

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 17, 2025

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P Rating: “ ” (____ Outlook) (Insured)
Moody’s: “A2” (Underlying)
(See “RATINGS” 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, 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 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. (See “TAX MATTERS” herein.)

The School District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”) (relating to the deductibility of interest expenses by certain financial institutions).

\$9,995,000*

Plum Borough School District Allegheny County, Pennsylvania General Obligation Bonds, Series of 2025

Dated: Date of Delivery

Interest Due: May 15 and November 15

Principal Due: May 15, as shown on inside cover

First Interest Payment: May 15, 2025

The General Obligation Bonds, Series of 2025 (the “Bonds”) in the aggregate principal amount of \$9,995,000* will be issued in registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, 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 Bonds are general obligations of the Plum Borough School District, Allegheny County, Pennsylvania (the “School District”), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service 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, hereinafter defined, or from any other of its 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 irrevocably has pledged its full faith, credit and available taxing power. **(But see “SECURITY FOR THE BONDS” and “The Taxpayer Relief Act (Act 1)” herein).**

Interest on each of the Bonds is payable initially on November 15, 2025 and thereafter semiannually on May 15 and November 15 of each year until the maturity date of such Bond. The School District has appointed Manufacturers and Traders Trust Company (the “Paying Agent”), as paying agent, registrar and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office in Harrisburg, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See “THE BONDS,” *infra*).

The Bonds are subject to redemption prior to maturity as described further herein (See “REDEMPTION OF BONDS”, *infra*).

Proceeds of the Bonds will be used towards (1) Renovations to the Plum Borough Middle School and O’Block Elementary School, and (2) the costs of issuing the bonds.

The Bonds are an authorized investment 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.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds. See “BOND INSURANCE” herein.

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS As Shown on Inside Front 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, of Pittsburgh, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Bruce E. Dice & Associates PC, of Pittsburgh, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Financial Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about July 29, 2025.

STIFEL

Dated:

*Estimated, subject to change.

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

\$9,995,000*
Plum Borough School District
Allegheny County, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: _____, 2025
Interest Due: May 15 and November 15

Principal Due: May 15 as shown below
First Interest Payment: November 15, 2025

BOND MATURITY SCHEDULE:

Maturity Date <u>May 15</u>	Principal Maturity <u>Amount</u>	Interest <u>Rate</u>	Initial Offering <u>Yields</u>	CUSIP <u>Numbers⁽¹⁾</u>
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				

⁽¹⁾ These 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 nor the Underwriter have agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Estimated, subject to change.

PLUM BOROUGH SCHOOL DISTRICT
Allegheny County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Dr. Angela Anderson.....	President
Mark Stropkaj.....	Vice President
Lindsay Arenth.....	Member
Michael Caliguiri.....	Member
Beverly Purcell.....	Member
Megan Chuderewicz.....	Member
Dr. Renee Richardson.....	Member
Ronald Sakolski.....	Member
Michelle Stepnick.....	Member

SUPERINTENDENT
DR. RICK WALSH

CHIEF FINANCIAL OFFICER
RYAN MANZER

SOLICITOR TO THE SCHOOL DISTRICT
BRUCE E. DICE & ASSOCIATES, PC
Pittsburgh, Pennsylvania

BOND COUNSEL
DINSMORE & SHOHL LLP
Pittsburgh, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER
STIFEL, NICOLAUS & COMPANY, INCORPORATED
Pittsburgh, Pennsylvania

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Harrisburg, Pennsylvania

SCHOOL DISTRICT ADDRESS
900 Elicker Road
Plum, Pennsylvania 15239

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

IN CONNECTION WITH THE OFFERING OF THE 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 INSIDE 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, ITS RESPONSIBILITIES TO INVESTORS UNDER, THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE 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 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.

_____ (“____”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, ____ has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding ____ supplied by ____ and presented under the heading “**BOND INSURANCE**” and “**Appendix B - Specimen Municipal Bond Insurance Policy**”.

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PRELIMINARY OFFICIAL STATEMENT

\$9,995,000*

Plum Borough School District
Allegheny County, Pennsylvania
General Obligation Bonds, Series of 2025

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof, is furnished by the Plum Borough School District, Allegheny County, Pennsylvania (the "School District") in connection with the offering of its \$9,995,000*, aggregate principal amount, General Obligation Bonds, Series of 2025 (the "Bonds"). The Bonds are dated as of the date of delivery and are being issued pursuant to a Resolution of the Board of School Directors of the School District to be adopted on June 17, 2025 (the "Resolution"), in accordance with the Local Government Unit Debt Act 53 Pa. C.S.A. §8001 et seq., as amended (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used towards (1) renovations to the Plum Borough Middle School and O'Block Elementary School, and (2) the costs of issuing the bonds.

Sources and Uses of Bond Proceeds

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

Sources of Funds	Total
Bond Par Amount	
Net Original Issue Premium/(Discount)	
Total Sources of Funds	
Uses of Funds	
Deposit to Construction Fund	
Issuance Costs ⁽¹⁾	
Total Uses of Funds	

⁽¹⁾Includes bond discount, legal, financial advisor, municipal bond insurance, CUSIP, printing, rating, paying agent, and miscellaneous fees.

*Estimated, Subject to Change

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$9,995,000*, will be dated the date of delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on November 15, 2025, and thereafter, semiannually on May 15 and November 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made 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 the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to Manufacturers and Traders Trust Company (the “Paying Agent”), acting as paying agent, registrar and sinking fund depository for the Bonds, at its corporate trust office in Harrisburg, Pennsylvania. (or to any successor paying agent at its designated office(s)).

Interest on the Bonds will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding November 15, 2025, in which event such Bond shall bear interest from July 29, 2025, 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 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 last day of the 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 the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized 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,” Bonds are transferable or exchangeable by the registered owners thereof upon surrender of 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 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 and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any 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.

*Estimated, subject to change.

Commonwealth Enforcement of Debt Service Payments

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

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

Pennsylvania Budget Adoption

The budget for the 2018-19 and the 2019-20 fiscal years were adopted timely.

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

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

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

After over a month delay, a \$44.9 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-2023 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

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

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

Act 85 of 2016

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

Act 85 of 2016 includes in the definition of “intercept statutes” Section 633 of the Public School Code. The Bonds are subject to Section 633 of the Public School Code.

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

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

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

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

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

SECURITY FOR THE BONDS

Pledge of the School District’s Full Faith, Credit and Taxing Power

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the 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 includes the power to levy ad valorem taxes on all taxable property in the School District, within the limits provided by law. (See “SCHOOL DISTRICT FINANCES” and “TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT” herein). The Debt Act presently provides for enforcement of debt service payments as hereinafter described (see “DEFAULTS AND REMEDIES” herein), and the Pennsylvania Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see “Commonwealth Enforcement of Debt Service Payments” below).

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series of 2025" (the "Sinking Fund"), has been created under the Resolution and is 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, so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as Sinking Fund Depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as Sinking Fund 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.

REDEMPTION OF BONDS

Mandatory Redemption

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

Any such redemption shall be upon application of money available for the purpose in the Mandatory Sinking created under the Resolution. In lieu of mandatory redemption, the School District or the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds of the appropriate maturity subject to being drawn for mandatory redemption on any such date.

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

Optional Redemption

The Bonds stated to mature on or after May 15, ____ shall be subject to redemption prior to maturity, at the option of the School District, as a whole, or from time to time, in part, on _____, ____, or on any date thereafter, (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

Notice of Redemption

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, 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 of certificated Bonds shall be given by depositing a copy of the redemption notice by 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 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, as sinking fund depository, 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. If the Bonds to be called for redemption shall have been refunded, money sufficient to redeem such Bonds shall be deemed to be on deposit with the Paying Agent for the purposes of this paragraph and the notice of redemption need not state that it is conditional, if the redemption money has been deposited irrevocably with another bank or bank and trust company which shall have been given irrevocable instructions to transfer the same to the Paying Agent not later than the opening of business on the redemption date.

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 Bonds of the same maturity and in authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or 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 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.

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE SCHOOL DISTRICT

Introduction

The School District is coterminous with the Borough of Plum (the "Borough"), which is the second largest borough in the Commonwealth in terms of land area. The School District is located in the eastern portion of Allegheny County, Pennsylvania (the "County"), and lies approximately ten miles east of the City of Pittsburgh, Pennsylvania, which is the county seat of the County, and four (4) miles north of the Municipality of Monroeville. The School District is bordered to the north by the Boroughs of Cheswick, and Springdale, to the south by the Municipality of Monroeville, to the east by the City of New Kensington, the Township of Upper Burrell and the Municipality of Murrysburg, which are situated in Westmoreland County, Pennsylvania, and to the west by the Municipality of Penn Hills and the Borough of Oakmont.

Administration

The School District is a third-class school district (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 is governed by a nine-member Board of School Directors (the "School Board"), comprised of residents of the School District who are elected on a staggered basis for four-year terms of office. The daily operations and management of the School District are overseen by the Superintendent of Schools, who serves as the chief educational officer of the School District. Budget preparation and control are overseen by the Director of Administrative Services. The current enrollment of the School District is 3,537 and the School District currently operates three elementary, one middle school and one senior high school. The budget for the fiscal year ending June 30, 2026, is \$77,622,260 and the total employment of the School District is currently comprised of 477 administrative, professional/instructional and classified support personnel.

School Facilities

The School District presently owns and operates 3 elementary schools, a middle school and a senior high school, all as described in the following table. Students in grades 9-12 may also attend the Forbes Road Career and Technology Center.

TABLE 1
PLUM BOROUGH SCHOOL DISTRICT FACILITIES

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Rated Pupil Capacity	2024-25 Enrollment
<i>Elementary:</i>					
O'Block Elementary	1955	1960, 1985, 2000, 2020	K-6	600	523
Pivik Elementary	2012	2012	K-6	729	739
Holiday Park Intermediate	2015	2015	K-6	750	512
<i>Secondary:</i>					
Plum Middle School	1968	2000, 2001, 2020	7-8	748	528
Plum Senior High School	1960	1966, 1975, 1989, 2002	9-12	1,468	1,235

Source: School District officials.

Enrollment Trends

Table 2 presents recent trends in school enrollment and projections of enrollment for the next 5 years, as prepared by School District officials.

TABLE 2
PLUM BOROUGH SCHOOL DISTRICT ENROLLMENT TRENDS

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2020-21	1,757	1,785	3,542	2025-26	1,761	1,765	3,526
2021-22	1,756	1,792	3,548	2026-27	1,777	1,724	3,501
2022-23	1,795	1,778	3,573	2027-28	1,758	1,741	3,499
2023-24	1,749	1,800	3,549	2028-29	1,740	1,776	3,516
2024-25	1,774	1,763	3,537	2029-30	1,713	1,805	3,518

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 the fiscal year, which begins on July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited annually by a firm of independent certified public accountants, as required by State law. Maher Duessel CPAs of Pittsburgh, Pennsylvania, currently serves as the School District's auditor.

Budgeting Process in School Districts under Act 1 of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by 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 Act No. 1 of the Special Session of 2006, as amended, entitled the Taxpayer Relief Act ("Act 1" or the "Taxpayer Relief Act"), all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to PDE no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (see "The Taxpayer Relief Act (Act 1)" herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase to an amount less than or equal to the Index, 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.

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

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under Act 1, 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 if Index will not be Exceeded. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, Act 1 requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Summary and Discussion of Financial Results

The General Fund Balance Sheet and a summary of the changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past four years, estimated 2024-25 and 2025-26 budget. The Budget for 2025-26 project revenues of \$77,622,260 and expenditures of \$77,622,260, which included a budgetary reserve of \$198,139.

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
ASSETS					
Cash and Cash Equivalents	\$10,120,069	\$7,660,389	\$2,930,112	\$19,243,059	\$17,077,225
Investments	925,198	6,894,290	11,774,256	567,539	4,855,026
Taxes Receivable	4,096,256	4,896,120	4,982,480	4,567,927	4,333,640
Due from Other Funds	1,002,642	(746,584)	(604,671)	(1,303,898)	145,192
Intergovernmental Receivable	111,756	668,615	398,035	539,141	598,467
State Revenue Receivable	2,547,801	2,491,253	2,543,369	2,874,597	3,174,113
Federal Revenue Receivable	1,838,401	680,601	991,162	400,738	298,200
Other Receivables	89,535	163,003	26,738	30,940	119,475
Prepaid Expenses/Expenditures	443,564	451,289	491,567	538,185	586,591
TOTAL ASSETS	<u>\$21,175,222</u>	<u>\$23,158,976</u>	<u>\$23,533,048</u>	<u>\$27,458,228</u>	<u>\$31,187,929</u>
LIABILITIES					
Due to Other Funds	\$0	\$0	\$0	\$727,879	\$2,953,613
Accounts Payable	2,013,227	2,307,735	1,372,934	1,331,010	1,202,975
Accrued Salaries and Benefits	4,475,591	4,642,228	4,639,691	4,953,662	4,845,197
Payroll Deductions and Withholdings	2,446,612	2,527,342	2,616,428	2,670,604	2,681,188
Unearned Revenue	0	0	4,025,507	57,947	3,584,340
Other Current Liabilities	0	0	0	0	0
TOTAL LIABILITIES	<u>\$8,935,430</u>	<u>\$9,477,305</u>	<u>\$12,654,560</u>	<u>\$9,741,102</u>	<u>\$15,267,313</u>
Deferred Inflows of Resources	\$3,400,068	\$4,063,616	\$0	\$3,659,562	\$0
FUND EQUITIES					
Nonspendable Fund Balance	\$443,564	\$451,289	\$491,567	\$538,185	\$586,591
Restricted Fund Balance	0	0	0	0	9,389,195
Committed Fund Balance	0	0	4,885,502	7,843,221	0
Assigned Fund Balance	3,820,665	3,820,665	0	0	0
Unassigned Fund Balance	4,575,495	5,346,101	5,501,419	5,676,158	5,944,830
TOTAL FUND EQUITIES	<u>\$8,839,724</u>	<u>\$9,618,055</u>	<u>\$10,878,488</u>	<u>\$14,057,564</u>	<u>\$15,920,616</u>
TOTAL LIABILITIES					
AND FUND EQUITIES	<u>\$21,175,222</u>	<u>\$23,158,967</u>	<u>\$23,533,048</u>	<u>\$27,458,228</u>	<u>\$31,187,929</u>

*Totals may not add due to rounding.

Source: School District Annual Financial Reports.

TABLE 4
PLUM BOROUGH SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*

	Actual					Estimated
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>
Beginning Fund Balance	\$4,542,745	\$8,839,728	\$9,618,059	\$10,878,493	\$14,057,564 ⁽²⁾	\$15,920,618
Revenues over (under)						
Expenditure.....	<u>4,296,983</u>	<u>778,332</u>	<u>1,260,434</u>	<u>3,179,076</u>	<u>1,863,054</u>	<u>141,727</u>
Ending Fund Balance.....	<u>\$8,839,728</u>	<u>\$9,618,059</u>	<u>\$10,878,493</u>	<u>\$14,057,569</u>	<u>\$15,920,618</u>	<u>\$16,062,345</u>

*Totals may not add due to rounding.

⁽¹⁾ Estimated, subject to change and final audit.

⁽²⁾ Restated.

Source: School District Annual Financial Reports and Estimates

Revenue

The School District estimated \$85,839,919 in revenue in 2024-25 and has budgeted revenue of \$77,622,260 in 2025-26. Local sources increased as a share of total revenue in the past five years, from 45.84 percent in 2020-21 to a budgeted 56.95 percent in 2025-26. Revenue from State sources increased as a share of total revenue from 33.30 percent to a budgeted 42.08 percent over this period. Federal and other sources have decreased as a share of total revenue during this period from 20.85 percent to a budgeted 0.97 percent.

