

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P: “_” () (Insured)
S&P “A” (Stable Outlook) (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 not designated the Bonds as “qualified tax-exempt obligations” for the purposes and effect contemplated by Section 265 of the Code (regarding the deductibility of interest expense related to tax-exempt income of certain financial institutions).

For further information concerning federal and state tax matters relating to the Bonds. (See “TAX MATTERS” herein.)

\$18,280,000*

Penn Cambria School District Cambria and Blair Counties, Pennsylvania General Obligation Bonds, Series of 2026

Dated: April 7, 2026

Principal Due: September 1, as shown on inside cover

Interest Due: March 1 and September 1

First Interest Payment: September 1, 2026

The General Obligation Bonds, Series of 2026 (the “Bonds”) in the aggregate principal amount of \$18,280,000* will be issued in book-entry only 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 Penn Cambria School District, Cambria and Blair Counties, 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, credit and available taxing power. (See “Security” and “Taxing Powers of the School District” *infra*).

Interest on each of the Bonds is payable initially on September 1, 2026, and thereafter semiannually on March 1 and September 1 of each year until the maturity date of such Bond. The School District has appointed U.S. Bank Trust Company, National Association (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 Philadelphia, 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 optional redemption prior to maturity.

Proceeds of the Bonds will be used for: (a) funding mechanical, electrical and engineering improvements to the High School pursuant to an amendment to the Guaranteed Energy Savings Agreement with Sitologiq Energy Services, Inc.; (b) paying a portion of the costs of design and construction of an addition to the High School designed by Core Architects LLC; (c) various and sundry other capital improvements throughout the School District; and (d) paying the costs of issuing and insuring the Bonds. (See “Purpose of the Issue” herein).

The Bonds are an authorized investment for fiduciaries in the Commonwealth 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 by _____ (“ ”).

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 Dillon, McCandless, King, Coulter & Graham, L.L.P., of Ebensburg, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Municipal Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about April 7, 2026.

PFM Financial Advisors LLC
Municipal Advisor to the School District

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 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.

\$18,280,000*
Penn Cambria School District
Cambria and Blair Counties, Pennsylvania
General Obligation Bonds, Series of 2026

Dated: April 7, 2026
Interest Due: March 1 and September 1

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

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS

Year of Maturity (September 1)	Principal Maturity Amount	Interest Rate	Initial Offering Yields	Initial Offering Prices	CUSIP Numbers⁽¹⁾
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					

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

(A portion of the Bonds may be structured as Term Bonds. See "Invitation to Bid".)

^{*}Estimated, subject to change.

PENN CAMBRIA SCHOOL DISTRICT
Cambria and Blair Counties, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Michael Sheehan.....	President
Rudy McCarthy	Vice-President
Jeffrey Stohon	Treasurer
Matthew Kearney	Secretary
Carrie Andraychak	Member
Anthony Dziabo.....	Member
Guy Monica.....	Member
Cindy Sheehan-Westrick.....	Member
Anthony Tomaselli.....	Member

SUPERINTENDENT
JAIME HARTLINE

BUSINESS ADMINISTRATOR
JILL M. FRANCISCO

SCHOOL DISTRICT SOLICITOR
DILLON, MCCANDLESS, KING, COULTER & GRAHAM, L.L.P.
Ebensburg, Pennsylvania

BOND COUNSEL
DINSMORE & SHOHL LLP
Pittsburgh, Pennsylvania

MUNICIPAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER

PAYING AGENT
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Pittsburgh, Pennsylvania

SCHOOL DISTRICT ADDRESS
201 6th Street
Cresson, PA 16630

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 Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary 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 Preliminary 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.

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PRELIMINARY OFFICIAL STATEMENT

\$18,280,000*

Penn Cambria School District
Cambria and Blair Counties, Pennsylvania
General Obligation Bonds, Series of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover page hereof, is furnished by the Penn Cambria School District, Cambria and Blair Counties, Pennsylvania (the "School District") in connection with the offering of \$18,280,000*, aggregate principal amount, of its General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds are dated as of April 7, 2026, and are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on February 17, 2026 (the "Resolution"), in accordance with the Local Government Unit Debt Act 53 PA.C.S.A. Section 8001 et seq. (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used for: (a) funding mechanical, electrical and engineering improvements to the High School pursuant to an amendment to the Guaranteed Energy Savings Agreement with Sitelogiq Energy Services, Inc.; (b) paying a portion of the costs of design and construction of an addition to the High School designed by Core Architects LLC; (c) various and sundry other capital improvements throughout the School District; and (d) paying the costs of issuing and insuring 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.

Source of Funds

Par Amount.....	_____
Net Original Issue Premium/Discount	_____
<i>Total Source of Funds</i>	=====

Use of Funds

Construction Fund Deposit	_____
Costs of Issuance ⁽¹⁾	_____
<i>Total Use of Funds</i>	=====

⁽¹⁾Includes legal, municipal advisor, printing, rating, total bond discount, municipal bond insurance premium, paying agent and miscellaneous costs.

*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 \$18,280,000*, will be dated as of April 7, 2026, 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 September 1, 2026, and thereafter, semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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 U.S. Bank Trust Company, National Association. (the “Paying Agent”), acting as paying agent, registrar and sinking fund depository for the Bonds, at its corporate trust office in Philadelphia, 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 September 1, 2026, in which event such Bond shall bear interest from April 7, 2026, 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 fifteenth (15) day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of 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.

