or (ii) if the Issuer is no longer an “obligated person” with respect to the Bonds within the meaning of the Rule. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination by filing a notice with the MSRB through EMMA.

Section 8. ***Dissemination Agent.*** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the holders of the Obligations or any other party. If no replacement Dissemination Agent is appointed, the Issuer shall undertake all obligations thereof hereunder.

Section 9. ***Amendment; Waiver.*** Notwithstanding any other provision hereof, the Issuer may amend this Disclosure Undertaking, and any provision of this Disclosure Undertaking may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 10. ***Additional Information.*** Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. ***Default.*** In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any holder of Obligations may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed a default under the Resolution or the Obligations and the rights and remedies provided by the Resolution and the Obligations upon the occurrence of a default shall not apply to any such failure. The sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 12. ***Immunities of Individuals.*** No recourse shall be had for any claim based hereon against any member, director, officer or employee, past, present or future, of the Issuer or the officers of the Issuer or of any successor body, as such.

Section 13. ***Beneficiaries.*** This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Purchaser, and holders from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 14. *Notices*. Any notices or communications to or with the Issuer may be given as follows:

Ambridge Area School District
901 Duss Avenue
Ambridge, PA 15003
Attention: Business Manager

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Continuing Disclosure Undertaking as of this ____ day of _____, 2025.

AMBRIDGE AREA SCHOOL DISTRICT

By: _____
President, Board of School Directors

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