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

REVENUE:	2021	2022	2023	2024	Estimated 2025⁽¹⁾	Budgeted 2026⁽²⁾
Local Sources:						
Real Estate Taxes	\$30,581,886	\$30,705,115	\$32,104,361	\$32,251,442	\$34,144,087	\$34,716,754
Interim Taxes	0	322,050	326,484	237,519	300,000	300,000
Public Utility Realty Tax	34,495	35,964	35,848	34,904	35,000	35,000
Current Per Capita Taxes, Section 679	85,458	87,846	88,052	93,069	88,000	93,000
Total Act 511 Taxes	4,697,225	5,018,160	5,311,267	5,446,405	5,475,545	5,597,244
Delinquent Taxes	694,386	710,025	1,251,106	913,172	1,050,000	1,113,945
Earnings on Investments	29,196	26,782	983,777	1,496,488	1,300,000	1,476,522
Revenue from Student Activities	10,925	66,864	99,709	107,744	0	90,000
Federal IDEA Pass Through Revenue	658,193	621,306	650,078	695,244	650,000	0
Federal IDEA Revenue Received as Pass Through	0	156,973	2,960	3,906	0	0
Federal WIA Revenue Received as Pass Through	0	4,806	0	0	0	0
Rentals	25,771	84,583	139,531	127,103	200,000	125,000
Contributions & Donations from Pvt. Sources	8,073	39,692	49,909	125,046	96,000	0
Tuition	0	0	0	0	0	0
Receipts from Other LEAs in Pennsylvania - Education	11,331	10,444	3,270	0	0	650,000
Refund of Prior Years Expenditures	0	0	146,577	0	0	0
Energy Efficient Revenues and Incentives	0	0	27,930	2,096	19,700	0
Other Sources	77,432	61,364	13,082	2,101	75,000	5,000
Total Local Sources	\$36,914,371	\$37,951,973	\$41,233,941	\$41,536,240	\$43,433,332	\$44,202,465
State Sources:						
Basic Instructional Subsidy	\$13,141,927	\$13,336,901	\$13,753,522	\$14,391,478	\$14,605,587	\$14,676,109
Tuition for Orphans Subsidy	0	0	2,496	522	\$0	0
Special Education	2,550,705	2,661,241	2,863,755	3,000,640	3,227,826	3,308,470
Transportation	1,419,636	1,380,093	1,306,297	1,491,250	1,454,586	1,491,249
Rentals and Sinking Fund Payments	766,512	781,491	716,337	729,908	811,277	730,249
Health Services	76,152	63,106	68,754	63,168	67,263	63,000
State Property Tax Reduction Allocation	1,655,041	1,655,685	2,084,434	2,086,639	2,504,287	2,882,108
Safe Schools	40,000	0	111,214	249,382	292,651	0
Ready to Learn Block Grant	618,345	618,345	618,345	618,345	1,194,005	1,769,948
Revenue for Social Security	1,252,863	1,156,428	1,226,297	910,843	1,358,052	1,398,435
PA Smart Grants	15,556	19,444	0	0	0	0
Revenue for Retirement	5,277,565	5,628,582	6,015,949	6,179,140	6,018,032	6,346,886
Other	358	340	231	493	46,000	0
Total State Sources	\$26,814,659	\$27,301,656	\$28,767,630	\$29,721,807	\$31,579,566	\$32,666,454
Federal Sources:						
Total Federal Sources	\$1,414,281	\$1,724,021	\$1,756,582	\$2,197,420	\$835,762	\$753,341
Other Sources:						
Total Other Sources	\$15,377,827	\$0	\$3,501	\$65,422	\$9,991,259	\$0
TOTAL REVENUE	\$80,521,139	\$66,977,649	\$71,761,654	\$73,520,889	\$85,839,919	\$77,622,260
EXPENDITURES:						
Instruction	\$37,790,524	\$36,908,910	\$37,929,707	\$39,077,047	\$40,027,457	\$41,454,500
Pupil Personnel	2,019,007	2,020,399	2,185,484	2,250,529	2,442,601	2,320,767
Instructional Staff	832,129	908,671	1,027,336	1,191,334	1,218,183	1,353,631
Administration	3,453,612	3,527,933	3,423,056	3,389,423	4,334,169	4,123,048
Pupil Health	639,659	767,393	682,306	663,365	725,353	718,902
Business	636,939	620,974	579,356	653,321	892,630	918,748
Operation and Maintenance	5,296,442	5,586,300	5,573,313	5,988,819	6,661,936	7,022,011
Student Transportation	3,120,286	3,662,513	3,714,962	3,771,146	4,970,040	5,532,917
Central	1,368,859	1,424,604	1,761,062	1,995,505	2,376,385	2,355,751
Other Support Services	43,682	43,811	43,826	45,730	46,308	46,268
Operation of Noninstructional Services	1,222,500	1,461,938	1,725,826	1,857,896	1,940,022	2,062,700
Facilities Acquisition, Construction and Improvement						
Services	0	0	0	0	0	0
Debt Service	22,379,586	8,092,775	8,225,343	8,373,721	8,499,001	8,714,878
Fund Transfers/Refund of Prior Years Expenditures	939,583	690,995	1,711,000	2,400,000	11,564,107	800,000
Budgetary Reserve	0	0	0	0	0	198,139
TOTAL EXPENDITURES	\$79,742,807	\$65,717,215	\$68,582,578	\$71,657,835	\$85,698,192	\$77,622,260
SURPLUS (DEFICIT) OF						
REVENUES OVER EXPENDITURES	\$778,332	\$1,260,434	\$3,179,076	\$1,863,054	\$141,727	\$0

*Totals may not add due to rounding.

⁽¹⁾ Estimated, subject to change and final audit.

⁽²⁾ Budget as adopted May 27, 2025. See "Summary and Discussion of Financial Results" herein
Source: School District Annual Financial Reports and Budget.

TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT

General

The School District, as a school district of the third class, is permitted to impose the following taxes under the School Code:

1. An annual tax on all taxable real estate, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An annual tax on all taxable real estate to provide for the payment of:
 - (a) Salaries and increments of the teaching and supervisory staff.
 - (b) Rentals due any municipal authority, non-profit corporation or the State Public School Building Authority.
 - (c) Sinking fund charges incurred in connection with school building projects.
 - (d) The amortization of a bond issue which financed the construction of school facilities if issued prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident over eighteen years of age of not more than \$5.00.

The School District may also levy under The Local Tax Enabling Act, Act No. 511, approved December 31, 1965, as amended (the "Tax Enabling Act"), an additional per capita tax, wage taxes, and other taxes as provided for therein; provided, however, that the aggregate amount of taxes imposed under the Tax Enabling Act may not exceed 1.25% of the market valuation of the real estate in the School District as determined by the State Tax Equalization Board, and subject to certain other limitations.

The taxing powers described under "General" above have been modified and are limited by the provisions of the Taxpayer Relief Act, Act 1 of Special Session 2006. See "**The Taxpayer Relief Act (Act 1)**" herein.

The Taxpayer Relief Act (Act 1)

Under the Taxpayer Tax Relief Act, a school district may not levy any new tax for the support of the public schools or raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

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

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum. See "**Budgeting Process in School Districts under Act 1 of 2006 (Taxpayer Relief Act)**" herein.

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

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

<u>Fiscal Year</u>	<u>Index</u>
2021-22	4.0%
2022-23	4.5%
2023-24	5.4%
2024-25	7.1%
2025-26	5.3%

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

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

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:

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

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

Tax Levy Trends

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

**TABLE 6
PLUM BOROUGH SCHOOL DISTRICT
TAX RATES**

	Real Estate (mills)	Earned Income (%)	Real Estate Transfer (%)	Per Capita (\$)
2020-21	21.0757	0.50	0.50	5.00
2021-22	21.0757	0.50	0.50	5.00
2022-23	22.0241	0.50	0.50	5.00
2023-24	22.0241	0.50	0.50	5.00
2024-25	23.3896	0.50	0.50	5.00
2025-26 (budgeted)	23.9159	0.50	0.50	5.00

Source: School District officials.

TABLE 7
PLUM BOROUGH SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
<i>School District</i>	21.0757	21.0757	22.0241	22.0241	23.3896
<u><i>Municipalities within the School District</i></u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Plum Borough	4.78	4.78	4.78	4.78	6.63
<i>Allegheny County</i>	4.73	4.73	4.73	4.73	4.73

Source: Department of Community and Economic Development – Municipal Statistics

Real Property Tax

The real property tax (excluding delinquent collections) produced an estimated \$34,144,087 in 2024-25, or approximately 39.78 percent of revenue. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2 percent discount, and those who remit subsequent to 120 days after July 1 are assessed a 10 percent penalty.

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

TABLE 8
PLUM BOROUGH SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

<u>Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2018-19	\$1,475,180,046	\$1,596,851,384	108.25%
2019-20	1,528,549,313	1,616,661,084	105.76%
2020-21	1,547,257,668	1,633,265,354	105.56%
2021-22	1,680,718,116	1,652,693,614	98.33%
2022-23	1,696,961,424	1,664,511,964	98.09%
Compound Average Annual Percentage Change	3.56%	1.04%	

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

TABLE 9
PLUM BOROUGH SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2022	2022	2023	2023
	Market	Assessed	Market	Assessed
	<u>Value</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
<i>School District</i>	\$1,680,718,116	\$1,652,693,614	\$1,696,961,424	\$1,664,511,964
Plum Borough	1,680,718,116	1,652,693,614	1,696,961,424	1,664,511,964
Allegheny County	92,248,175,487	89,727,490,986	93,985,463,095	91,021,270,511

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

TABLE 10
PLUM BOROUGH SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential	\$1,283,671,894	\$1,302,439,994	\$1,319,302,794	\$1,330,347,444	\$1,346,712,514
Trailers	10,281,300	10,241,200	10,242,700	10,237,700	10,243,700
Lots	16,302,860	16,353,760	16,260,360	16,437,260	16,237,360
Industrial	26,576,600	26,542,400	24,614,900	24,669,600	24,549,700
Commercial	245,485,030	246,744,630	248,343,500	256,777,210	252,117,090
Agriculture	11,461,900	11,280,800	11,518,100	11,400,300	11,699,400
Gas/Mineral/Oil	3,700	3,700	3,700	3,700	3,700
Land	<u>3,068,100</u>	<u>3,054,600</u>	<u>2,979,300</u>	<u>2,820,400</u>	<u>2,948,500</u>
Total	<u>\$1,596,851,384</u>	<u>\$1,616,661,084</u>	<u>\$1,633,265,354</u>	<u>\$1,652,693,614</u>	<u>\$1,664,511,964</u>

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

TABLE 11
PLUM BOROUGH SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

<u>Year</u>	<u>Total Adjusted Flat Billing</u>	<u>Current Year Collections (July-June)</u>	<u>Current Year Collections as Percent of Total Adjusted Flat Billing</u>	<u>Total Current Plus Delinquent Collections⁽²⁾</u>	<u>Total Collections as Percent of Total Adjusted Taxes Levied</u>
2019-20	30,621,819 ⁽¹⁾	29,709,526	97.02%	31,487,930	102.83%
2020-21	32,464,064 ⁽¹⁾	30,369,725	93.55%	31,276,272	96.34%
2021-22	34,199,092	30,705,115	89.78%	31,415,140	91.86%
2022-23	36,204,630	32,104,361	88.67%	33,355,467	92.13%
2023-24	36,621,093	32,251,442	88.07%	33,164,615	90.56%
2024-25 (estimated)	36,531,219	34,105,688	93.36%	35,021,895	95.87%

⁽¹⁾ Adjusted for change in calculation methodology.

⁽²⁾ Delinquent real property tax collection.

Source: School District Officials.

The ten largest real property taxpayers, together with their assessed values, are shown on Table 12. The aggregate assessed value of these ten taxpayers totals approximately 6.23 percent of the 2023 total assessed value of the School District.

TABLE 12
PLUM BOROUGH SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2024-25

<u>Owner</u>	<u>Property</u>	<u>2024-25 Assessed Value</u>
Longwood at Oakmont Inc	Senior Living	\$33,248,300
Longwood at Oakmont	Senior Living	27,909,600
Oakmont County Club	Country Club	15,947,700
Royal Wolf LP	Heavy Manufacturing	6,037,500
Golden Mile Properties LP	Community Shopping Center	5,450,600
Clover Commons LP	Mobiles Homes/Trailer Parks	3,960,800
Bearfield Properties Inc	Real Estate	3,245,300
Siemens Large Drives LLC	Office/Warehouse	2,900,000
Toro Development Company	Community Shopping Center	2,615,500
Peoples Bank of Unity	Bank	2,350,000
Total		\$103,665,300

Source: School District officials.

Other Taxes

The School District under Act 511 and Section 679 collected an estimated \$5,563,545 in other taxes in 2024-25. Of the various taxes authorized by Act 511 and Section 679, the Real Estate Transfer, Earned Income, and Per Capita taxes are levied by the School District. Its limit under Act 511, equal to 12 mills on the market value of real property, was \$20,363,537.09

Earned Income Tax. A Tax of 0.5 percent is levied on the earned income of residents of the School District. In 2024-25, the School District collected an estimated \$4,880,140 or 5.69 percent of total revenue.

Per Capita Taxes. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under Section 679) is levied on each resident over 18 years old. In 2024-25, the School District's collected portion of this tax yielded an estimated \$88,000 or 0.10 percent of total revenue.

Real Estate Transfer. A tax of one-half percent of the value of real estate transfers yielded an estimated \$477,405 in 2024-25, or 0.56 percent of total revenue.

COMMONWEALTH AID

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. Subsidies for special education, pupil transportation; vocational education, health service and debt service are also received by the school district.

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (42.82%) or the wealth based Market Value Aid Ratio ("MVAR") currently (62.17%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

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

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

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

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

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

DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the School District as of May 21, 2025, including the issuance of the Bonds.

TABLE 13
PLUM BOROUGH SCHOOL DISTRICT
DEBT STATEMENT*
(As of May 21, 2025)

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2025 (Last Maturity 2046*)	\$9,995,000*
General Obligation Bonds, Series of 2024 (Last Maturity 2045)	\$9,380,000
General Obligation Note, Series A of 2020 (Last Maturity 2035)	21,420,000
General Obligation Note, Series B of 2020 (Last Maturity 2039)	18,300,000
General Obligation Note, Series C of 2020 (Last Maturity 2032)	4,640,000
General Obligation Note, Series D of 2020 (Last Maturity 2037)	13,845,000
General Obligation Bonds, Series A of 2017 (Last Maturity 2029)	2,380,000
General Obligation Bonds, Series B of 2017 (Last Maturity 2031)	2,160,000
General Obligation Bonds, Series A of 2016 (Last Maturity 2026)	465,000
General Obligation Bonds, Series B of 2016 (Last Maturity 2027)	1,590,000
General Obligation Bonds, Series A of 2013 (Last Maturity 2030)	19,650,000
General Obligation Bonds, Series B of 2013 (Last Maturity 2031)	3,875,000
TOTAL NONELECTORAL DEBT	\$107,700,000*
LEASE RENTAL DEBT	
TOTAL LEASE RENTAL DEBT	0
TOTAL PRINCIPAL OF DIRECT DEBT	\$107,700,000*

*Includes the Bonds offered through this 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 \$107,700,000*. After adjustment for available funds and estimated State Aid, and assuming approval by the Department of Education, local effort of direct debt will total \$99,103,884*.

TABLE 14
PLUM BOROUGH SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of May 21, 2025)

	Gross Outstanding*	Local Effort or Net of Available Funds and Estimated State Aid ⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt.....	\$107,700,000	\$99,103,884
Lease Rental Debt.....	0	0
TOTAL DIRECT DEBT	\$107,700,000	\$99,103,884
OVERLAPPING DEBT		
Allegheny County, General Obligation ⁽²⁾	\$16,580,003	\$16,580,003
Municipal Debt.....	76,046,820	76,046,820
TOTAL OVERLAPPING DEBT	\$92,626,823	\$92,626,823
TOTAL DIRECT AND OVERLAPPING DEBT	\$200,326,823	\$191,730,706
DEBT RATIOS		
Per Capita	\$7,380.15	\$7,063.47
Assessed Value.....	12.04%	11.52%
Market Value.....	11.81%	11.30%

*Includes the Bonds offered through this Official Statement.

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

⁽²⁾ Pro rata 1.81 percent of \$918,276,176.41 principal amount outstanding.

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2022-23.....	\$70,004,294
Total Revenues for 2023-24.....	\$71,325,168
Total Revenues for 2024-25 (Estimated).....	<u>\$75,037,383</u>
Total Revenues, Past Three Years.....	<u>\$216,366,845</u>
Annual Arithmetic Average (Borrowing Base).....	\$72,122,282

Under the Act as presently in effect, new lease rental debt or new nonelectoral debt may not be incurred if the net amount of such new debt plus all outstanding net nonelectoral debt and net lease rental debt would cause the total net nonelectoral 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>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$162,275,133	\$107,700,000	\$54,575,134

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

Debt Service Requirements

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

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

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

**TABLE 15
PLUM BOROUGH SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

<u>Year</u>	<u>Other Debt</u>	Series of 2025			<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2024-25	\$8,416,137				
2025-26	8,655,380				
2026-27	8,653,689				
2027-28	8,666,481				
2028-29	8,720,203				
2029-30	8,724,228				
2030-31	8,606,855				
2031-32	8,416,718				
2032-33	8,028,379				
2033-34	8,076,607				
2034-35	7,735,046				
2035-36	6,991,003				
2036-37	7,096,824				
2037-38	7,123,920				
2038-39	6,964,924				
2039-40	4,332,383				
2040-41	1,557,500				
2041-42	1,556,500				
2042-43	1,557,500				
2043-44	1,560,250				
2044-45	1,564,500				
2045-46	0				
Total	\$125,208,776				

*Totals may not add due to rounding.