*Estimated, subject to change.

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.

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 145 of 1998 (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory redemption, or any interest due on such indebtedness on any interest payment date, in accordance with the schedule under which the bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund Depository for such bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

There can be no assurance, however, that any payments pursuant to this withholding provision will be made by the date on which such payments are due to the Bondholders.

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

Pennsylvania Budget Adoption

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, a \$45.2 billion budget for the state’s 2022-2023 fiscal year was signed by Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement those school districts with a higher at-risk student population. The total amount was a \$767.8 million (10.83%) increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$45.5 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which includes \$8.4 billion for the basic education funding appropriation. The total amount is a \$796.6 million (10.45%) increase over the 2022-2023 fiscal year appropriation. The budget also provides \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion. Certain funds authorized within the 2023-2024 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 included \$8.097 billion for the basic education funding appropriation. The total amount was a \$225 million increase over the 2023-2024 fiscal year appropriation. The budget also provided \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

After months of negotiations, Governor Josh Shapiro signed the state’s budget for the 2025-26 fiscal year late on November 12, 2025. The \$50.1 billion budget includes (i) \$8.262 billion for the basic education funding appropriation, which is more than a \$100 million increase over the basic education funding appropriation for the 2024-25 fiscal year, and (ii) \$1.526

billion for the special education appropriation, which is a \$40,000,000 increase over the same appropriation for the 2024-25 fiscal year. The budget also increases the Ready to Learn Block Grant program appropriation by approximately 68% from the 2024-25 fiscal year. In addition, the budget hopes to provide \$175 million in estimated savings for school districts through reforms to the existing cyber charter school law.

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 XV1-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by PDE from a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

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

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

(1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;

(2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and

(3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

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

The total of all intercept payments under Article XV11-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

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

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

Security

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 taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable property within the School District within the limits provided by law (See "Taxing Powers of the School District)" herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see "Defaults and Remedies" herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see "Commonwealth Enforcement of Debt Service Payments" herein).

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series of 2026" (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 three (3) days prior to the March 1 and September 1 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.

BOND INSURANCE TBD

BOND INSURANCE RISK FACTORS

In the event of a default in the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the Policy) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer 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 Issuer 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 or default provisions of the Act. 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 of RATING 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 Bondholder and Noteholder may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the Issuer 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.

Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "Bond Insurance" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

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

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

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

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

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

Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

NEITHER THE 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.

REDEMPTION OF BONDS

Mandatory Redemption

Bidders may elect to structure the issue to include term bonds, which term bonds, if selected by the bidder, will be subject to mandatory redemption prior to maturity, in the years and amounts as shown in the Invitation to Bid, upon payment of the principal amount of Bonds to be redeemed, together with accrued interest to the date fixed for redemption, or upon maturity, as applicable. Bonds to be redeemed shall be selected by lot by the Paying Agent.

In lieu of such Mandatory Redemption, 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 subject to being drawn for redemption in any such year.

Optional Redemption

The Bonds stated to mature on or after September 1, 2034, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on, March 1, 2034, or on any date thereafter, or from time to time, in part (and if in part, of 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

Notice of any redemption shall be given by depositing a copy of the redemption notice by first class mail not less than twenty (20) days 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.

Manner of Redemption

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing that number of Bonds which is obtained by dividing the principal amount thereof 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 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 of Pennsylvania are authorized 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 to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

THE SCHOOL DISTRICT

Introduction

The Penn Cambria School District has an overall estimated population of 15,234 and encompasses a land area of 108 square miles. The School district lies in west-central Pennsylvania and is located approximately 85 miles east of Pittsburgh, 15 miles west of Altoona, and 35 miles northeast of Johnstown.

Administration

The present School District was organized on June 30, 1966 by a consolidation of three separate school systems under the School District Reorganization Act of 1963. It is governed by a nine member Board of Directors (the "School Board"). The superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The business manager is responsible for budget and financial operations. Both of these officials are appointed by the School Board.

School Facilities

The School District presently operates two elementary/middle school and a high school all as described on the following table.

**TABLE 1
PENN CAMBRIA SCHOOL DISTRICT FACILITIES**

<u>Building</u>	<u>Original Construction Date</u>	<u>Addition Renovation Date</u>	<u>2025-26 Grades</u>	<u>2025-26 Enrollment</u>
<i>Elementary/Middle:</i>				
Penn Cambria Pre-Primary	1979	N/A	Pre-K-1	181
Penn Cambria Intermediate School	1962	1999	2-3	188
Penn Cambria Middle School	1962	1999	4-6	301
<i>Secondary:</i>				
Penn Cambria High School	1958	1992	7-12	725

Source: School District Officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollments.

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

<u>Actual Enrollments</u>				<u>Projected Enrollments</u>			
<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2021-22	755	809	1,564	2026-27	647	707	1,354
2022-23	704	811	1,515	2027-28	659	691	1,350
2023-24	707	788	1,495	2028-29	655	672	1,327
2024-25	673	779	1,452	2029-30	669	648	1,317
2025-26	670	725	1,395	2030-31	665	635	1,300

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 Business Administrator and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll, 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 by an independent certified public accountant, as required by State law. Turnley Robertson & Associates LLC, of New Brighton, Pennsylvania, serves as the School District's Auditor.

Budgeting Process in School Districts under the 2006 Taxpayer Relief Act

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

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act, all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election

immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

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

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

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

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

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Summary and Discussion of Financial Results

A summary of General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4 which follow. Table 5 shows revenues and expenditures for the past 5 years and the budgeted 2025-26 as adopted June 24, 2025. The 2025-26 budget projects revenues of \$29,836,252 and expenditures of \$30,710,474.

TABLE 3
PENN CAMBRIA SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years Ending June 30)

	Actual				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
ASSETS					
Cash and Cash Equivalents	\$1,176,606	\$745,206	\$1,154,590	\$997,088	\$720,949
Investments	7,331,663	7,233,557	6,442,575	8,148,542	10,364,946
Taxes Receivable	726,816	687,983	693,784	716,579	728,914
Due From Other Funds	0	0	0	0	0
Due Other Govn'ts.	1,581,124	1,926,050	3,074,957	1,724,675	1,890,839
Other Receivables	25,627	33,314	40,986	21,539	11,485
Prepaid Expenses (Expenditures)	0	0	0	0	75
Inventories	98,000	98,000	98,000	98,000	98,000
Other Current Assets	0	0	0	354	399
TOTAL ASSETS	<u>\$10,939,836</u>	<u>\$10,724,110</u>	<u>\$11,504,892</u>	<u>\$11,706,777</u>	<u>\$13,815,607</u>
LIABILITIES					
Due from Other Funds	\$194	\$194	\$0	\$3	\$4
Accounts Payable	602,221	450,467	881,612	542,893	382,909
Accrued Salaries and Benefits	2,800,456	2,843,359	2,891,865	2,780,290	3,003,471
Payroll Deductions and Withholdings	0	39,757	39,339	35,379	33,574
Unearned Revenues	511,528	493,287	503,544	474,884	204,637
Other Current Liabilities	980	1,489	1,405	1,370	1,790
TOTAL LIABILITIES	<u>\$3,915,379</u>	<u>\$3,828,553</u>	<u>\$4,317,765</u>	<u>\$3,834,819</u>	<u>\$3,626,385</u>
DEFERRED INFLOWS OF RESOURCES	\$0	\$0	\$0	\$0	\$483,344
FUND EQUITIES					
Nonspendable Fund Balance	\$98,075	\$98,000	\$98,000	\$98,000	\$98,000
Committed Fund Balance	5,186,601	5,057,701	5,057,701	5,707,701	7,707,701
Assigned Fund Balance	11,020	11,746	10,228	6,453	5,609
Unassigned Fund Balance	1,728,761	1,728,110	2,021,198	2,059,804	1,894,568
TOTAL FUND EQUITIES	<u>\$7,024,457</u>	<u>\$6,895,557</u>	<u>\$7,187,127</u>	<u>\$7,871,958</u>	<u>\$9,705,878</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	<u>\$10,939,836</u>	<u>\$10,724,110</u>	<u>\$11,504,892</u>	<u>\$11,706,777</u>	<u>\$13,815,607</u>

Source: School District Annual Financial Reports.

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

	ACTUAL					Budget
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>	<u>2026⁽²⁾</u>
Beginning Fund Balance	\$7,024,457	\$6,895,557	\$7,187,127	\$7,871,958	\$9,607,878	\$11,648,202
Revenues over (under) Expenditure	(128,900)	291,571	684,831	1,833,919	2,040,324	(874,222)
Chg In Inv/RS Equity/Prior Year Adj.	0	0	0	0	0	0
Ending Fund Balance	<u>\$6,895,557</u>	<u>\$7,187,127</u>	<u>\$7,871,958</u>	<u>\$9,705,878</u>	<u>\$11,648,202</u>	<u>\$10,773,980</u>

*Totals may not add due to rounding.

⁽¹⁾ Restatement

⁽²⁾ Budget, as of June 24, 2025.

Source: School District Annual Financial Reports and Budget.

Revenue

The School District received \$29,749,341 in revenue in 2024-25 and has projected budgeted revenue of \$29,836,252 in 2025-26. Local sources increased as a share of total revenue in the past five years from 29.8 percent in 2020-21 to 32.1 percent in 2024-25. Revenue from Commonwealth stayed consistent at 64.2 over the last five years. Federal sources decreased as a share of total revenue from 6.0 percent to 3.7 percent during this period.

TABLE 5
PENN CAMBRIA SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(Years Ending June 30)