**TABLE 16
PLUM BOROUGH SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY STATE AID***

2024-25 (estimated) Commonwealth Aid Received	\$31,579,566
2024-25 (estimated) Debt Service Requirements	\$8,499,001
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2024-25 (estimated) Debt Service Requirements	3.72
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	

*Assumes current State Aid Ratio. See "Commonwealth Aid."

Future Financing

The School District reasonably expects that the proceeds of the Bonds will not fully fund all its planned capital projects; therefore, the School District may consider issuing up to an additional \$10 million in the next 1-2 years.

LABOR RELATIONS

School District Employees

There are presently 477 employees of the School District including 257 teachers and administrators, 172 full-time support personnel including secretaries, maintenance staff, teacher aides, and 48 part-time support personnel and substitutes.

The Professional/Instructional teaching staff of the School District is represented for purposes of collective bargaining by the Plum Borough Education Association (PBEA), an affiliate of the Pennsylvania State Education Association ("PSEA"). The expiration date of the current collective bargaining agreement between the PBEA and the School District is June 30, 2029.

Educational Secretarial employees are represented for purposes of collective bargaining by the Plum Borough Educational Secretaries ESP/PSEA/NEA, which is also affiliated with the PSEA. The expiration date of this collective bargaining agreement is June 30, 2030.

Student Transportation Bus Drivers, Bus Mechanics and School Bus Aides are represented for purposes of collective bargaining by the Amalgamated Transit Union, Division #1595. The expiration date of this collective bargaining agreement is June 30, 2028.

Custodial, Supply and Maintenance staff personnel employees are represented for purposes of collective bargaining by Local #205 of the International Brotherhood of Teamsters. The expiration date of this collective bargaining agreement is June 30, 2029.

Paraprofessionals (formerly known as School Aide employees) are represented for purposes of collective bargaining by the Plum Borough Paraprofessionals Education Support Professionals, ESP/PSEA/NEA. The expiration date of this collective bargaining agreement is June 30, 2030.

Food Service Personnel are represented for purposes of collective bargaining by the Service Employees International Union (SEIU), Local 32BJ – A.F.L - C.I.O. The expiration date of this collective bargaining agreement is June 30, 2027.

Pension Program

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

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

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

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

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

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

Annual School District contributions have been as follows:

2020-21	\$9,526,830
2021-22	\$10,140,256
2022-23	\$10,101,515
2023-24	\$9,979,833
2024-25 (estimated)	\$10,893,753
2025-26 (budgeted)	\$11,281,669

At June 30, 2024, the School District reported a liability of \$85,592,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2022 to June 30, 2023. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2023, the School District's proportion is 0.1924% which was a decrease of 0.0047% from its proportion measured as of June 30, 2022.

As of June 30, 2024, the PSERS plan was 64.8% funded, with an unfunded actuarial accrued liability of approximately \$42.0 billion. PSERS' rate of return for fiscal year ended June 30, 2024 was 8.1%. The Fund had plan net assets of \$77.18 billion at June 30, 2024. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

PSERS 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, 2022, there were no assumed future benefit increases to participating eligible retirees.

At June 30, 2024 the District reported a liability of \$19,869,202 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 PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.1924%, which was a decrease of 0.0047% from its proportion measured as of June 30, 2022.

For a full description of the District's post-employment benefit plan, please refer to Appendix D – Audited Financial Report – Note 11.

LITIGATION

At the time of settlement, the School Board will deliver a certificate, and the Solicitor will deliver an opinion 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 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in the Court of Common Pleas 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 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 _____ through and including _____ (collectively, the "Tax-Exempt Premium Bonds") are being sold 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 offsets a corresponding amount of interest for the period and the purchaser's basis in such Tax-Exempt Premium Bond is reduced by a corresponding amount 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 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, that 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 or not 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.

BONDHOLDER CONSIDERATIONS

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

Allegheny County Common Level Ratio Litigation

In the matter of *Gioffre, et al v. Fitzgerald, et al* (Allegheny County Court of Common Pleas, G.D. 21-007154), certain Allegheny County property owners have challenged their real estate tax assessments by alleging that Allegheny County inaccurately reported real estate sales data in its reports to the State Tax Equalization Board (STEB), which resulted in an inflated Common Level Ratio (CLR) in certain tax years. The CLR is a ratio that measures how a county's Base Year Assessments compare with current Real Estate Market Valuations. An inflated CLR would increase real estate assessed values and, in turn, the real property taxes paid to Allegheny County itself, as well as to municipalities and school districts within Allegheny County. The Court of Common Pleas granted a preliminary injunction reducing the CLR by approximately 20% for 2020 sales of real property and ordered Allegheny County to resubmit sales data to STEB for a recalculation of the Common Level Ratio. The School District of the City of Pittsburgh, an intervenor in the matter, has appealed the granting of the preliminary injunction to the Commonwealth Court of Pennsylvania. This appeal is currently pending.

In a separate action, the Commonwealth Court directed STEB to recalculate the 2022 CLR based on new data of 2020 sales used in calculating the CLR. STEB's recalculation of the CLR for use in 2022 appeals was 63.5%, which is nearly identical to the one first determined by the Court of Common Pleas. Despite the pending CLR challenge, and in line with STEB's recalculation, Allegheny County's property assessment appeal board began, in November, 2022, to reschedule hearings on assessment appeals for 2022 and 2023 tax years, and began applying the reduced 63.5% CLR in its determinations. The decisions in these taxpayer appeals may reduce their future real property taxes, and may necessitate a refund of real property taxes previously collected.

Administrative professionals and legal counsel are actively following the Commonwealth Court appeal and the appeal board decisions for 2022 and 2023 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. 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. However, many of the individual property appeals for tax years 2022-2023 have now been resolved and related budget impacts, both positive and negative, duly absorbed. Further, the CLR has largely stabilized. Litigation is pending in the Court of Common Pleas seeking to force a County-wide re-assessment of all real estate.

Equity Funding Lawsuit

On February 7, 2023, the Pennsylvania Commonwealth Court, after a trial conducted in its original jurisdiction, issued its ruling in the equity funding case of *William Penn School District, et al vs. Pennsylvania Department of Education, et al*, finding in favor of the plaintiffs.

First filed in 2014, this case, brought by six individual Pennsylvania school districts, along with several parents, the State Conference of the NAACP and the Pennsylvania Association of Rural and Small Schools, challenged Pennsylvania's statutory scheme for funding public education across its nearly 500 school districts. Named as defendants were the Governor of the Commonwealth of Pennsylvania, the Pennsylvania General Assembly and the Pennsylvania Department of Education. According to the plaintiffs, Pennsylvania's reliance on local property taxes to fund public education, without compensating aid from the Commonwealth, creates funding disparities between affluent school districts with greater local wealth, and those which are not so financially advantaged. Plaintiffs alleged that the present inadequacies of Commonwealth funding produce wide variations in student learning and performance around the Commonwealth, and that, as a result of the limited resources and opportunities available to students enrolled in such disadvantaged school districts, the Commonwealth has failed its constitutional obligation to provide a "thorough and efficient" system of public education. The defendants countered by pointing to such statistics as the Commonwealth's overall public education budget and Pennsylvania's per-pupil spending rank at 7th among all the states in the nation.

In its opinion, the Court found that the plaintiffs had met their burden of proof, writing that students resident in financially disadvantaged school districts "are deprived of the same opportunities and resources" as those resident in more affluent school districts and that such disparities both violate state constitutional mandates and deprive students of their equal protection rights. The Court found that all students across the Commonwealth are entitled to a "comprehensive, effective, and contemporary" education.

Notwithstanding such findings, the Court did not, however, fashion a remedy, noting the limits of the Court's competency in such regards, and writing the Court is in "uncharted territory with this landmark case." Instead, the Court directed the parties to develop a plan to address the constitutional violations.

A Joint Application in the Nature of a Motion for Post-Trial Relief (the “Joint Application”) was filed by Respondent Senator Kim Ward, President Pro Tempore of the Pennsylvania Senate, and Intervenor Representative Bryan Cutler, Leader of the Republican Caucus of the Pennsylvania House of Representatives. The Joint Application was denied by the Commonwealth Court by order dated June 21, 2023. The deadline for a further appeal to the Pennsylvania Supreme Court lapsed on July 21, 2023, without any such appeal being taken. Therefore, the decision of the Commonwealth Court stands.

However, as mentioned above, the Commonwealth Court’s opinion offers little guidance either as to the sort of new or reformed public education funding scheme which would be acceptable, or as to the allowed timeline to institute the same. Pennsylvania’s most recently adopted State budget did contain significant increases in the level of public education funding. Previously, the fifteen member “Basic Education Funding Commission,” comprised of an equal number of representatives from each of the Republican and Democratic caucuses of both houses of the General Assembly, as well as the Governor’s Office, conducted a series of public hearings around the State to compile data and testimony on the subject. According to a public statement by Commission Co-Chair Senator Kristen Phillips-Hill (R-York County), “(w)ith the court matter now resolved, it is imperative that the Commission start . . . to collect testimony that will help us improve the basic education funding formula to comply with the court’s directive regarding adequacy, equity and timeliness.” However, the Commission has offered no timeline for its work and deliberations, or the promulgation of legislative alternatives, nor any assurance that any new or reformed funding scheme will become established law and practice. Accordingly, no predictions or assurances can be offered on the impact, positive or negative, of this lawsuit, or of modifications to Pennsylvania’s public education funding formulae, on future Commonwealth subsidies to be paid to the School District, or on the School District’s overall financial affairs.

Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District’s systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District’s current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. To mitigate these risks to the greatest extent possible, the School District recently implemented multi-factor authentication for key stakeholders with access to sensitive information (with the intention to implement for all staff in the 2024-25 school year).

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

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

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

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 Beneficial Owners of the Bonds and shall be enforceable by the Beneficial Owners of the Bonds, but the right of the 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>.

Some operating data of the School District may be inherently included in the annual filings of financial statements, the summary of the budget, contents in Official Statements of future Bond issues as well as publicly available information. In connection with the Continuing Disclosure Undertaking associated with the Bonds, the School District will not be filing this information separately but it may be available in the other annual filings of the School District or publicly available elsewhere.

Summary of Continuing Disclosure Compliance

The School District has entered into prior undertakings to provide certain annual financial information as described in the continuing disclosure agreements or certificates associated with prior bond issues, including audited financial statements, certain operating data and notices of certain events under the Rule. The School District has conducted a thorough review of its continuing disclosure obligations and submissions. Upon discovering any inadvertent omissions with respect to these filings, the School District, to the best of its knowledge, has attempted to bring its continuing disclosure filings up to date.

Future Continuing Disclosure Compliance

The School District has procedures in place to facilitate the timely filing of the required annual information and event notices within all required time periods. The School District has engaged Digital Assurance Certification, LLC ("DAC") as its Dissemination Agent for the purpose of complying with Rule 15c2-12.

RATINGS

Moody's Investor's Service, Inc. assigned an underlying bond rating of "A2" to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investor's Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Standard & Poor's Ratings Group is expected to assign its municipal Bond rating of "___" to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds will be issued by _____. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE RISK FACTORS

The Issuer has applied for a Bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The Issuer has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to Bond insurance.

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

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given

that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description under "RATINGS" herein.

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

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the School District, and will purchase all of the Bonds, if any of such Bonds are purchased. The Bonds will be purchased for a purchase price of \$_____, equal to the par value of the Bonds less an underwriters' discount of \$_____ plus/less an original issue premium/(discount) of \$_____, plus accrued interest from the dated date to the date of delivery of the Bonds.

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 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, of Pittsburgh, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Bruce E. Dice & Associates PC, of Pittsburgh, Pennsylvania, Solicitor to the School District.

FINANCIAL ADVISOR

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

MISCELLANEOUS

This Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial Advisor to the School District. The information set forth in this 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 Financial Advisor 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.

PLUM BOROUGH SCHOOL DISTRICT
Allegheny County, Pennsylvania

By: _____
President, Board of School Directors

APPENDIX A
Demographic and Economic Information
Relating to the Plum Borough School District

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Population

Table A-1 shows recent population trends for the School District, Allegheny County and the Commonwealth. The School District's population decreased from 9,119 to 8,380 between 2010 and 2020. Table A-2 shows 2022 age composition and average number of persons per household in Allegheny County and in the Commonwealth.

TABLE A-1

RECENT POPULATION TRENDS

<u>Area</u>	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2010-2020</u>
School District	27,126	27,144	0.01%
Allegheny County	1,223,348	1,250,578	0.44%
Pennsylvania	12,702,379	13,002,700	0.47%

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

TABLE A-2

AGE COMPOSITION

	<u>0-19 Years</u>	<u>20-64 Years</u>	<u>65+ Years</u>	<u>Persons Per Household</u>
Allegheny County ..	21.3%	58.3%	21.4	2.22
Pennsylvania	23.1%	57.3%	19.6	2.42

Source: U.S. Census Bureau, 2022 American Community Survey 5-Year Estimates.

Employment

Overall employment data is not compiled for the School District but is compiled for Allegheny County (an area which includes the School District).

**TABLE A-3
DISTRIBUTION OF EMPLOYMENT***

ESTABLISHED DATA	Industry Employment				Net Change From:	
	Mar 2025	Feb 2025	Jan 2025	Mar 2024	Feb 2025	Mar 2024
Total Nonfarm	\$1,202,700	\$1,192,700	\$1,186,300	\$1,194,900	\$10,000	\$7,800
Total Private	1,082,900	1,073,100	1,069,200	1,076,800	9,800	6,100
Goods-Producing	148,600	147,300	146,700	151,400	1,300	-2,800
Mining, Logging and Construction	8,300	8,200	8,100	8,100	100	200
Manufacturing	85,000	85,600	85,300	88,100	-600	-3,100
Service Providing	1,054,100	1,045,400	1,039,600	1,043,500	8,700	10,600
Trade, Transportation, and Utilities	209,500	209,100	210,500	208,200	400	1,300
Transportation, Warehousing & Utilities	41,700	41,400	41,400	42,000	300	-300
Wholesale Trade	115,400	115,400	116,400	115,900	0	-500
Retail Trade	52,400	52,300	52,700	50,300	100	2,100
Financial Activities	78,000	78,000	78,000	78,700	0	-700
Professional and Business Services	186,400	184,700	183,400	186,600	1,700	-200
Education and Health Services	274,000	272,200	267,100	264,400	1,800	9,600
Leisure and Hospitality	114,800	111,100	112,700	116,500	3,700	-1,700
Other Services	50,800	50,100	49,900	49,300	700	1,500
Government	119,800	119,600	117,100	118,100	200	1,700
State Government	14,800	14,800	13,500	14,100	0	700
Local Government	85,100	85,000	83,600	83,900	100	1,200
Data benchmarked to March 2024	**Data changes of 100 may be due to rounding**					

*Non-Agricultural Wage and Salary Employment; establishment data.

Source: Pennsylvania Department of Labor & Industry

Table A-4 shows recent trends in labor force, employment and unemployment for Allegheny County and the Commonwealth.

**TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
(Allegheny County)**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>	Compound Average Annual % Rate
<i>Allegheny County</i>							
Civilian Labor Force (000)	646.60	633.00	628.80	632.20	647.80	645.10	-0.05%
Employment (000)	589.60	597.30	604.00	611.30	625.30	621.40	1.06%
Unemployment (000)	57.00	35.80	24.70	20.90	22.50	23.70	-16.10%
Unemployment Rate	8.80%	5.60%	3.90%	3.30%	3.50%	3.70%	
<i>Pennsylvania</i>							
Civilian Labor Force (000)	6,506.00	6,432.00	6,465.00	6,518.00	6,577.00	6,559.00	0.16%
Employment (000)	5,930.00	6,054.00	6,202.00	6,296.00	6,337.00	6,303.00	1.23%
Unemployment (000)	577.00	378.00	263.00	223.00	239.00	255.00	-15.07%
Unemployment Rate	8.90%	5.90%	4.10%	3.40%	3.60%	4.20%	

⁽¹⁾As of March 2025

Source: Center for Workforce Information & Analysis

Income

Table A-5 shows recent trends in per capita income for the School District, Allegheny County and Pennsylvania over the 2010-2020 period. Per capita incomes in the School District and for the County are lower than per capita income in the Commonwealth.

TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME*

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
<i>School District</i>	\$29,637	\$39,416	2.89%
Allegheny County	29,469	39,541	2.98%
Pennsylvania	27,049	35,518	2.76%

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

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

Table A-6 shows trends for retail sales for Allegheny County and the Commonwealth.

TABLE A-6
TOTAL RETAIL SALES
(000)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Allegheny County.....	\$28,349,924	\$29,465,658	\$63,238,185	\$69,059,274	\$64,595,861
Pennsylvania.....	244,709,540	251,185,116	274,685,600	297,770,326	310,912,244

Source: Nielsen Company

Educational Institutions

The New Kensington Campus of the Pennsylvania State University is located some five (5) miles east of the School District in the City of New Kensington, which is situated in Westmoreland County, Pennsylvania. The Boyce Campus of the Community College of Allegheny County (CCAC) is located adjacent to the School District in the Municipality of Monroeville. The School District is one of twelve (12) participating school districts of the Forbes Road East Area Vocational-Technical School, which is also located in the Municipality of Monroeville and offers a variety of day and evening programs to both secondary and post-secondary students.

Due to the close proximity of the School District to the City of Pittsburgh, residents enjoy easy access to numerous institutions of higher education, including Carnegie-Mellon University, the University of Pittsburgh, Duquesne University, Point Park College, Robert Morris College, Community College of Allegheny County, Chatham College, LaRoche College and the Pittsburgh Theological Seminary. In addition, numerous business and technical schools are available in the Pittsburgh region.

Housing

According to the 2020 census figures there were 602,095 housing units in Allegheny County, compared to 589,218 in 2010. This represents an increase of 12,877 housing units.

Medical Facilities

Allegheny Valley Hospital is located in the City of Natrona Heights. School District residents also enjoy easy access to the Forbes Regional Health Center, which is located in the Municipality of Monroeville; this facility includes an acute care medical surgical hospital building, two (2) urgi-care centers in the Municipality of Penn Hills and in the Squirrel Hill section of the City of Pittsburgh. Another acute care hospital, UPMC East, opened in Monroeville in 2012. In addition, School District residents enjoy easy access to the numerous health care facilities located throughout the Greater Pittsburgh Metropolitan Area. Among the largest of these facilities are Allegheny General Hospital, West Penn Hospital and Forbes Hospital all part of the Allegheny

Health Network. Magee Hospital, Mercy, Hospital, Presbyterian- University Hospital, Montefiore Hospital and Children's Hospital of Pittsburgh of UPMC all part of the UPMC Network are also located throughout the Greater Pittsburgh Metropolitan Area. Also the Veterans Administration Medical Center. Ambulance Service, EMT service, and police and fire protection are provided by the Borough and a very accessible "Life Flight" helicopter service is available as needed to the major Pittsburgh hospitals.

Transportation

The Allegheny Valley Interchange (Exit #5) of U.S. Interstate #76 (Pennsylvania Turnpike) is located some five (5) miles west of the School District in Harmar Township, and the Pittsburgh Interchange (Exit #6) is located approximately five miles south of the School District in the Municipality of Monroeville.

State Highway 286 traverses the eastern portion of the Borough in an east-west direction and provides access to State Route 22, State Route 380, the Pennsylvania Turnpike, and Interstate Route #376, which is more commonly known as the Penn-Lincoln Parkway, or the Parkway East. State Route 380 traverses the northern portion of the Borough in an eastwest direction and provides access to State Route 28, State Route 366 and the Pennsylvania Turnpike.

Pittsburgh International Airport, which is operated and maintained by the County, lies some twenty (20) miles west of the School District and is easily accessible via the Parkway East, which connects to the Parkway West in downtown Pittsburgh. The Allegheny County Airport lies some ten (10) miles southwest of the School District in the Borough of West Mifflin. This airport, which is also operated and maintained by the County, handles private and corporate aircraft.

Railroad service is provided to the area by Conrail and the Chessie System. A Greyhound Bus Terminal is also available in Monroeville. Excellent bus transportation is provided to the Borough by the Port Authority of Allegheny County (PAT) and its Martin Luther King Expressway, which is an exclusive bus lane running between the nearby Borough of Wilkinsburg, and the City of Pittsburgh. Motor and airfreight service is provided by all major carriers such as Federal Express, Airborne, UPS and RPS.

Public Utilities

Borough residents are provided with natural gas by Dominion Peoples Natural Gas Company, Philips Natural Gas Company and Equitable Gas. Water is supplied by Plum Borough Municipal Authority, The Municipality Authority of the Borough of Oakmont and New Kensington Water Authority; sewerage service is provided by the Plum Borough Municipal Authority. Electricity is provided by both, Duquesne Light Company, Allegheny Power and Direct Energy Business and telephone service is provided by Verizon, Windstream and Comcast.

Higher Education

The New Kensington Campus of the Pennsylvania State University is located some five (5) miles east of the School District in the City of New Kensington, which is situated in Westmoreland County, Pennsylvania. The Boyce Campus of the Community College of Allegheny County (CCAC) is located adjacent to the School District in the Municipality of Monroeville. The School District is one of twelve (12) participating school districts of the Forbes Road East Area Vocational-Technical School, which is also located in the Municipality of Monroeville and offers a variety of day and evening programs to both secondary and post-secondary students.

Due to the proximity of the School District to the City of Pittsburgh, residents enjoy easy access to numerous institutions of higher education, including Carnegie-Mellon University, the University of Pittsburgh, Duquesne University, Point Park College, Robert Morris College, Community College of Allegheny County, Chatham College, LaRoche College and the Pittsburgh theological Seminary. In addition, numerous business and technical schools are available in the Pittsburgh region.

APPENDIX B
Specimen of Municipal Bond Insurance Policy

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APPENDIX C
Opinion of Bond Counsel

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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 Plum Borough School District (Allegheny 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 _____, maturing on various annual dates ending _____, and subject to redemption prior to maturity at the option of the Local Government Unit 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. §§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 Bruce Dice & Associates, solicitor to 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 Income 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 Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania, as Paying Agent for the Local Government Unit; the bank has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

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.

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.

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 (the "Taxpayer Relief Act"). The Taxpayer Relief Act constrains the levy of taxes to rates established at the time of adoption of the fiscal 2006/07 budget, as adjusted annually by an index and certain available statutory exceptions.
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 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 for individuals. Due to the designation of the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Tax Code, certain financial institutions may be able to deduct 80% of the interest expense incurred to purchase or carry the Bonds. 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 interest on the Bonds is 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.

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APPENDIX D
Audited Financial Report

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Plum Borough School District

Single Audit

June 30, 2024

MaherDuessel

Pursuing the profession while promoting the public good©
www.md-cpas.com

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PLUM BOROUGH SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

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PLUM BOROUGH SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

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Independent Auditor's Report

**Board of Directors
Plum Borough School District**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Plum Borough School District (School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the 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 the 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The supplementary information listed in the table of contents and the 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2025 on our consideration of the 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 the 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 the School District's internal control over financial reporting and compliance.

Maher Duessel

Pittsburgh, Pennsylvania
March 5, 2025

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

The Management's Discussion and Analysis (MD&A) of Plum Borough School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The MD&A looks at the School District's financial performance as a whole and should be read in conjunction with the School District's accompanying financial statements, which immediately follow this section.

Financial Highlights

As of the close of the current year, the School District's governmental funds reported a combined ending fund balance of \$18,713,045, which represents an increase of \$2,836,381 in comparison to the prior year. Of the total ending fund balance, \$9,389,195 is unassigned.

The government-wide liabilities and deferred inflows of resources exceeded assets and deferred outflows at the close of the most recent fiscal year by \$86,677,364 (net position). The unrestricted portion of net position is a deficit of \$(77,859,662). This deficit is mainly a result of the School District's proportionate share of the PSERS net pension and OPEB liabilities, as well as its additional OPEB plan. These liabilities total \$105,461,202 as of June 30, 2024.

As of the close of the current year, the School District's General Fund reported an ending fund balance of \$15,920,616, which represents an increase of \$1,863,052 in comparison to the prior year. Of this amount, \$9,389,195 is unassigned, which represents 13% of the School District's 2024-2025 budget.

Using the Basic Financial Statement Report

This basic financial statement report consists of a Financial Section. Within the Financial Section is the MD&A (this section), a series of financial statements, and notes to those statements:

Statement of Net Position and Statement of Activities, on pages 1 through 2 of the audited financial statements, provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances.

Fund Financial Statements, which start on page 3 of the audited financial statements, provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. For the School District, the General Fund, Capital Projects Fund, and the Food Service Fund are the most significant funds.

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Notes to Financial Statements, starting on page 12 of the audit, explain some of the information in the financial statements and provide more detailed data. The notes are essential for a full understanding of the data provided in the government-wide and fund financial statements.

Overview of Financial Statements

This MD&A is intended to serve as an introduction to the School District's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements report information about the 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 government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. 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 *statement of net position* presents information on all of the School District's assets, deferred outflows of resources, deferred inflows of resources and liabilities, and the difference is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the School District's financial position is improving or deteriorating.

The *statement of activities* details how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

The government-wide financial statements of the School District are divided into two distinct kinds of activities:

- **Governmental activities** - All of the School District's basic services are included here, such as instruction, support services, operations and maintenance of plant services, student transportation services, administration, and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-type activities** - The School District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required by state law and bond requirements. The fund financial statements provide more detailed information about the School District's most significant funds – not the School District as a whole. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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.

Because this information does not encompass the additional long-term focus of the government-wide financial statements, we provide additional information on the subsequent pages that explains the relationship (or differences) between them. Both the governmental fund balance sheet and the governmental fund statement of revenue,

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School District maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund and Capital Projects Fund, which are considered to be major funds. There are no funds considered as non-major funds for the current year. The basic governmental fund financial statements can be found on pages 3-6.

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 the School District charges customers for services it provides - whether to outside customers or to other units in the School District - these services are generally reported in proprietary funds. The food service fund is the School District's proprietary fund and uses the same basis of accounting as the business-type activities we report in the government-wide financial statements, but provide more detail and additional information, such as cash flows. The basic proprietary fund financial statements can be found on pages 7-9.

Fiduciary Funds - The School District is the trustee, or fiduciary, for activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position on pages 10-11. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations.

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Financial Analysis of the School District as a Whole

The School District's total net position was (\$86,677,364) as of June 30, 2024, as shown in Table 1 below. Net position is categorized either as net investment in capital assets, which represents the School District's capital assets less related outstanding debt; restricted, which represents net position with constraints placed on the use by outside parties; or unrestricted.

Table 1
June 30, 2024 and 2023

	Net Position			
	Governmental Activities	Business-Type Activities	2024 Total	2023 Total
Current and other assets	\$ 31,187,129	\$ 1,548,880	\$ 32,736,009	\$ 30,216,664
Capital assets	77,795,943	101,356	77,897,299	77,582,970
Total Assets	\$ 108,983,072	\$ 1,650,236	\$ 110,633,308	\$ 107,799,634
Deferred outflows of resources for pension	\$ 13,905,208	\$ 293,529	\$ 14,198,737	\$ 13,634,493
Deferred outflows of resources for OPEBS	5,847,116	11,756	5,858,872	6,540,461
Total Deferred Outflows of Resources	\$ 19,752,324	\$ 305,285	\$ 20,057,609	\$ 20,174,954
Long-term liabilities	\$ 192,925,608	\$ 1,882,158	\$ 194,807,766	\$ 202,712,823
Other liabilities	15,026,426	60,347	15,086,773	15,310,691
Total Liabilities	\$ 207,952,034	\$ 1,942,505	\$ 209,894,539	\$ 218,023,514
Deferred inflows of resources for pension	\$ 3,311,000	\$ 71,000	\$ 3,382,000	\$ 4,010,000
Deferred inflows of resources for OPEBS	4,070,742	21,000	4,091,742	3,569,353
Total Deferred Inflows of Resources	\$ 7,381,742	\$ 92,000	\$ 7,473,742	\$ 7,579,353
Net investment in capital assets	\$ (8,919,058)	\$ 101,356	\$ (8,817,702)	\$ (10,687,033)
Unrestricted	(77,679,322)	(180,340)	(77,859,662)	(86,941,246)
Total Net Position	\$ (86,598,380)	\$ (78,984)	\$ (86,677,364)	\$ (97,628,279)

A portion of the School District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

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

Table 2
Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Real estate taxes	\$ 33,472,814	\$ 33,509,556	\$ (36,742)	-0.1%
Other taxes (mainly earned income taxes)	\$ 5,392,663	\$ 5,284,442	\$ 108,221	2.0%
Grants and subsidies	\$ 16,478,117	\$ 15,837,956	\$ 640,161	4.0%

The 2024 financial statements offer a view of the financial condition of the School District on a consolidated basis. For example, investment earnings (statement of activities) not only include interest earnings in the General Fund, but also interest earnings in the Capital Projects Fund.

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Table 3 takes the information from the statement of activities (page 2 of the audited financial statements) and rearranges it to present total revenues for the year as compared to last year:

Table 3
Fiscal Years Ended June 30, 2024 and 2023
Changes in Net Position

	Governmental Activities	Business-Type Activities	2024 Total	2023 Total
Revenues:				
Program revenues:				
Charges for services	\$ 107,744	\$ 1,016,247	\$ 1,123,991	\$ 1,074,955
Operating grants and contributions	16,100,261	1,574,238	17,674,499	16,715,740
General revenues (expenses) and transfers:				
Property taxes	33,472,814	-	33,472,814	33,509,556
Other taxes	5,392,663	-	5,392,663	5,284,442
Grants, subsidies, and contributions	16,478,117	-	16,478,117	15,837,956
Investment earnings	1,496,488	79,461	1,575,949	1,030,129
Other	295,544	-	295,544	491,507
Total Revenues	73,343,631	2,669,946	76,013,577	73,944,285
Expenditures:				
Instruction	37,924,126	-	37,924,126	36,358,946
Support services	19,848,683	-	19,848,683	18,812,710
Non-instructional services	1,858,569	-	1,858,569	1,713,024
Interest on long-term-debt	3,060,487	-	3,060,487	3,355,641
Food services	-	2,370,797	2,370,797	1,965,961
Total Expenditures	62,691,865	2,370,797	65,062,662	62,206,282
Change in Net Position	\$ 10,651,766	\$ 299,149	\$ 10,950,915	\$ 11,738,003

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Table 4 (below) shows the School District's functional areas as well as each program's net cost for governmental activities (i.e., total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions in order to indicate the remaining financial needs that are supported by local taxes and other miscellaneous revenues.

Table 4
Fiscal Years Ended June 30, 2024 and 2023
Governmental Activities

	2024	2024	2023	2024
	Total Expense of Services	Net Expense of Services	Net Expense of Services	% Supported by Local Taxes
Expenses:				
Instruction and services	\$ 37,924,126	\$ 26,313,571	\$ 25,509,345	69.38%
Support services	19,848,683	16,262,095	15,320,461	81.93%
Non-instructional services	1,858,569	1,577,615	1,443,420	84.88%
Interest on long-term debt	3,060,487	2,330,579	2,639,304	76.15%
Total Governmental Activities	<u>\$ 62,691,865</u>	<u>46,483,860</u>	<u>44,912,530</u>	<u>74.15%</u>
Less:				
Unrestricted subsidies		16,478,117	15,837,956	
Total Needs from Local Taxes and Other Revenues		<u>\$ 30,005,743</u>	<u>\$ 29,074,574</u>	

The School District expended a total of \$62,691,865 for governmental activities in fiscal year 2024. When the charges for services, along with operating and capital grants and contributions are subtracted from that figure, a net of \$46,483,860 remains, as shown in Table 4. In addition, unrestricted grants, subsidies, and contributions provided \$16,478,117. The School District acquired the remaining \$30,005,743 from local taxes and other revenues in order to cover current year expenses.

Approximately 69% of instructional activities were supported through taxes and other general revenues. General revenue support needed for all governmental activities was approximately 74%, as compared to approximately 75% in the previous fiscal year. Therefore, the Plum Borough community continues to provide the primary financial support for School District students.

Overall, the School District experienced an increase in net position of approximately \$11.0 million in fiscal year 2024 compared to an increase in net position of approximately \$11.7 million for fiscal year 2023.

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Business-Type Activity

The School District's only business-type activity is the Food Service operations. This program had charges for services of \$1,016,247, operating revenues from state and federal sources of \$1,574,238 and expenses of \$2,370,797 for fiscal year 2024. The cafeteria operation is designed to be self-sustaining; however, funds are provided by the General Fund whenever revenue is lagging from the state/federal subsidies. There were no transfers needed during fiscal year 2024. Approximately, 61% of the revenue of the food service operation comes from the state and federal government. Subsidies received represent free or reduced-price lunch and breakfasts, reimbursed from the State.

School District Funds

At June 30, 2024, the School District's governmental funds reported a combined fund balance of \$18,713,045, which is an increase of \$2,836,381. Of this amount, an increase of \$1,863,052 relates to the General Fund. The Capital Projects Fund had an increase in fund balance of \$973,329 as a result of variances in the timing between when funds are transferred to the fund for use and when projects are completed.

The revenue for the School District, as reported on the fund financial statements, is primarily derived from local, state, and federal sources:

	<u>2023-2024</u>	<u>2022-2023</u>
Local	\$ 41,575,436	\$ 41,345,149
State revenue	29,681,808	28,656,417
Federal revenue	<u>2,197,420</u>	<u>1,756,583</u>
Total revenue	<u>\$ 73,454,664</u>	<u>\$ 71,758,149</u>

The School District's overall General Fund revenue was \$1,786,885 more than budgeted, and an increase of \$1,696,515 from the prior year.

Local revenue total revenue was \$1,365,248 more (less) than budgeted by the following:

- Real estate (\$71,128)
- Delinquent taxes \$189,982
- Earned income tax \$312,913
- Other taxes \$89,750
- Investments \$746,488

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

○ Investments	\$746,488
○ Federal IDEA pass through	\$0
○ Miscellaneous	\$97,243

State revenue was more than budgeted by \$455,862 primarily due to an increase in basic education funding, special education funding and pupil transportation subsidy, offset by a decrease in the state share of combined social security and retirement reimbursements. The School District also received school security and mental health grants of \$209,382, which was not budgeted.

Federal revenue was less than budgeted in the amount of \$34,225 primarily due a decrease in Title funding.

The School District's overall General Fund expenditures were lower than the amount budgeted by \$2,010,745, primarily due to personnel vacancies and conservative budgeting. Total expenses increased \$2,385,457 from the prior year, including \$2.4 million that was transferred from the General Fund to the Capital Projects Fund.

General Fund Budget

During the fiscal year, the Board of Directors (Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the School District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A schedule showing the School District's original and final budget amounts compared with the amount actually paid and received is provided in the required supplementary information section of the financial statements.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2024, the School District had \$77,249,204 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deletions, and depreciation) of \$240,486 from last year. The majority of changes to the School District's capital assets relate to new buses and building improvements offset with the result of the depreciation expense. More detailed information about our capital assets is included in the notes to the financial statements.

PLUM BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2024

Debt Administration

As of June 30, 2024, the School District had total outstanding bond principal in the amount of \$93,505,000. The School District's bond principal at June 30, 2023 was \$98,685,000.

Other obligations include accrued vacation pay and sick leave, net pension liability, and net OPEB liability for specific employees of the School District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The School District expects low, steady growth of property value due to an increase in new residential property assessments. This may be offset by increased property tax appeals due to a significant decrease in the common level ratio calculated for Allegheny County. The district experienced a small net increase in real estate assessment for the 2024-2025 budget year of \$2 million.

The School District adopted a balanced budget for the 2024-2025 fiscal year with \$74,310,394 in revenues and expenses. The budget included a 6.2% increase primarily to offset the loss of \$1.1 million in federal COVID-19 related funding from the previous year's budget. The district plans to maintain a balanced budget in its long range planning.

Contacting the School District Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Chief Financial Officer at Plum Borough School District, 900 Elicker Road, Pittsburgh, PA 15239, 412-795-0100.

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PLUM BOROUGH SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 17,077,225	\$ 1,635,608	\$ 18,712,833
Investments	4,855,026	-	4,855,026
Taxes receivable, net	4,333,640	-	4,333,640
Internal balances	144,392	(145,192)	(800)
Due from other governments	598,467	-	598,467
State revenue receivable	3,174,113	-	3,174,113
Federal revenue receivable	298,200	-	298,200
Other receivables	119,475	53,717	173,192
Prepaid expenses	586,591	-	586,591
Inventories	-	4,747	4,747
Total current assets	31,187,129	1,548,880	32,736,009
Noncurrent assets:			
Capital assets, not being depreciated:			
Land	1,194,558	-	1,194,558
Capital assets, being depreciated, net:			
Land improvements	1,727,355	-	1,727,355
Buildings and building improvements	69,207,132	-	69,207,132
Furniture and equipment	5,018,803	101,356	5,120,159
Other noncurrent assets, net of amortization	648,095	-	648,095
Total noncurrent assets	77,795,943	101,356	77,897,299
Total Assets	108,983,072	1,650,236	110,633,308
Deferred Outflows of Resources:			
Deferred outflows of resources for pension	13,905,208	293,529	14,198,737
Deferred outflows of resources for OPEBs	5,847,116	11,756	5,858,872
Total Deferred Outflows of Resources	19,752,324	305,285	20,057,609
Liabilities:			
Current liabilities:			
Accounts payable	1,363,359	15,861	1,379,220
Accrued salaries and benefits	4,845,197	-	4,845,197
Payroll deductions and withholdings	2,681,188	-	2,681,188
Accrued interest on bonds	700,871	-	700,871
Current portion of long-term debt	5,400,000	-	5,400,000
Unearned revenues	35,811	44,486	80,297
Total current liabilities	15,026,426	60,347	15,086,773
Noncurrent liabilities:			
Compensated absences	1,231,406	10,158	1,241,564
Bonds payable	88,105,000	-	88,105,000
Net pension liability	83,793,000	1,799,000	85,592,000
Net OPEB liability	19,796,202	73,000	19,869,202
Total noncurrent liabilities	192,925,608	1,882,158	194,807,766
Total Liabilities	207,952,034	1,942,505	209,894,539
Deferred Inflows of Resources:			
Deferred inflows of resources for pension	3,311,000	71,000	3,382,000
Deferred inflows of resources for OPEBs	4,070,742	21,000	4,091,742
Total Deferred Inflows of Resources	7,381,742	92,000	7,473,742
Net Position:			
Net investment in capital assets	(8,919,058)	101,356	(8,817,702)
Unrestricted	(77,679,322)	(180,340)	(77,859,662)
Total Net Position	\$ (86,598,380)	\$ (78,984)	\$ (86,677,364)

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

PLUM BOROUGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 37,924,126	\$ -	\$ 11,610,555	\$ -	\$ (26,313,571)	\$ -	\$ (26,313,571)
Support services	19,848,683	-	3,586,588	-	(16,262,095)	-	(16,262,095)
Operation of non-instructional services	1,858,569	107,744	173,210	-	(1,577,615)	-	(1,577,615)
Unallocated expenses - interest on long-term debt	3,060,487	-	729,908	-	(2,330,579)	-	(2,330,579)
Total governmental activities	62,691,865	107,744	16,100,261	-	(46,483,860)	-	(46,483,860)
Business-Type Activities:							
Food service	2,370,797	1,016,247	1,574,238	-	-	219,688	219,688
Total Primary Government	<u>\$ 65,062,662</u>	<u>\$ 1,123,991</u>	<u>\$ 17,674,499</u>	<u>\$ -</u>	<u>(46,483,860)</u>	<u>219,688</u>	<u>(46,264,172)</u>
General revenues:							
Property taxes					33,472,814	-	33,472,814
Earned income taxes					4,712,913	-	4,712,913
Other taxes levied					679,750	-	679,750
Grants, subsidies, and contributions					16,478,117	-	16,478,117
Investment earnings					1,496,488	79,461	1,575,949
Miscellaneous income					295,544	-	295,544
Total general revenues					57,135,626	79,461	57,215,087
Change in Net Position					10,651,766	299,149	10,950,915
Net Position:							
Beginning of year					(97,250,146)	(378,133)	(97,628,279)
End of year					<u>\$ (86,598,380)</u>	<u>\$ (78,984)</u>	<u>\$ (86,677,364)</u>

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

PLUM BOROUGH SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Capital Projects Fund	Total
Assets			
Cash and cash equivalents	\$ 17,077,225	\$ -	\$ 17,077,225
Investments	4,855,026	-	4,855,026
Taxes receivable, net	4,333,640	-	4,333,640
Due from other funds	145,192	2,952,813	3,098,005
Due from other governments	598,467	-	598,467
State revenue receivable	3,174,113	-	3,174,113
Federal revenue receivable	298,200	-	298,200
Other receivables	119,475	-	119,475
Prepaid expenditures	586,591	-	586,591
Total Assets	\$ 31,187,929	\$ 2,952,813	\$ 34,140,742
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Due to other funds	\$ 2,953,613	\$ -	\$ 2,953,613
Accounts payable	1,202,975	160,384	1,363,359
Accrued salaries and benefits	4,845,197	-	4,845,197
Payroll deductions and withholdings	2,681,188	-	2,681,188
Unearned revenues	35,811	-	35,811
Total Liabilities	11,718,784	160,384	11,879,168
Deferred Inflows of Resources:			
Unavailable revenue - property taxes	3,548,529	-	3,548,529
Fund Balance:			
Nonspendable	586,591	-	586,591
Assigned	5,944,830	2,792,429	8,737,259
Unassigned	9,389,195	-	9,389,195
Total Fund Balance	15,920,616	2,792,429	18,713,045
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 31,187,929	\$ 2,952,813	\$ 34,140,742

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

PLUM BOROUGH SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2024

Total Fund Balance - Governmental Funds \$ 18,713,045

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.

Capital assets, gross	\$ 148,163,629	
Accumulated depreciation	<u>(71,015,781)</u>	77,147,848

Taxes collected 60 days after year-end are not considered available to pay current period expenditures, and therefore, are unavailable in the funds.

3,548,529

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

Deferred outflows of resources	19,752,324	
Deferred inflows of resources	<u>(7,381,742)</u>	12,370,582

Certain long-term liabilities 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	(93,505,000)	
Accrued interest on the bonds	(700,871)	
Compensated absences	(1,231,406)	
Net OPEB liability	(19,796,202)	
Net pension liability	(83,793,000)	
Other noncurrent assets, net of amortization	<u>648,095</u>	<u>(198,378,384)</u>

Total Net Position - Governmental Activities \$ (86,598,380)

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

PLUM BOROUGH SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects Funds	Total
Revenues:			
Revenues from local sources:			
Real estate taxes, current and interim	\$ 32,523,865	\$ -	\$ 32,523,865
Delinquent real estate taxes	1,059,982	-	1,059,982
Earned income taxes	4,712,913	-	4,712,913
Other taxes	679,750	-	679,750
Earnings on investments	1,496,488	-	1,496,488
Federal IDEA revenue received as pass-through	699,150	-	699,150
Other revenues	403,288	-	403,288
Revenues from state sources	29,681,808	-	29,681,808
Revenues from federal sources	2,197,420	-	2,197,420
Total revenues	73,454,664	-	73,454,664
Expenditures:			
Instruction:			
Regular programs	30,365,153	-	30,365,153
Special programs	7,851,404	-	7,851,404
Vocational education	799,332	-	799,332
Other instructional programs	60,358	-	60,358
Support services:			
Students	2,250,529	-	2,250,529
Instructional staff	1,191,334	-	1,191,334
Administration	3,389,423	-	3,389,423
Pupil health	663,366	-	663,366
Business	653,321	-	653,321
Operation and maintenance of plant	5,988,819	56,586	6,045,405
Student transportation	3,771,143	1,035,384	4,806,527
Central	1,995,505	-	1,995,505
Other	45,730	-	45,730
Operation of non-instructional services:			
Student activities	1,583,778	-	1,583,778
Community services	274,118	-	274,118
Facilities, acquisition, construction, and improvement services	-	334,701	334,701
Debt service	8,373,721	-	8,373,721
Total expenditures	69,257,034	1,426,671	70,683,705
Excess (Deficiency) of Revenues over Expenditures	4,197,630	(1,426,671)	2,770,959
Other Financing Sources (Uses):			
Sale of capital assets	22,329	-	22,329
Interfund transfers	(2,400,000)	2,400,000	-
Refunds of prior year expenditures	43,093	-	43,093
Total other financing sources (uses)	(2,334,578)	2,400,000	65,422
Net Change in Fund Balance	1,863,052	973,329	2,836,381
Fund Balance:			
Beginning of year	14,057,564	1,819,100	15,876,664
End of year	\$ 15,920,616	\$ 2,792,429	\$ 18,713,045

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

PLUM BOROUGH SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Net Change in Fund Balance - Governmental Funds		\$	2,836,381
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This amount represents the difference between depreciation expense and capital outlays for the current period.			
	Capital outlays	\$	1,799,027
	Less: depreciation expense		(1,576,366)
			222,661
Because some property taxes will not be collected for several months after the School District's fiscal year-end, they are not considered "available" revenues in the governmental funds. The value of this item changed by this amount during the year.			
			(101,033)
The issuance of debt is recorded as an other financing source in the governmental funds, whereas, refundings and repayment of debt principal are reported as other financing uses/expenditures in the governmental funds. These transactions increase or decrease the long-term liability in the statement of net position.			
	Bond principal payments		5,180,000
			5,180,000
In the statement of activities, certain operating expenses are measured by the payroll benefit amounts earned by the employees during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used to provide these benefits. This amount represents the difference between the amount earned versus the amount used.			
	Pension benefits		3,134,888
	Compensated absences		(56,312)
	Other postemployment benefits		(698,053)
			2,380,523
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.			
			59,391
Amortization of bond premium, discount and deferred charge on refunding.			
			73,843
Change in Net Position of Governmental Activities		\$	<u>10,651,766</u>

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

PLUM BOROUGH SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND

JUNE 30, 2024

	<u>Food Service Fund</u>
Assets and Deferred Outflows of Resources	
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,635,608
Other receivables	53,717
Inventories	<u>4,747</u>
Total current assets	<u>1,694,072</u>
Non-current assets:	
Furniture and equipment, net	<u>101,356</u>
Total Assets	<u>1,795,428</u>
Deferred Outflows of Resources:	
Deferred outflows of resources for pension	293,529
Deferred outflows of resources for OPEBs	<u>11,756</u>
Total deferred outflows of resources	<u>305,285</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 2,100,713</u></u>
Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities:	
Current liabilities:	
Due to other funds	\$ 145,192
Accounts payable	15,861
Unearned revenues	<u>44,486</u>
Total current liabilities	<u>205,539</u>
Noncurrent liabilities:	
Compensated absences	10,158
Net pension liability	1,799,000
Net OPEB liability	<u>73,000</u>
Total noncurrent liabilities	<u>1,882,158</u>
Total Liabilities	<u>2,087,697</u>
Deferred Inflows of Resources:	
Deferred inflows of resources for pension	71,000
Deferred inflows of resources for OPEBs	<u>21,000</u>
Total deferred inflows of resources	<u>92,000</u>
Net Position:	
Net investment in capital assets	101,356
Unrestricted	<u>(180,340)</u>
Total Net Position	<u>(78,984)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 2,100,713</u></u>

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

PLUM BOROUGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND

YEAR ENDED JUNE 30, 2024

	<u>Food Service Fund</u>
Operating Revenues:	
Food service revenue	\$ 1,016,247
Operating Expenses:	
Salaries	752,910
Employee benefits	254,768
Purchased property services	69,021
Supplies	1,271,121
Depreciation	22,977
Total operating expenses	2,370,797
Net Operating Income (Loss)	(1,354,550)
Non-Operating Revenues (Expenses):	
Earnings on investments	79,461
State sources	416,141
Federal sources	1,158,097
Total non-operating revenues (expenses)	1,653,699
Change in Net Position	299,149
Net Position:	
Beginning of year	(378,133)
End of year	\$ (78,984)

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

PLUM BOROUGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2024

	<u>Food Service Fund</u>
Cash Flows From Operating Activities:	
Cash receipts from users	\$ 974,704
Cash payments to employees for services	(1,095,613)
Cash payments to suppliers for goods and services	(1,099,100)
Net cash provided by (used in) operating activities	(1,220,009)
Cash Flows From Noncapital Financing Activities:	
State sources	416,141
Federal sources	973,408
Net cash provided by (used in) noncapital financing activities	1,389,549
Cash Flows From Capital and Related Financing Activities:	
Purchase of equipment	(40,802)
Cash Flows From Investing Activities:	
Earnings on investments	79,461
Net Increase (Decrease) in Cash and Cash Equivalents	208,199
Cash and Cash Equivalents:	
Beginning of year	1,427,409
End of year	\$ 1,635,608
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Net operating income (loss)	\$ (1,354,550)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	22,977
Donated commodities	189,530
Change in assets, liabilities, and deferred inflows:	
Receivables	(41,543)
Inventories	5,367
Deferred outflows	(34,365)
Accounts payable	16,524
Unearned revenues	44,486
Compensated absences	(4,435)
Net pension/OPEB liabilities	(61,000)
Deferred inflows	(3,000)
Net cash provided by (used in) operating activities	\$ (1,220,009)
Non-Cash, Non-Capital Financing Transactions:	
During the year, the School District received \$189,530 of USDA donated commodities in the Food Service Fund.	