REVENUE:	Actual					Budget 2026 ⁽¹⁾
	2021	2022	2023	2024	2025	
Local Sources:						
Real Estate	\$5,024,688	\$5,294,623	\$5,241,300	\$5,596,871	\$5,943,331	\$6,225,007
Total Act 511 Taxes	1,554,590	1,624,930	1,745,022	1,813,754	1,917,608	1,771,500
Per Capita	32,649	33,069	32,488	32,287	32,424	32,500
Public Utility Taxes	6,596	6,791	6,774	6,499	7,002	7,000
Payment in Lieu of Taxes	14,742	14,742	14,742	29,483	36,854	36,800
Delinquent Taxes	357,131	312,613	332,870	336,203	363,219	328,000
Earnings from Investments	13,959	11,203	300,714	507,577	552,029	300,000
Fed. Rev.Rec'd-Other PA Schs.	87,161	93,244	100,119	62,455	62,328	0
Revenues from LEA Activities	12,416	27,227	38,376	33,180	40,253	112,700
Fed. IDEA Revenue as Pass Through	367,137	415,709	340,048	329,986	322,750	322,750
Tuition	17,178	10,940	10,715	20,459	4,725	10,000
Rentals	4,765	5,885	8,025	5,515	4,980	6,000
Contributions and Donations from Private Sources	42,878	52,539	19,394	15,877	139,183	1,000
Refund of Prior Years' Expenditures	12,773	6,578	34,625	19,919	45,194	45,000
Other Sources	116,847	73,359	77,750	126,276	66,923	0
Total Local	\$7,665,509	\$7,983,454	\$8,302,963	\$8,936,343	\$9,538,805	\$9,198,257
State Sources:						
Instructional Subsidy	\$9,696,292	\$9,894,621	\$10,602,088	\$10,401,823	\$10,511,524	\$10,550,000
Alternative Education	23,388	0	0	0	0	0
Special Education	1,275,803	1,300,835	1,380,060	1,558,029	1,468,851	1,500,000
Transportation	1,330,976	1,306,400	1,288,525	1,376,309	1,425,123	1,440,750
Rentals and Sinking Fund Payments	468,857	462,569	463,980	463,577	468,145	162,290
Health Services	31,004	29,917	29,340	27,734	28,922	27,000
State Property Tax Reduction Allocation	452,361	452,586	569,941	570,801	684,501	787,628
Extra Grants	67,321	45,923	52,905	198,404	723,258	128,208
Ready to Learn Block Grant	313,302	313,302	313,302	313,302	664,829	664,911
Revenue for Social Security	471,973	469,239	0	479,325	498,959	500,000
Revenue for Retirement	2,225,953	2,314,639	2,386,148	2,318,005	2,325,953	2,350,000
Pre-K Counts	148,750	148,750	170,000	170,000	178,500	178,500
Additional Grants Not Listed Elsewhere	0	0	13,113	32,629	31,502	0
Other	0	468	0	0	94,433	1,837,501
Total State Sources	\$16,505,981	\$16,739,248	\$17,269,403	\$17,909,937	\$19,104,500	\$20,126,788
Federal Sources:						
Total Federal Sources	\$1,532,317	\$2,637,659	\$1,866,379	\$1,891,359	\$726,253	\$511,207
Other Sources:						
Total Other Sources	\$0	\$0	\$4,000	\$340,261	\$379,784	\$0
TOTAL REVENUE	\$25,703,806	\$27,360,362	\$27,442,745	\$29,077,900	\$29,749,341	\$29,836,252
EXPENDITURES:						
Instruction	\$15,914,155	\$15,788,138	\$15,488,303	\$15,734,712	\$15,681,791	\$16,522,839
Pupil Personnel	749,906	784,095	1,014,223	906,574	823,326	855,443
Instructional Staff	787,649	822,668	852,609	844,969	814,474	818,805
Administration	1,427,186	1,447,330	1,534,216	1,790,587	1,736,359	1,763,851
Pupil Health	390,015	394,575	420,626	411,753	428,159	464,519
Business	323,723	325,259	339,131	354,012	364,923	401,480
Operation and Maintenance of Plant Services	1,963,371	1,788,608	2,005,593	2,278,068	2,194,437	2,594,730
Student Transportation	1,459,147	1,661,863	1,824,656	1,868,840	1,865,333	2,086,611
Central	295,972	314,865	300,040	386,326	301,834	468,433
Other Support Services	5,236	4,908	4,922	4,909	4,876	4,925
Operation of Noninstructional Services	554,802	652,722	643,374	657,922	682,737	697,673
Fac.Acq., Construction & Improvement	379,131	1,478,838	725,436	416,915	893,737	1,837,501
Debt Service	0	78,384	78,384	76,459	73,642	42,186
Fund Transfers	1,582,414	1,526,539	1,526,399	1,511,933	1,843,389	1,701,478
Budgetary Reserve	0	0	0	0	0	450,000
TOTAL EXPENDITURES	\$25,832,706	\$27,068,791	\$26,757,914	\$27,243,980	\$27,709,017	\$30,710,474
SURPLUS OF REVENUES OVER						
(UNDER) EXPENDITURES	(\$128,900)	\$291,571	\$684,831	\$1,833,919	\$2,040,324	(\$874,222)

*Totals may not add due to rounding.

⁽¹⁾ Budget, as of June 24, 2025.

Source: School District Annual Financial Reports and Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

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

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not less than \$1.00 and not more than \$10.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

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

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

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

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

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

<u>Fiscal Year</u>	<u>Index</u>
2026-27	5.0%
2025-26	5.7%
2024-25	7.5%
2023-24	5.8%
2022-23	4.8%

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

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

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 appropriate for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district's budget was adopted and held in the general fund accounts of the school district.

Tax Levy Trends

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

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

	Real Estate		Per Capita ⁽¹⁾	Real Estate Transfer	Earned Income	Occupational Taxes
	(mills)					
	<u>Blair</u>	<u>Cambria</u>				
2021-22.....	7.0800	57.5100	10.00	0.50	0.50	5.00
2022-23.....	7.8400	57.5100	10.00	0.50	0.50	5.00
2023-24.....	8.1200	60.8500	10.00	0.50	0.50	5.00
2024-25.....	9.0800	64.9000	10.00	0.50	0.50	5.00
2025-26.....	9.5500	68.6000	10.00	0.50	0.50	5.00

⁽¹⁾Includes School Code and Act 511 taxes.

Source: Department of Community and Economic Development- Municipal Statistics

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

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
<i>School District Blair County</i>	7.0800	7.8400	8.1200	9.0800	9.5500
<i>School District Cambria County</i>	57.5100	57.5100	60.8500	64.9000	68.6000
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Allegheny Township.....	8.0000	8.0000	8.0000	8.0000	8.0000
Ashville Borough.....	18.7500	18.7500	18.7500	18.7500	18.7500
Cresson Borough	12.0000	12.0000	13.0000	13.0000	13.0000
Cresson Township	6.3000	6.3000	6.3000	6.3000	6.3000
Dean Township.....	6.5000	6.5000	7.5000	7.5000	7.5000
Gallitzin Borough	25.0000	25.0000	25.0000	25.0000	25.0000
Gallitzin Township	7.0000	7.0000	7.0000	7.0000	7.0000
Lilly Borough	12.5000	12.5000	17.5000	17.5000	17.5000
Loretto Borough.....	10.5000	11.5000	11.5000	13.5000	13.5000
Munster Township.....	4.5000	4.5000	4.5000	4.5000	4.5000
Sankertown Borough	10.0000	10.0000	10.0000	10.0000	10.0000
Tunnelhill Borough (Cambria County).....	15.0000	15.0000	15.0000	15.0000	15.0000
Washington Township	7.2500	7.2500	7.2500	9.2500	9.2500
Cambria County	33.5000	31.0000	30.5000	30.5000	30.5000
Tunnelhill Borough (Blair County).....	1.7210	1.7210	1.7210	1.7210	1.7210
Blair County	4.0970	4.0970	4.0970	4.5220	4.8830

Source: Department of Community and Economic Development- Municipal Statistics

Real Property Tax

The real property tax (excluding delinquent collections) produced \$5,914,903 in 2024-25, or about 19.9 percent of revenues. The tax is levied on July 1 of each year. Taxpayers who remit receive a 2 percent discount if taxes are paid prior to September 1, and those who remit after November 1 are assessed a 5 percent penalty.

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

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

Year	Market Value	Assessed Value	Ratio
2020-21.....	\$566,907,629	\$110,506,230	19.49%
2021-22.....	569,624,480	110,868,160	19.46%
2022-23.....	595,184,130	111,372,440	18.71%
2023-24.....	602,344,332	112,357,100	18.65%
2024-25.....	665,534,578	113,184,740	17.01%
Compound Average Annual Percentage Change.....	3.26%	0.48%	

Source: Pennsylvania State Tax Equalization Board.

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

	2023 Market Value	2023 Assessed Value	2024 Market Value	2024 Assessed Value
School District	\$602,344,332	\$112,357,100	\$665,534,578	\$113,184,740
Allegheny Township	105,508,724	17,186,410	115,636,660	17,479,080
Ashville Borough	5,767,228	1,353,000	7,138,120	1,355,360
Cresson Borough	58,043,304	10,637,700	60,334,724	10,616,300
Cresson Township	130,617,307	25,311,940	142,664,776	25,491,720
Dean Township	20,229,594	3,236,780	21,792,124	3,226,640
Gallitzin Borough	36,953,294	8,243,930	41,770,133	8,219,630
Gallitzin Township	70,725,791	11,645,430	77,090,871	11,606,590
Lilly Borough	24,434,300	4,480,230	26,492,719	4,556,710
Loretto Borough	15,612,614	2,745,670	18,059,799	2,795,710
Munster Township	51,696,197	8,861,420	54,051,187	8,892,590
Sankertown Borough	19,823,872	3,239,810	21,312,314	3,279,420
Tunnelhill Borough (Blair County)	4,565,789	5,918,500	4,887,219	5,918,500
Tunnelhill Borough (Cambria County)	8,132,838	1,365,630	9,061,593	1,374,580
Washington Township	50,233,481	8,130,650	65,242,339	8,371,910
Blair County	\$6,961,880,928	\$8,394,922,906	\$7,266,875,115	\$8,437,497,004
Cambria County	5,822,857,172	1,286,022,050	6,202,939,316	1,261,437,572

Source: Pennsylvania State Tax Equalization Board.

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

	2020	2021	2022	2023	2024
Residential.....	\$81,207,653	\$81,705,543	\$81,972,863	\$77,935,260	\$78,390,740
Trailers.....	2,313,960	2,228,590	2,312,530	3,922,930	4,025,940
Seasonal.....	0	0	200	0	0
Lots.....	407,131	425,611	442,441	1,457,240	1,474,990
Industrial.....	1,355,010	1,357,120	1,357,120	1,510,810	1,511,810
Commercial.....	11,802,500	11,637,740	11,725,320	12,870,670	13,032,030
Agriculture.....	11,169,424	11,364,434	11,440,614	11,316,030	11,399,430
Oil/Gas/Min.....	2,009,670	1,912,980	1,875,580	1,852,050	1,852,120
Land.....	240,882	236,142	245,772	1,492,110	1,497,680
Total.....	\$110,506,230	\$110,868,160	\$111,372,440	\$112,357,100	\$113,184,740

Source: Pennsylvania State Tax Equalization Board.