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

PLUM BOROUGH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2024

	Custodial Fund
Assets:	
Cash and cash equivalents	\$ 156,881
Due from other funds	800
Total Assets	<u>\$ 157,681</u>
Liabilities:	
	<u>\$ -</u>
Net Position:	
Restricted for:	
Student activities	<u>\$ 157,681</u>

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

PLUM BOROUGH SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2024

	Custodial Fund
Additions:	
Student contributions	\$ 179,910
Deductions:	
Student programs	168,280
Changes in Net Position	11,630
Net Position:	
Beginning of year	146,051
End of year	\$ 157,681

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

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

1. Reporting Entity

The Plum Borough School District (School District), located in Allegheny County, Pennsylvania, provides public education, kindergarten through twelfth grade, to the residents of Plum Borough. The School District operates under a nine-person elected Board of Directors.

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

In evaluating the School District as a primary government, management has addressed all potential component units. Consistent with applicable guidance, the criteria used by the School District to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the School District reviews the applicability of the following criteria:

The School District is financially accountable for:

1. Organizations that make up the legal entity.
2. Legally separate organizations if the School District Board appoints a voting majority of the organization's governing body and the School District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District.
 - a. Impose its Will – If the School District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - b. Financial Benefit or Burden – Exists if the School District (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

3. Organizations that are fiscally dependent on the School District. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the School District.
4. In management's judgment, exclusion of the component unit would render the financial statements misleading.

No potential component units meet the criteria for inclusion in the School District reporting entity.

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Basis of Presentation

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).

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the 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.

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

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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 balance, deferred inflows, 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, if existing, are summarized in a single column. The School District does not currently have any funds that are considered to be non-major funds.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds. Major individual governmental funds and the major individual proprietary fund are reported as separate columns in the fund financial statements.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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:

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

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds).

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

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 which are to be financed primarily through a fee which is charged to external users for goods or services. 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.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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 School District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or custodial). The School District reports the following fiduciary fund type:

The *Custodial Fund* represents the School District's student activity funds. These funds account for student activities in the high school and middle school.

Interfunds

During the course of operations, the School District 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. 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.

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.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Accrual

The government-wide financial statements, proprietary fund financial statements, 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. Earned income taxes are recognized when the underlying wages are earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

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 School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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). 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to pension, compensated absences, postemployment benefits, 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 leases and financed purchases are reported as other financing sources.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Deferred inflows of resources reported on the governmental funds balance sheet arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the unavailable revenue is removed as a deferred inflow of resources and the revenue is recognized.

Unearned revenues arise when resources are received by the School District before it has legal claim to them, such as when intergovernmental funds are received prior to the occurrence of qualifying expenditures. During subsequent periods, when the School District has a legal claim to the resources, the unearned revenue is removed as a liability and the revenue is recognized.

For all financial statements, when both restricted and unrestricted resources are available for use, it is the School District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Defining Operating Revenues and Expenses

The School District’s proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses of the School District’s food service fund consist of charges for meals and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

Joint Ventures

The School District is one of nine-member school districts of the Forbes Road Career & Technology Center (Forbes). Forbes provides vocational-technical training and education to participating students of the member districts. Forbes 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 Forbes’ 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 Forbes. The School District’s share of annual operating and capital costs for Forbes fluctuates, based on the percentage of enrollment of each member district in the school. The School District’s financial obligation to Forbes for the year ended June 30, 2024 was approximately \$799,000, which has been reported in the School District’s General Fund. The School District has no equity interest in Forbes as of June 30, 2024 . Complete financial statements

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

for Forbes can be obtained from the administrative offices at 607 Beatty Road; Monroeville, Pennsylvania 15146.

The School District is also one of eight-member school districts of the Eastern Area Special Schools (Eastern). Eastern provides special education to participating students of the member districts. Eastern 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 Eastern'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 Eastern. The School District's share of annual operating and capital costs for Eastern fluctuates, based on the percentage of enrollment of each member district in Eastern. The School District has no equity interest in Eastern as of June 30, 2024 and the School District withdrew its membership as of July 1, 2022. Eastern's outstanding debt is secured by rental payments from the member districts. Complete financial statements for Eastern can be obtained from the administrative offices at 550 Aura Drive, Monroeville, Pennsylvania 15146.

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.

Investments

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

- Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.
- Shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 provided (a) the funds are invested in investments listed above, (b) the investment company is managed so as to maintain its share at a constant net asset value, and (c) the investment company is rated in the highest category by a nationally recognized rating agency.
- In March 2016, Act 10 was passed which expanded the scope of investment options available to school districts including repurchase agreements, commercial paper, negotiable certificates of deposit, and banker's acceptances.

Fair Value Measurement

The School District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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. Currently, the School District does not have any investments which require categorization.

Receivables

Property taxes receivable are reported net of an allowance for uncollectible accounts of approximately \$3.4 million. All other receivables have been determined by management to be fully collectible, thus, no allowance has been recorded.

Prepaid Items

In both the government-wide and fund financial statements, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Inventories

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

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.

The inventory of the food service fund consists of food supplies and government donated commodities which were valued at estimated value provided by the USDA, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2024 are reported as unearned revenues.

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 acquisition 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.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	20-40
Land Improvements	20
Furniture	10
Vehicles	8-10
Equipment	10
Computers	5

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

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, discounts, and deferred refunding loss are reported as deferred charges and amortized over the term of the related debt. They are reported as other noncurrent assets, net of amortization on the statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums received are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses/expenditures in the government-wide, proprietary, and governmental fund financial statements.

It is expected that the General Fund will continue to provide funds for the debt service payments.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Compensated Absences

The School District's policies regarding vacation and sick time are provided through various contracts. Employees can 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 liability. These compensated absences are recorded as a non-current liability in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the amount of reimbursable unused vacation or sick leave to employees who have terminated their employment as of the end of the fiscal year, while the proprietary funds report the liability as it is incurred.

Postemployment Benefits

In the government-wide and proprietary fund financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance are calculated based on actuarial valuations as described in Notes 9 through 11.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources or deferred inflows of resources. These separate financial statement elements represent a consumption (acquisition) of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) or an inflow of resources (revenue) until then. The School District has the following items that qualify for reporting as deferred outflows/inflows of resources:

In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in the School District's proportion, the net difference between expected and actual investment earnings, and payments made to the plans subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions or OPEBS on the government-wide and proprietary fund financial statements. These amounts are determined based on an actuarial valuation performed for each plan. Notes 9 through 11 present additional information about the School District's pension and OPEB plans.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Unavailable revenue is reported only on the balance sheet and represents delinquent property taxes which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

Net Position Classifications

The government-wide and proprietary fund financial statements are required to report three components of net position:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted net position - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. The School District does not have any restricted net position as of June 30, 2024.
- Unrestricted net position - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of “net investment in capital assets” or the “restricted” components of net position.

Fund Balance Classification

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

These levels are 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. The School District's nonspendable fund balance consists of prepaid expenditures.
- 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. The School District currently does not have any restricted fund balance.
- Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action: approval of a motion by the majority of the School Board. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially commit the money. The School District currently does not have any committed fund balance.
- Assigned - reflects the School District's intent to use the money for a specific purpose but is not considered restricted or committed. The assignment of fund balance can be assigned by management in the business office. The School District has assigned funds for capital projects.
- 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.

Encumbrances

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as commitments of fund balances since they do not constitute expenditure or liabilities. All appropriations lapse at year-end. There were no outstanding encumbrances at June 30, 2024.

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 required supplementary information 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 expenditures over appropriations in the General Fund are presented in the required supplementary information section. None of these excesses were significant.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Adopted Pronouncements

The following Governmental Accounting Standards Board (GASB) Statement was adopted for the year ended June 30, 2024: Statement No. 100 (Accounting Changes and Error Corrections). This statement had no significant impact on the School District's financial statements for the year ended June 30, 2024.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 101 (Compensated Absences), 102 (Certain Risk Disclosures), 103 (Financial Reporting Model Improvements), and 104 (Disclosure of Certain Capital Assets). Management has not yet determined the impact of these statements on the financial statements.

3. Cash 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.

Deposits

Custodial credit risk - 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, \$19,206,017 of the School District's bank balance of \$19,456,017 was exposed to custodial credit risk. These deposits have a carrying amount totaling \$18,869,714.

Investments

As of June 30, 2024, the School District held its investments in the Pennsylvania School District Liquid Asset Fund (PSDLAF) in the amount of \$4,855,026.

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. All of the School District's investments in PSDLAF have a maturity of one year or less.

Credit risk - The Pennsylvania Public School Code authorizes the types of investments allowed. The School District has no investment policy that would further limit its investment choices. The School District's investments in PSDLAF were rated AAAM by Standard & Poor's.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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

PSDLAF

PSDLAF was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools, and municipalities. The purpose of the fund 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. The fund has the characteristics of open-end mutual funds and is not subject to credit risk classification.

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. The fund operates in a manner consistent with the SEC's Rule 2(a)7 of the Investment Company Act of 1940. The fund uses amortized cost to report net position to compute share prices. The fund maintains net asset value of \$1 per share. Accordingly, the fair value of the position in PSDLAF is the same as the value of PSDLAF shares.

The School District can withdraw funds from PSDLAF on permitted days without restriction.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

4. Real Estate Taxes

The municipal tax collector bills and collects 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 22.0241 mills (\$22.0241 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 August 31, 2023
Face Payment Period	September 1 - October 31, 2023
10% Penalty Period	November 1 until lien
Lien Filing Date	January 15, 2024

Delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as a deferred inflow of resources on the balance sheet until they are received.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

5. Capital Assets

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

	Balance at July 1, 2023	Additions	Transfers/ Deletions	Balance at June 30, 2024
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,194,558	\$ -	\$ -	\$ 1,194,558
Total capital assets, not being depreciated	1,194,558	-	-	1,194,558
Capital assets, being depreciated:				
Land improvements	4,959,744	-	-	4,959,744
Buildings and building improvements	119,617,327	699,583	-	120,316,910
Furniture and equipment	20,592,973	1,099,444	-	21,692,417
Equipment acquired through a financed purchase	1,100,000	-	(1,100,000)	-
Total capital assets, being depreciated	146,270,044	1,799,027	(1,100,000)	146,969,071
Less: accumulated depreciation for:				
Land improvements	(2,975,611)	(256,778)	-	(3,232,389)
Buildings and building improvements	(50,488,085)	(621,693)	-	(51,109,778)
Furniture and equipment	(15,975,719)	(697,895)	-	(16,673,614)
Equipment acquired through a financed purchase	(1,100,000)	-	1,100,000	-
Total accumulated depreciation	(70,539,415)	(1,576,366)	1,100,000	(71,015,781)
Capital assets being depreciated, net	75,730,629	222,661	-	75,953,290
Governmental activities capital assets, net	\$ 76,925,187	\$ 222,661	\$ -	\$ 77,147,848
	Balance at July 1, 2023	Additions	Transfers/ Deletions	Balance at June 30, 2024
Business-type Activities:				
Furniture and equipment	\$ 549,126	\$ 41,579	\$ (777)	\$ 589,928
Less: accumulated depreciation	(465,595)	(22,977)	-	(488,572)
Business-type activities capital assets, net	\$ 83,531	\$ 18,602	\$ (777)	\$ 101,356

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

Depreciation expense was charged to functions of the School District as follows:

Governmental activities:	
Instruction	\$ 993,920
Support services	535,190
Operation of non-instructional services	<u>47,256</u>
Total depreciation expense, governmental activities	<u>\$ 1,576,366</u>
Business-type activities:	
Food service	<u>\$ 22,977</u>

6. Interfund Balances

At June 30, 2024, interfund balances were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 145,192	\$ 2,952,813	\$ -	\$ 2,400,000
Capital Projects Fund	2,952,813	-	2,400,000	-
Food Service Fund	-	145,192	-	-
Custodial Fund	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,098,805</u>	<u>\$ 3,098,005</u>	<u>\$ 2,400,000</u>	<u>\$ 2,400,000</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 of the balances above are expected to be collected in the subsequent year.

Transfers are used to provide funds from the General Fund to the Capital Projects Fund for capital improvements.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

7. Long-term Liabilities

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

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024	Amounts Due Within One Year
Governmental Activities:					
Compensated absences payable	\$ 1,175,094	\$ 56,312	\$ -	\$ 1,231,406	\$ -
General obligation bonds	98,685,000	-	(5,180,000)	93,505,000	5,400,000
Financed purchase obligation	-	-	-	-	-
Net pension liability	85,786,000	-	(1,993,000)	83,793,000	-
Net OPEB liability	20,299,136	-	(502,934)	19,796,202	-
Total governmental activities	<u>\$ 205,945,230</u>	<u>\$ 56,312</u>	<u>\$ (7,675,934)</u>	<u>\$ 198,325,608</u>	<u>\$ 5,400,000</u>
Business-type Activities:					
Compensated absences payable	\$ 14,593	\$ -	\$ (4,435)	\$ 10,158	\$ -
Net pension liability	1,842,000	-	(43,000)	1,799,000	-
Net OPEB liability	91,000	-	(18,000)	73,000	-
Total business-type activities	<u>\$ 1,947,593</u>	<u>\$ -</u>	<u>\$ (65,435)</u>	<u>\$ 1,882,158</u>	<u>\$ -</u>

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

8. General Obligation Bonds

The School District's outstanding debt consists of the following:

Description	Purpose	Interest Rate	Final Payment Due	Balance at June 30, 2024
General Obligation Bonds:				
Series A of 2013	Redeem 2005A Bonds	1.00% to 3.00%	2031	\$ 22,535,000
Series B of 2013	Redeem 2005B Bonds	1.00% to 5.00%	2031	4,365,000
Series A of 2016	Purchase buses	1.25% to 2.70%	2026	685,000
Series B of 2016	Fund a portion of net pension liability	1.871% to 4.001%	2027	2,080,000
Series A of 2017	Current refund 9/15/17 debt service payment	2.00% to 3.10%	2029	2,480,000
Series B of 2017	Fund a portion of net pension liability	2.223% to 4.737%	2031	2,230,000
Series A of 2020	Redeem 2010 Bonds	2.85%	2035	21,420,000
Series B of 2020	Redeem 2014 Bonds	3.01%	2040	18,385,000
Series C of 2020	Redeem 2012 Bonds	2.30%	2033	5,155,000
Series D of 2020	Redeem Series E of 2013 Bonds	1.200% to 2.918%	2038	14,170,000
				<u>\$ 93,505,000</u>

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The debt service source for the above debt is the General Fund.

The annual requirements of School District funds to amortize all outstanding bonds as of June 30, 2024, including interest and sinking fund payments, are as follows:

General Obligation Bonds			
Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$ 5,400,000	\$ 2,777,728	\$ 8,177,728
2026	5,605,000	2,576,381	8,181,381
2027	5,785,000	2,394,940	8,179,940
2028	5,975,000	2,217,981	8,192,981
2029	6,215,000	2,031,953	8,246,953
2030-2034	31,715,000	7,382,038	39,097,038
2035-2039	29,645,000	2,736,217	32,381,217
Thereafter	3,165,000	47,633	3,212,633
	<u>\$ 93,505,000</u>	<u>\$ 22,164,871</u>	<u>\$ 115,669,871</u>

When there is advance refunding, the refunded bonds are considered defeased and the liability for those bonds is removed from the statement of net position. In 2021, the School District defeased the Series E of 2013 General Obligation Bonds by placing proceeds of the Series D of 2020 Bonds in an account to provide for all future debt service payments on the old bonds. During the year ended June 30, 2024, the defeased bonds were paid in full from escrowed funds.

In October 2024, the School District issued a General Obligation Bond in the amount of \$9,380,000 to be used for school renovations. The bonds carry interest rates ranging from 3.125% to 4.000%, with a final maturity date of 2045.

9. Public School Employees' Retirement System (PSERS)

Plan Description

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (Pension Plan) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program OPEB plan (Premium Assistance), to public

PLUM BOROUGH SCHOOL DISTRICT

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YEAR ENDED JUNE 30, 2024

school employees of the Commonwealth of Pennsylvania. In addition, PSERS administers the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in the HOP. The HOP is funded exclusively by the premiums paid by participants for the benefit coverage they elect. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Employees eligible for PSERS benefits 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.

Retirees who participate in the HOP or a Commonwealth public school employer-sponsored health insurance program are eligible for Premium Assistance if they satisfy the following criteria:

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

For Class DC members (as defined below) 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.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of 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. Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS Annual Comprehensive Financial Report, which can be found on the PSERS website at www.psers.pa.gov.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

The net pension liability and the net OPEB liability are primarily recorded as governmental activities expected to be paid from the General Fund. However, the portion of each liability that relates to cafeteria employees is recorded in the Food Service Fund.

Benefits Provided – Pension Plan

Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011 through June 30, 2019. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and 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.

Act 5 of 2017 (Act 5) eliminated the stand-alone defined benefit plan, introduced a hybrid benefit, and introduced 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,

PLUM BOROUGH SCHOOL DISTRICT

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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 Provided – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their eligible out-of-pocket monthly health insurance premium. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

Member Contributions

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

- Active members who joined PSERS prior to July 22, 1983:
 - Membership Class T-C 5.25%
 - Membership Class T-D 6.50%
- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
 - Membership Class T-C 6.25%
 - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
 - Membership Class T-D 7.50%
- Members who joined PSERS after June 30, 2011 and before June 30, 2019:
 - Membership Class T-E* 8.00%
 - Membership Class T-F* 10.80%
- Members who joined PSERS on or after July 1, 2019:
 - Membership Class T-G (hybrid)** 9.00% (combined rate)
 - Membership Class T-H (hybrid)** 8.25% (combined rate)
 - Defined Contribution only 7.50%

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* Includes shared risk provision of +0.50% as of July 1, 2021.

** Includes shared risk provision of +0.75% as of July 1, 2021.

Employer Contributions

The School District's contractually required PSERS contribution rate for fiscal year ended June 30, 2024 was 34.00% 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. This rate is composed of a 33.09% rate for the Pension Plan, a 0.64% rate for the Premium Assistance, and a 0.27% rate for Act 5 Defined Contribution.

The combined rate for the fiscal year ended June 30, 2024 was a decrease from the fiscal year ended June 30, 2023 combined rate of 35.26%. The combined contribution rate will decrease to 33.90% in fiscal year 2025 and is projected to grow to 38.26% by fiscal year 2032.

The School District remits contributions to PSERS on a quarterly basis. Approximately \$2.7 million is owed to PSERS as of June 30, 2024, which represents the School District's required contribution for the end of year payroll. The School District's contributions which were recognized by PSERS for the year ended June 30, 2024 were as follows:

Pension Plan	\$ 9,719,737
Act 5 Defined Contribution	77,186
Premium Assistance	<u>182,960</u>
Total	<u>\$ 9,979,883</u>

In accordance with Act 29, the Commonwealth of Pennsylvania (Commonwealth) reimburses school districts for approximately one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth approximating \$6.2 million during the current year. Because the Commonwealth payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

PLUM BOROUGH SCHOOL DISTRICT

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Proportionate Share

The School District's proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported contributions as it relates to PSERS' total one-year reported contributions. This method was changed beginning with PSERS' fiscal year ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year reported covered payroll. At June 30, 2023 (measurement date), the School District's proportion was 0.1924%, which was a decrease of 0.0047% from its proportion measured as of June 30, 2022.

The School District's proportion of PSERS' net OPEB liability continues to be calculated utilizing the School District's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2023 (measurement date), the School District's proportion was 0.1922%, which was a decrease of 0.0048% from its proportion measured as of June 30, 2022.

PLUM BOROUGH SCHOOL DISTRICT

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10. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2024, the School District reported a liability of \$85,592,000 for its proportionate share of PSERS' net pension liability as follows:

Governmental activities	\$ 83,793,000
Business-type activities	<u>1,799,000</u>
Total	<u>\$ 85,592,000</u>

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 PSERS' total pension liability as of June 30, 2022 to June 30, 2023.

For the year ended June 30, 2024, the School District recognized pension expense of \$6,491,493 as follows:

Governmental activities	\$ 6,385,320
Business-type activities	<u>106,173</u>
Total	<u>\$ 6,491,493</u>

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

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
Differences between expected and actual experience	\$ 19,000	\$ 1,172,000
Changes in assumptions	1,277,000	-
Net difference between projected and actual earnings on pension plan investments	2,422,000	-
Changes in proportion	761,000	2,210,000
School District contributions subsequent to the measurement date	9,719,737	-
Total	<u>\$ 14,198,737</u>	<u>\$ 3,382,000</u>
Governmental activities	\$ 13,905,208	\$ 3,311,000
Business-type activities	293,529	71,000
Total	<u>\$ 14,198,737</u>	<u>\$ 3,382,000</u>

\$9,719,737 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2025	\$ 61,000
2026	(1,823,000)
2027	2,051,000
2028	808,000
Total	<u>\$ 1,097,000</u>

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Actuarial Assumptions

The actuarial valuation used for the June 30, 2023 measurement date contained the following methods and assumptions:

- Actuarial 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 2.50% for inflation and 2.00% for real wage growth and 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
- Experience study – July 1, 2015 through June 30, 2020

Changes in Assumptions

There were no changes in assumptions affecting the June 30, 2023 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2023 measurement date.

Pension Plan Investments

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

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

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public entity	30.00%	5.20%
Private equity	12.00%	7.90%
Fixed income	33.00%	3.20%
Commodities	7.50%	2.70%
Absolute return	4.00%	4.10%
Infrastructure/MLPs	10.00%	5.40%
Real estate	11.00%	5.70%
Cash	3.00%	1.20%
Leverage	-10.50%	1.20%
	<u>100.00%</u>	

For PSERS' year ended June 30, 2023, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 3.54%.

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

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

The following presents the School District's proportionate share of PSERS' net pension liability calculated using the discount rates described above, as well as what the School District's proportionate share of PSERS' net pension liability would be if it were calculated

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of PSERS' net pension liability	<u>\$ 110,951,000</u>	<u>\$ 85,592,000</u>	<u>\$ 64,197,000</u>

11. Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The School District maintains two separate OPEB plans – the Premium Assistance previously described in Note 10 and the School District's retiree plan (retiree plan) described below. At June 30, 2024, the School District reported a net OPEB liability composed of the following:

	Governmental Activities	Business-type Activities	Total
School District's proportionate share of PSERS' net OPEB liability	\$ 3,404,000	\$ 73,000	\$ 3,477,000
School District's total OPEB liability for its retiree plan	<u>16,392,202</u>	<u>-</u>	<u>16,392,202</u>
Net OPEB liability	<u>\$ 19,796,202</u>	<u>\$ 73,000</u>	<u>\$ 19,869,202</u>

PSERS' net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate PSERS' net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The School District's retiree plan's total OPEB liability was measured as of July 1, 2023, and the total OPEB liability used to calculate the retiree plan's total OPEB liability was determined by an actuarial valuation performed as of July 1, 2023.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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For the year ended June 30, 2024, the School District recognized OPEB expense as follows:

	Governmental Activities	Business-type Activities	Total
OPEB expense related to PSERS Premium Assistance	\$ (9,519)	\$ (253)	\$ (9,772)
OPEB expense related to School District's retiree plan	1,363,374	-	1,363,374
Total OPEB expense	<u>\$ 1,353,855</u>	<u>\$ (253)</u>	<u>\$ 1,353,602</u>

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Outflows of Resources
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 23,000	\$ 3,613,322	\$ 3,636,322
Changes in assumptions	300,000	1,192,992	1,492,992
Net difference between projected and actual earnings on OPEB plan investments	8,000	-	8,000
Changes in proportion	51,000	-	51,000
School District contributions subsequent to the measurement date	182,960	487,598	670,558
Total	<u>\$ 564,960</u>	<u>\$ 5,293,912</u>	<u>\$ 5,858,872</u>
Governmental activities	\$ 553,204	\$ 5,293,912	\$ 5,847,116
Business-type activities	11,756	-	11,756
Total	<u>\$ 564,960</u>	<u>\$ 5,293,912</u>	<u>\$ 5,858,872</u>

PLUM BOROUGH SCHOOL DISTRICT

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Deferred Inflows of Resources:	PSERS Premium Assistance	School District's Retiree Plan	Total Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,000	\$ -	\$ 34,000
Changes in assumptions	658,000	3,090,742	3,748,742
Changes in proportion	309,000	-	309,000
Total	<u>\$ 1,001,000</u>	<u>\$ 3,090,742</u>	<u>\$ 4,091,742</u>
Governmental activities	980,000	3,090,742	4,070,742
Business-type activities	21,000	-	21,000
Total	<u>\$ 1,001,000</u>	<u>\$ 3,090,742</u>	<u>\$ 4,091,742</u>

\$670,558 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	PSERS Premium Assistance	School District's Retiree Plan
<u>Year Ending June 30,</u>		
2025	\$ (159,000)	\$ 169,991
2026	(177,000)	169,991
2027	(130,000)	169,991
2028	(131,000)	169,991
2029	(22,000)	169,991
Thereafter	-	865,617
Total	<u>\$ (619,000)</u>	<u>\$ 1,715,572</u>

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Additional Required Disclosures for PSERS Premium Assistance

Actuarial Assumptions

The actuarial valuation used for the June 30, 2023 measurement date contained the following methods and assumptions:

- Actuarial valuation date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 4.13% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and 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
- Experience study – July 1, 2015 through June 30, 2020
- Participation rate –
 - Eligible retirees will elect to participate pre-age 65 at 50%
 - Eligible retirees will elect to participate post-age 65 at 70%.

Changes in Assumptions

The discount rate increased from 4.09% to 4.13% for the June 30, 2023 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2023 measurement date.

OPEB Plan Investments

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

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The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Employer contribution rates are established to provide reserves in the Health Insurance Account that are sufficient for the payment of the Premium Assistance for each succeeding year. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.00%	1.20%
	<u>100.00%</u>	

For PSERS' year ended June 30, 2023, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 4.36%.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the 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 the 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. The discount rate used to measure the Total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

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

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using the discount rates described above, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

PLUM BOROUGH SCHOOL DISTRICT

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	<u>1% Decrease (3.13%)</u>	<u>Current Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 3,932,000</u>	<u>\$ 3,477,000</u>	<u>\$ 3,097,000</u>

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

Healthcare cost trend rates 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. 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 the healthcare cost trends as depicted below.

The following presents the School District's proportionate share of PSERS' net OPEB liability calculated using current healthcare cost trend rates as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
School District's proportionate share of PSERS' net OPEB liability	<u>\$ 3,477,000</u>	<u>\$ 3,477,000</u>	<u>\$ 3,478,000</u>

Additional Required Disclosures for the School District's Retiree Plan

Plan Description

The School District administers a single-employer defined benefit healthcare plan to provide additional postemployment benefits to eligible retirees (retiree plan). The School District has not accumulated assets for the retiree plan in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75; benefits are paid on a pay-as-you-go basis.

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Benefits Provided

The benefit limits and employee and employer contributions are established through employee contracts and past practices. Act 93 administrators and teachers who have met the eligibility criteria are eligible for postretirement medical, dental, and vision benefits. All other groups are not eligible for postretirement medical, dental, and vision benefits.

To be eligible for postretirement medical coverage, an employee must have completed at least 25 years of credited service with PSERS and at least 15 years in the School District. The retiree shall receive the same medical, dental, and vision coverage that is currently provided to active employees.

Details of the benefits provided are as follows:

- Eligible retirees who elect any tier other than family are required to contribute \$100 per month in order to maintain coverage.
- Eligible retirees who elect family coverage are required to contribute \$100 plus the difference between family and husband/wife coverage.
- Medical, dental, and vision benefits are provided to the age of 65.
- If the retiree attains the age of 65 and there is a covered spouse who is under the age of 65, the spouse is permitted to continue with postretirement medical, dental, and vision benefits provided they pay the required contribution of \$100 per month.
- If a retiree attains the age of 65 and there is a covered spouse and a covered dependent(s) who are under the age of 65, the spouse and the other dependent(s) are permitted to continue with postretirement medical, dental, and vision benefits provided they pay the required contribution of \$100 per month plus the difference between single and parent/child(ren) coverage.
- Retired administrators are provided with a \$10,000 life insurance benefit, pursuant to Act 93. Retired custodians, administrative assistants, and mechanics are provided with a \$3,000 life insurance benefit. All other employee groups, including teachers, are not provided with retiree life insurance.

PLUM BOROUGH SCHOOL DISTRICT

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At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	25
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>258</u>
	<u>283</u>

For the year ended June 30, 2024, the School District contributed approximately \$298,000 and retirees contributed approximately \$32,000 to the retiree plan.

Actuarial Assumptions

The total OPEB liability was measured as of July 1, 2023 and was determined by an actuarial valuation performed as of July 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Discount rate – 4.13% based on S&P Municipal Bond 20-Year High Grade Rate Index
- Inflation rate – 3.00%
- Salary increases – 2.50%
- Health care trend rate – 7.00%
- Long-term trend rate – 4.50%
- Terminal trend year - 2032

Changes in Assumptions

The discount rate was increased from 3.54% to 4.13%.

Changes in Benefit Terms

There were no changes in benefit terms for the retiree plan.

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Changes in the Total OPEB Liability

The changes in the total OPEB liability for the School District's retiree plan for the year ended June 30, 2024 were as follows:

Total OPEB liability, July 1, 2023	\$ 16,764,136
Changes for the year:	
Service cost	599,933
Interest on the total OPEB liability	593,450
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(1,007,617)
Benefit payments	<u>(557,700)</u>
Total OPEB liability, June 30, 2024	<u><u>\$ 16,392,202</u></u>

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

The following presents the School District's total OPEB liability calculated using the discount rate described above, 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 or one-percentage-point higher than the current rate:

	1% Decrease 3.13%	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's total OPEB liability	<u><u>\$ 18,141,983</u></u>	<u><u>\$ 16,392,202</u></u>	<u><u>\$ 14,823,838</u></u>

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

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

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
School District's total OPEB liability	<u>\$ 14,644,964</u>	<u>\$ 16,392,202</u>	<u>\$ 18,398,512</u>

12. Risk Management

The School District is one of 71 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 approximately \$6.3 million for the year ended June 30, 2024.

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 \$64.6 million, of which approximately \$963,000 is attributable to the School District.

13. Contingencies and Other Commitments

Federal Grant Programs

The School District participates in a number of federally assisted grant programs, principal of which are the Education Stabilization Fund, Title I, and the National School Lunch Program. The programs are subject to program compliance audits by the grantors or their

PLUM BOROUGH SCHOOL DISTRICT

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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.

Insurance

The 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 tort; 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. There have been no significant changes in insurance coverage since the prior fiscal year. Management believes the insurance coverage is sufficient to cover the School District against potential losses.