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

School Year	Assessed Valuation	Blair County Mills	Cambria County Mills	Gross Adjusted Levy	Current Collections Amount	Current Year Collections As a Percent	Total Collections Amount⁽¹⁾	Total Collections As a Percent
2020-21	\$110,506,230	6.7900	55.1400	\$5,341,700	\$4,984,357	93.31	\$5,324,017	99.67
2021-22	110,995,560	7.0800	57.5100	5,618,573	5,255,215	93.53	5,533,055	98.48
2022-23	111,372,440	7.8400	57.5100	5,538,210	5,183,413	93.59	5,471,704	98.80
2023-24	112,357,100	8.1200	60.8500	5,956,090	5,552,122	93.22	5,829,348	97.87
2024-25	113,184,740	9.0800	64.9000	6,336,580	5,914,903	93.35	6,232,797	98.36

Source: School District Officials.

⁽¹⁾Includes delinquent real estate only.

The ten largest real property taxpayers, together with 2025-26 assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 2.70 percent of total assessed value.

**TABLE 12
PENN CAMBRIA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2025-26**

Owner	2025-26 Assessed Value
Summit Realty Co	\$602,610
Mountview Manor Associates	430,400
West Pennsylvania Properties (Mountainview Villas)	299,750
Romani Angelo J. (Trust)	270,640
Summit Country Club	253,930
Tunnelhill-Gallitzin Improved Housing. Inc. ⁽¹⁾	243,600
258 Kappa Drive	225,240
St Francis University	216,450
MLT Partnership	214,790
Texas Eastern Transmission	205,860
Total	\$2,963,270

Source: School District officials.

⁽¹⁾Taxpayer initiated appeal

Other Taxes

Under Act 511, the School District collected \$1,917,608 in other taxes in 2024-25. Among the taxes authorized by Act 511, the Per Capita Tax, Occupational Tax, Local Services Tax, Wage and Income Tax, and the Real Estate Transfer Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was \$7,986,415.

Per Capita Taxes. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the School Code) on each resident or inhabitant over 18 years old. In 2024-25 the collected portion of this tax was \$32,424, or less than one percent of total revenue.

Occupational Tax. A flat tax of \$5.00 is levied on occupations. In 2024-25, the collected portion of this tax yielded \$21,622, or less than one percent of total revenue.

Local Services Tax. A tax of \$5.00 is levied on occupations. In 2024-25, the collected portion of this tax yielded \$30,288, or less than one percent of total revenue.

Earned Income Tax. A tax of 0.5 percent is levied on the earned income of school district residents. In 2024-25 the collected portion of this tax was \$1,702,279, or 5.71 percent of total revenue.

Real Estate Transfer. The School District levies a tax of 0.5 percent of the value of real estate transfers. In 2024-25 the collected portion of this tax yielded \$130,995 or less than one percent of total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

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

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

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by the 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") currently 61.84% or the wealth based Market Value Aid Ratio ("MVAR") currently 69.62%, 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 Revenue 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.

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

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 principal amount of debt of the School District as of February 9, 2026, including the issuance of the estimated Bonds.

**TABLE 13
PENN CAMBRIA SCHOOL DISTRICT
DEBT STATEMENT*
(As of February 9, 2026)**

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2026 (last maturity 2050)	\$18,280,000
General Obligation Bonds, Series of 2025 (last maturity 2049)	9,895,000
General Obligation Bonds, Series of 2024 (last maturity 2043)	9,195,000
<i>TOTAL NONELECTORAL DEBT</i>	<i>\$37,370,000</i>
LEASE RENTAL DEBT	
<i>TOTAL LEASE RENTAL DEBT</i>	<i>\$0</i>
<i>TOTAL PRINCIPAL OF DIRECT DEBT</i>	<i>\$37,370,000</i>

*Includes the estimated Bonds offered through this Preliminary Official Statement.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the estimated Bonds, the principal of direct debt of the School District will total \$37,370,000*. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total \$37,370,000*.

TABLE 14
PENN CAMBRIA SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of February 9, 2026)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt.....	\$37,370,000	\$37,370,000
Lease Rental Debt.....	0	0
TOTAL DIRECT DEBT	\$37,370,000	\$37,370,000
OVERLAPPING DEBT		
Cambria County, General Obligation ⁽²⁾	\$4,730,628	\$4,730,628
Blair County, General Obligation ⁽³⁾	9,211	9,211
Municipal Debt	16,056,073	16,056,073
TOTAL OVERLAPPING DEBT	\$20,795,913	\$20,795,913
TOTAL DIRECT AND OVERLAPPING DEBT	\$58,165,913	\$58,165,913
DIRECT DEBT RATIOS		
Per Capita	\$2,453.07	\$2,453.07
Percent 2024-25 Assessed Value	33.02%	33.02%
Percent 2024-25 Market Value	5.62%	5.62%
DIRECT & OVERLAPPING DEBT RATIOS		
Per Capita	\$3,818.16	\$3,818.16
Percent 2024-25 Assessed Value	51.39%	51.39%
Percent 2024-25 Market Value	8.74%	8.74%

*Includes the estimated Bonds offered through this Preliminary Official Statement.

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

⁽²⁾Pro rata 8.50 percent share of \$55,631,596 principal outstanding.

⁽³⁾Pro rata 0.07 percent share of \$13,131,465 principal outstanding.