Litigation and Other Contingencies

The School District is currently involved in claims and lawsuits incidental to its operations. In the opinion of the Administration, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the School District.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PLUM BOROUGH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Revenues from local sources:				
Real estate taxes, current and interim	\$ 32,594,993	\$ 32,594,993	\$ 32,523,865	\$ (71,128)
Delinquent real estate taxes	870,000	870,000	1,059,982	189,982
Earned income taxes	4,400,000	4,400,000	4,712,913	312,913
Other taxes	590,000	590,000	679,750	89,750
Earnings on investments	750,000	750,000	1,496,488	746,488
Federal IDEA revenue received as pass-through	620,000	699,150	699,150	-
Other revenues	145,193	306,045	403,288	97,243
Revenues from state sources	29,016,564	29,225,946	29,681,808	455,862
Revenues from federal sources	1,965,239	2,231,645	2,197,420	(34,225)
Total revenues	70,951,989	71,667,779	73,454,664	1,786,885
Expenditures:				
Instruction:				
Regular programs	31,128,364	30,756,669	30,365,153	(391,516)
Special programs	8,129,107	8,375,507	7,851,404	(524,103)
Vocational education	871,440	871,440	799,332	(72,108)
Other instructional programs	171,000	31,156	60,358	29,202
Nonpublic school programs	44,198	41,881	-	(41,881)
Support services:				
Students	2,155,970	2,331,797	2,250,529	(81,268)
Instructional staff	1,122,814	1,250,876	1,191,334	(59,542)
Administration	3,572,604	3,611,456	3,389,423	(222,033)
Pupil health	713,048	728,292	663,366	(64,926)
Business	801,270	660,374	653,321	(7,053)
Operation and maintenance of plant	5,788,227	6,238,370	5,988,819	(249,551)
Student transportation	4,271,653	3,829,784	3,771,143	(58,641)
Central	1,700,202	1,999,539	1,995,505	(4,034)
Other	46,320	46,329	45,730	(599)
Operation of non-instructional services:				
Student activities	1,400,116	1,622,834	1,583,778	(39,056)
Community services	267,283	279,498	274,118	(5,380)
Debt service	8,391,519	8,591,977	8,373,721	(218,256)
Total expenditures	70,575,135	71,267,779	69,257,034	(2,010,745)
Excess (Deficiency) of Revenues over Expenditures	376,854	400,000	4,197,630	3,797,630
Other Financing Sources (Uses):				
Sale of capital assets	-	-	22,329	22,329
Interfund transfers	(200,000)	(400,000)	(2,400,000)	(2,000,000)
Refunds of prior year expenditures	-	-	43,093	43,093
Budgetary reserve	(176,854)	-	-	-
Total other financing sources (uses)	(376,854)	(400,000)	(2,334,578)	(1,934,578)
Net Change in Fund Balance	-	-	1,863,052	1,863,052
Fund Balance:				
Beginning of year	14,057,564	14,057,564	14,057,564	-
End of year	\$ 14,057,564	\$ 14,057,564	\$ 15,920,616	\$ 1,863,052

PLUM BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET PENSION LIABILITY

Last 10 Fiscal Years¹

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of PSERS' net pension liability	0.19%	0.20%	0.19%	0.20%	0.20%	0.22%	0.22%	0.23%	0.22%	0.22%
School District's proportionate share of PSERS' net pension liability	\$ 85,592,000	\$ 87,628,000	\$ 79,568,000	\$ 98,084,000	\$ 95,015,000	\$ 107,483,000	\$ 110,087,000	\$ 111,701,000	\$ 94,428,000	\$ 86,920,000
School District's covered payroll	\$ 29,387,017	\$ 28,965,760	\$ 27,440,032	\$ 27,923,240	\$ 28,012,977	\$ 30,156,076	\$ 29,682,781	\$ 29,186,437	\$ 28,047,607	\$ 28,024,076
School District's proportionate share of PSERS' net pension liability as a percentage of its covered payroll	291.26%	302.52%	289.97%	351.26%	339.18%	356.42%	370.88%	382.72%	336.67%	310.16%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

¹The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PENSION PLAN

Last 10 Fiscal Years²

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contributions recognized by PSERS	\$ 9,719,737	\$ 9,836,493	\$ 9,863,010	\$ 9,250,770	\$ 9,692,975	\$ 9,114,632	\$ 9,474,066	\$ 8,678,345	\$ 7,311,802	\$ 6,065,178
School District's covered payroll	\$ 30,298,369	\$ 29,387,017	\$ 28,797,144	\$ 27,395,335	\$ 27,921,439	\$ 28,093,094	\$ 30,176,239	\$ 29,947,731	\$ 28,047,607	\$ 28,573,055
Contributions as a percentage of covered payroll	32.08%	33.47%	34.25%	33.77%	34.72%	32.44%	31.40%	28.98%	26.07%	21.23%

² The amounts presented for each fiscal year were determined as of the fiscal year-end date.

See accompanying notes to schedules of required supplementary information.

PLUM BOROUGH SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF PSERS' NET OPEB LIABILITY

Last 10 Fiscal Years¹

	2024	2023	2022	2021	2020	2019	2018
School District's proportion of PSERS' net OPEB liability	0.19%	0.20%	0.19%	0.20%	0.20%	0.22%	0.22%
School District's proportionate share of PSERS' net OPEB liability	\$ 3,477,000	\$ 3,626,000	\$ 4,588,000	\$ 4,298,000	\$ 4,320,000	\$ 4,668,000	\$ 4,541,000
School District's covered payroll	\$ 29,445,010	\$ 28,965,760	\$ 27,440,032	\$ 27,923,240	\$ 28,012,977	\$ 30,156,076	\$ 29,682,781
School District's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

¹ The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS TO THE PSERS PREMIUM ASSISTANCE

Last 10 Fiscal Years²

	2024	2023	2022	2021	2020	2019	2018
Contributions recognized by PSERS	\$ 182,960	\$ 209,228	\$ 232,139	\$ 226,369	\$ 237,448	\$ 232,060	\$ 247,746
School District's covered payroll	\$ 30,298,369	\$ 29,387,017	\$ 28,797,144	\$ 27,395,335	\$ 27,921,439	\$ 28,093,094	\$ 30,176,239
Contributions as a percentage of covered payroll	0.60%	0.71%	0.81%	0.83%	0.85%	0.83%	0.82%

² The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to schedules of required supplementary information.

PLUM BOROUGH SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY FOR ITS RETIREE PLAN

Last 10 Fiscal Years¹

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	\$ 599,933	\$ 854,013	\$ 782,889	\$ 432,454	\$ 373,120	\$ 388,634	\$ 390,362
Interest	593,450	353,986	346,212	450,866	471,238	397,056	332,764
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	-	1,917,599	265,946	1,558,076	-	1,413,585	-
Changes of assumptions	(1,007,617)	(2,066,243)	-	923,040	455,010	(330,877)	(400,779)
Benefit payments	(557,700)	(683,440)	(672,548)	(580,606)	(594,157)	(782,672)	(907,316)
Net Changes in Total OPEB Liability	(371,934)	375,915	722,499	2,783,830	705,211	1,085,726	(584,969)
Total OPEB Liability - Beginning	16,764,136	16,388,221	15,665,722	12,881,892	12,176,681	11,090,955	11,675,924
Total OPEB Liability - Ending	<u>\$ 16,392,202</u>	<u>\$ 16,764,136</u>	<u>\$ 16,388,221</u>	<u>\$ 15,665,722</u>	<u>\$ 12,881,892</u>	<u>\$ 12,176,681</u>	<u>\$ 11,090,955</u>
Covered-Employee Payroll	<u>\$ 25,780,991</u>	<u>\$ 25,152,186</u>	<u>\$ 24,052,739</u>	<u>\$ 23,466,087</u>	<u>\$ 24,255,657</u>	<u>\$ 23,664,056</u>	<u>\$ 22,783,566</u>
Total OPEB Liability as a Percentage of Covered-Employee Payroll	63.58%	66.65%	68.13%	66.76%	53.11%	51.46%	48.68%

¹ The amounts presented for each fiscal year were determined as of the measurement date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

See accompanying notes to schedules of required supplementary information.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

1. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 68 for the PSERS Pension Plan

Actuarial Valuation Date/ Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
School District Fiscal Year In Which NPL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	7.00%	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%
Salary Increases	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%
Mortality	50% PubT-2010 and 50% PubG-2010	50% PubT-2010 and 50% PubG-2010	50% PubT-2010 and 50% PubG-2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2000	RP-2000
Changes in Benefits	None	None	None	None	A new hybrid defined benefit/defined contribution plan is applicable for new PSERS members on July 1, 2019 and thereafter	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	32.92%	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%
School District Fiscal Year In Which Actuarially Calculated Contribution Rate Is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

2. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the PSERS Premium Assistance (OPEBs)

Actuarial Valuation Date/ Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
School District Fiscal Year In Which NOL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	4.13%	4.09%	2.18%	2.66%	2.79%	2.98%	3.13%
Salary Increases	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%
Mortality	50% PubT- 2010 and 50% PubG-2010	50% PubT- 2010 and 50% PubG-2010	50% PubT-2010 and 50% PubG- 2010	RP-2014, Scale MP-2015	RP-2014, Scale MP- 2015	RP-2014, Scale MP- 2015	RP-2014, Scale MP- 2015
Changes in Benefits	None	None	None	None	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%
School District Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019

3. Factors and Trends in Actuarial Assumptions Used Under GASB Statement No. 75 for the Retiree OPEB Plan

The retiree plan is not administered through a trust and assets are not accumulated in a trust to pay related benefits.

Actuarial Valuation Date	7/1/2022	7/1/2022	7/1/2020	7/1/2020	7/1/2018	7/1/2018	7/1/2016
School District Fiscal Year In Which NOL is Recorded	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	7/1/2023	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2016
Discount Rate	4.13%	3.54%	2.16%	2.21%	3.50%	3.87%	3.58%
Salary Increases	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Mortality	Pri.H-2012 Total Dataset, Scale MP-2021	Pri.H-2012 Total Dataset, Scale MP-2021	Pri.H-2012 Total Dataset, Scale MP-2020	RPH-2014, Scale MP-2019	RPH-2014, Scale MP-2018	RPH-2014, Scale MP-2018	RPH-2014, Scale MP-2016
Assumed Healthcare Trend Rates	7.00%	7.00%	7.00%	7.00%	6.75%	6.75%	7.00%
Changes in Benefits	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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SUPPLEMENTARY INFORMATION

PLUM BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	<u>Federal ALN</u>	<u>Pass-Through Grantor's Number/ Grant Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued (Unearned) Revenue at July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue at June 30, 2024</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Education										
Passed Through the Pennsylvania Department of Education:										
Title I Grants to Local Educational Agencies	84.010	013-220343	07/07/21-09/30/22	\$ 310,767	\$ 940	\$ -	\$ 940	\$ 940	\$ -	\$ -
Title I Grants to Local Educational Agencies	84.010	013-230343	07/20/22-09/30/23	361,930	49,808	36,719	53,077	53,077	39,988	-
Title I Grants to Local Educational Agencies	84.010	013-240343	07/20/23-09/30/24	389,232	349,243	-	349,243	349,243	-	-
Total Title I Grants to Local Educational Agencies					399,991	36,719	403,260	403,260	39,988	-
Supporting Effective Instruction State Grants	84.367	020-240343	07/07/23-09/30/24	72,308	68,497	-	68,497	68,497	-	-
Supporting Effective Instruction State Grants	84.367	020-230343	07/20/22-09/30/23	75,323	8,658	5,062	7,407	7,407	3,811	-
Total Supporting Effective Instruction State Grants					77,155	5,062	75,904	75,904	3,811	-
Student Support and Academic Enrichment Program	84.424	144-220343	07/07/21-09/30/22	23,405	15,359	-	15,359	15,359	-	-
Student Support and Academic Enrichment Program	84.424	144-230343	07/20/22-09/30/23	24,825	1,176	29	1,147	1,147	-	-
Total Student Support and Academic Enrichment Program					16,535	29	16,506	16,506	-	-
COVID-19 - Education Stabilization Fund	84.425D	200-210343	03/13/20-9/30/23	1,149,241	133,633	130,820	2,813	2,813	-	-
COVID-19 - Education Stabilization Fund	84.425U	223-210343	03/13/20-9/30/24	2,324,582	1,098,893	34,547	1,317,937	1,317,937	253,591	-
COVID-19 - Education Stabilization Fund	84.425U	225-210343	03/13/20-9/30/24	129,051	28,157	(27,769)	55,926	55,926	-	-
COVID-19 - Education Stabilization Fund	84.425U	225-210343	03/13/20-9/30/24	25,810	5,632	5,632	-	-	-	-
COVID-19 - Education Stabilization Fund	84.425U	225-210343	03/13/20-9/30/24	25,810	5,631	(14,080)	19,711	19,711	-	-
COVID-19 - Education Stabilization Fund	84.425W	181-212346	07/01/21-09/30/24	15,793	1,215	(4,792)	6,817	6,817	810	-
Total COVID-19 - Education Stabilization Fund					1,273,161	124,358	1,403,204	1,403,204	254,401	-
Passed Through the Allegheny Intermediate Unit:										
English Language Acquisition State Grants	84.365	N/A	07/07/23-09/30/24	360	360	-	360	360	-	-
Special Education Cluster:										
Special Education - Grants to States	84.027	062-24-0-003	07/01/23-08/31/24	695,244	231,580	-	619,999	619,999	388,419	-
Special Education - Grants to States	84.027	062-23-0-003	07/01/22-08/31/23	650,078	423,943	423,943	-	-	-	-
COVID-19 - Special Education - Grants to States	84.027	062-22-0-003	07/01/21-08/31/22	75,244	75,244	-	75,244	75,244	-	-
Total Special Education - Grants to States					730,767	423,943	695,243	695,243	388,419	-
Passed Through the Pennsylvania Training and Technical Assistance Network:										
Special Education - Preschool Grants	84.173	N/A	07/01/23-06/30/24	3,906	3,906	-	3,906	3,906	-	-
Total Special Education Cluster					734,673	423,943	699,149	699,149	388,419	-
Total U.S. Department of Education					2,501,875	590,111	2,598,383	2,598,383	686,619	-

(Continued)

See accompanying notes to the schedule of expenditures of federal awards.

PLUM BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024
(Continued)

<u>Federal Grantor / Pass-Through Grantor / Project Title</u>	<u>Federal ALN</u>	<u>Pass-Through Grantor's Number/ Grant Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>	<u>Total Received for the Year</u>	<u>Accrued (Unearned) Revenue at July 1, 2023</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Unearned) Revenue at June 30, 2024</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>										
Child Nutrition Cluster:										
Passed through the Pennsylvania Department of Education:										
School Breakfast Program	10.553	N/A	07/01/23-06/30/24	N/A	176,290	-	176,290	176,290	-	-
Summer Food Service Program for Children	10.559	N/A	07/01/23-06/30/24	N/A	13,231	4,841	8,390	8,390	-	-
National School Lunch Program	10.555	N/A	07/01/23-06/30/24	N/A	693,778	-	693,778	693,778	-	-
COVID-19 - Supply Chain Assistance	10.555	N/A	07/01/23-06/30/24	N/A	86,853	-	86,853	86,853	-	-
Passed through the Pennsylvania Department of Agriculture:										
National School Lunch Program (Food Donation)	10.555	N/A	07/01/23-06/30/24	N/A	189,530	-	189,530	189,530	-	-
Total National School Lunch Program (10.555)					970,161	-	970,161	970,161	-	-
Total Child Nutrition Cluster					1,159,682	4,841	1,154,841	1,154,841	-	-
Passed through the Pennsylvania Department of Education:										
COVID-19 - EBT Local Admin Funds	10.649	N/A	07/01/23-06/30/24	N/A	3,256	-	3,256	3,256	-	-
Total U.S. Department of Agriculture					1,162,938	4,841	1,158,097	1,158,097	-	-
<u>U.S. Department of Health and Human Services</u>										
Passed through the Pennsylvania Department of Human Services:										
Medicaid Cluster:										
Medical Assistance Program	93.778	N/A	07/01/23-06/30/24	N/A	5,373	-	5,373	5,373	-	-
Total U.S. Department of Agriculture					5,373	-	5,373	5,373	-	-
Total Expenditures of Federal Awards					\$ 3,670,186	\$ 594,952	\$ 3,761,853	\$ 3,761,853	\$ 686,619	\$ -

(Concluded)

See accompanying notes to the schedule of expenditures of federal awards.

PLUM BOROUGH SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

1. Basis of Accounting

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Plum Borough School District (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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

2. Summary of Significant Accounting Policies

The accompanying Schedule is presented using the accrual basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance. The School District has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Nonmonetary assistance is reported in the Schedule at estimated value of the commodities received and disbursed. This value is provided by the USDA.

Plum Borough School District

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2024

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

**Board of Directors
Plum Borough School District**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Plum Borough School District (School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Board of Directors
Plum Borough School District
Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Maher Duessel

Pittsburgh, Pennsylvania
March 5, 2025

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

**Board of Directors
Plum Borough School District**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Plum Borough School District (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 the School District's major federal program for the year ended June 30, 2024. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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 major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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 the 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.

Maher Duessel

Pittsburgh, Pennsylvania
March 5, 2025

PLUM BOROUGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiencies identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

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

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

7. Major Programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

10.553, 10.555, 10.559

Child Nutrition Cluster

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000

9. Auditee qualified as low-risk auditee? ☒ yes ☐ no

PLUM BOROUGH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

- II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

- III. Findings and questioned costs for federal awards.

No matters were reported.

PLUM BOROUGH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

NONE

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APPENDIX E
Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by Plum Borough School District (Allegheny 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 June 17, 2025 (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 (as defined herein) and Beneficial Owners (as defined herein) of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

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.

“*Beneficial Owner*” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“*Disclosure Representative*” means the Chief Financial Officer 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 continuing disclosure service of 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.

“*Holder*” means a registered owner of a Bond.

“*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, and the Official Statement relating to the Obligations, dated October 8, 2024.

“*Operating Data*” means,

- a summary of the budget for the current fiscal year (i.e. the fiscal year following the fiscal year of the financial statements being provided).

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

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*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 not later than 275 days following the end of the Issuer’s fiscal year (the “Report Date”), beginning with the Report Date after 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.

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) financial statements for the Issuer for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units¹; and
- (b) 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;

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

- (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 (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 of this Disclosure Undertaking, 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:

Plum Borough School District
900 Elicker Road
Plum, PA 15239
Attention: CFO

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

PLUM BOROUGH SCHOOL DISTRICT

By: _____
President, Board of School Directors

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