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

Year	Other Outstanding General Obligation Debt	Series of 2026		Subtotal	Total Outstanding
		Principal	Interest		
2025-26	\$1,701,478				
2026-27	1,283,801				
2027-28	1,342,426				
2028-29	1,343,176				
2029-30	1,342,426				
2030-31	1,342,276				
2031-32	1,342,801				
2032-33	1,343,326				
2033-34	1,343,926				
2034-35	1,343,326				
2035-36	1,341,526				
2036-37	1,343,426				
2037-38	1,343,926				
2038-39	1,343,026				
2039-40	1,345,626				
2040-41	1,341,726				
2041-42	1,341,231				
2042-43	1,343,789				
2043-44	1,344,124				
2044-45	866,330				
2045-46	870,814				
2046-47	868,877				
2047-48	870,420				
2048-49	870,330				
2049-50	868,700				
Total	\$31,032,838				

*Totals may not add due to rounding.

Debt Service Requirements

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

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

**TABLE 16
PENN CAMBRIA SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL***

2024-25 (unaudited) Commonwealth Aid Received.....	\$19,104,501
2024-25 (unaudited) Debt Service Requirements	\$1,843,485
Maximum Future Debt Service Requirements after Issuance of Bonds.....	\$
Coverage of 2024-25 (unaudited) Debt Service Requirements	10.36 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	times

*Assumes current Commonwealth Aid Ratio.

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	\$25,631,478
Total Revenues for 2023-24	26,860,744
Total Revenues for 2024-25.....	<u>28,756,397</u>
Total	\$81,248,619
Annual Arithmetic Average (Borrowing Base)	\$27,082,873

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:

	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$60,936,464	\$37,370,000	\$23,566,464

*Includes the estimated 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 Commonwealth Aid.

Future Financing

The School District anticipates borrowing approximately \$10 million in the next 1-2 years.

LABOR RELATIONS

School District Employees

There are presently 194 permanent employees of the School District, including 122 teachers and administrators and 72 support personnel, including secretaries, maintenance employees, cafeteria staff, and teacher's aides.

The School District's teachers are represented by the Penn Cambria Education Association, an affiliate of the Pennsylvania State Education Association, under a contract with the School District, which expires on August 20, 2029. The support staff are represented by the Support Professionals Association PSEA/NEA under a recently negotiated contract, which expires June 30, 2030.

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. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 33.6% for the fiscal year 2026-27.

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:

2021-22	\$3,666,801
2022-23	\$3,785,970
2023-24	\$3,619,917
2024-25 (unaudited)	\$3,571,336
2025-26 (budgeted)	\$3,780,493

At June 30, 2025, the School District reported a liability of \$28,001,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2025, the School District's proportion as 0.0669% which was a decrease of 0.0033% from its proportion measured as of June 30, 2024.

As of June 30, 2025, 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, 2025 was 9.67%. The Fund had plan net assets of 83.7 billion at June 30, 2025. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for certain retired employees pursuant to an early retirement incentive until the employees attain Medicare eligibility. The current labor agreements omit such coverage for present employees, but do provide for retirement severance payments based on accumulated sick days for currently employed workers who would retire during the term of the agreements. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2022.

LITIGATION

As of the date of this Preliminary Official Statement, there is no litigation, of any nature, pending or threatened against the School District to restrain or enjoin the issuance, sale, execution or delivery of 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 assumpsit in the Court of Common Pleas of the county in which the School District is located. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 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, corporate net income and personal property 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 _____ through and including _____ (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 offered and sold to the public at an original issue premium ("OIP"). An amount equal to the excess of the issue price of

a Tax-Exempt Premium Bond over its stated redemption price at maturity constitutes OIP on such Tax-Exempt Premium Bond. An initial purchaser of a Tax-Exempt Premium Bond must amortize any OIP over such Tax-Exempt Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, by amortizing the OIP to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As OIP is amortized, the 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 not designated the Bonds as "qualified tax-exempt obligations" for the purposes and effect contemplated by Section 265 of the Code.

Financial institutions intending to purchase Bonds should consult their own tax advisors to determine the effect of the interest expense deduction on their federal tax liability.

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.

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.

CYBER SECURITY

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

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

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission ("SEC") and the Resolution authorizing issuance of the Bonds, the School District will execute and deliver a written continuing disclosure obligation with respect to the Bonds in substantially the form of the Continuing Disclosure Agreement (the "Agreement") attached as Appendix D to this Preliminary Official Statement.

Under the terms of the Agreement, the School District will undertake to file with the MSRB financial and other information concerning the School District, including but not limited to the annual audited financial statements, the budget, certain other financial and operating information and notice of certain events affecting the School District. The School District's obligations with respect to continuing disclosure as it relates to the Bonds shall terminate upon the prior redemption or payment in full of all of the Bonds.

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>.

Existing Continuing Disclosure Filing History

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

Fiscal Year Ending	Filing Deadline ^[1]	Financial Statements		Budget		Operating Data	
		Filing Date ^[3]	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]
6/30/2021	12/31/2021	2/16/2022	P11190200	12/13/2021 ^[4]	P21157984	12/13/2021	P21157988
6/30/2022	12/31/2022	2/22/2023	P21262826	12/12/2022 ^[4]	P11242124	12/12/2022	P11242106
6/30/2023	12/31/2023	2/23/2024	P21348171	12/5/2023 ^[4]	P21329451	12/5/2023	P21329444
6/30/2024	12/31/2024	2/19/2025	P21432633	12/9/2024	P21411355	12/9/2024	P21411435
6/30/2025	3/31/2026	2/17/2026	P21512294	2/17/2026	P21512302	2/17/2026	P21512289

Notes

^[1] For these purposes, assumes the shortest filing deadline of the School District’s previous Continuing Disclosure Agreements

^[2] Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below: <http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=>

^[3] The School District made an interim financial filing of their PDE 2057 AFR on a timely basis.

^[4] While the budget was not a requirement of the outstanding Continuing Disclosure Agreements, the School District continued to file this information on a voluntary basis.

For the fiscal year ending June 30, 2021, the School District filed its PDE-2057 AFR timely on December 13, 2021, the budget timely on December 13, 2021 and operating data timely on December 13, 2021. The School District filed its audited financial statements late on February 16, 2022. A late notice was filed on March 19, 2024.

For the fiscal year ending June 30, 2022, the School District filed its PDE-2057 AFR timely on December 12, 2022, the budget timely on December 12, 2022 and operating data timely on December 12, 2022. The School District filed its audited financial statements late on February 22, 2023. A late notice was filed on March 19, 2024.

For the fiscal year ending June 30, 2023, the School District filed its PDE-2057 AFR timely on December 5, 2023, the budget timely on December 5, 2023 and operating data timely on December 5, 2023. The School District filed its audited financial statements late on February 23, 2024. A late notice was filed on March 19, 2024.

For the fiscal year ending June 30, 2024, the School District filed its PDE-2057 AFR timely on December 9, 2024, the budget timely on December 9, 2024 and operating data timely on December 9, 2024. The School District filed its audited financial statements late on February 19, 2025. A late notice was filed on December 9, 2024.

For the fiscal year ending June 30, 2025, the School district filed its audited financial statements, budget and operating data timely on February 17, 2026.

Future Continuing Disclosure Compliance

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.

In an effort to augment the School District’s procedures and policies to maintain future compliance, the School District has taken additional steps intended to assure future compliance with its Continuing Disclosure Agreements. These steps include implementing the MSRB’s EMMA’s internal notification system whereby the School District will receive timely email reminders a month in advance for all of the School District’s annual disclosure filings and coordinating with the School District’s Municipal Advisor to ensure all disclosure obligations have been made on a timely basis and in all material respects.

A member of the School District’s business office will be responsible for ensuring ongoing continuing disclosure compliance. Members of the School District’s business office will make an effort to participate in any ongoing continuing education regarding continuing disclosure undertaking if offered by local groups or affiliated organizations such as MSRB, PASBO or GFOA. The School District may communicate with its Municipal Advisor, underwriter(s), bond counsel, or solicitor regarding any questions or concerns regarding ongoing continuing disclosure compliance. The School District may also communicate with its local auditor and advise of the School District’s need for financial statements in a timely manner. In the event audited financial statements are not available by the filing deadline, the School District will file to EMMA, if available, its State Form PDE-2057 Annual Financial Report as an interim filing until such audited financial statements are available. Some of

the operating data requirements may be found contained within the School District's financial statements or budget filing and may not be filed explicitly by themselves.

RATING

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

S&P Global Ratings has assigned the school district an underlying rating of “A” (Stable Outlook). 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: S&P Global Ratings, 55 Water Street, New York, New York 10041-0003. 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.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate price of \$__, which includes an underwriting discount of \$__ and an original issue premium of \$__. The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

LEGAL OPINION

The Bonds are offered with the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, of Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the School District by Dillon, McCandless, King, Coulter & Graham, L.L.P., of Ebensburg, Pennsylvania, School District Solicitor.

MUNICIPAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as Municipal Advisor (the "Municipal Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Municipal 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 Preliminary 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 Preliminary Official Statement has been prepared under the direction of the School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Municipal Advisor to the School District. The information set forth in this Preliminary 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 Municipal Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

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

PENN CAMBRIA SCHOOL DISTRICT
Cambria County, Pennsylvania

By: _____
President, Board of School Directors

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APPENDIX A
Demographic and Economic Information
Relating to the Penn Cambria School District

Population

Table A-1 shows population trends for the School District, Cambria County and the Commonwealth of Pennsylvania. The School District's population decreased between 2010 and 2020. Table A-2 shows 2020 age composition in Cambria County, Blair County and for the Commonwealth.

**TABLE A-1
POPULATION TRENDS**

<u>Area</u>	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
School District	17,435	14,970	-1.51%
Cambria County	143,498	131,611	-0.86%
Blair County	127,031	122,495	-0.36%
Pennsylvania.....	12,709,630	12,794,885	0.07%

Source: U.S. Bureau of the Census, Decennial Census and Pennsylvania State Data Center, 2010 & 2020 General Population and Housing Characteristics: Pennsylvania.

**TABLE A-2
AGE COMPOSITION**

	0-17	18-64	65+
	<u>Years</u>	<u>Years</u>	<u>Years</u>
Cambria County.	14.4%	63.1%	22.5%
Blair County	16.4%	67.6%	16.0%
Pennsylvania.....	29.9%	78.0%	15.4%

Source: U.S. Bureau of the Census, 2020 Census, Summary File 1.

Employment

Overall NonFarm data are not compiled for the School District or municipalities within it, but such data are compiled for the Johnstown Metropolitan Statistical Area for November 2025.

**TABLE A-3
NONFARM JOBS
(Johnstown Metropolitan Statistical Area)
Cambria County, Pennsylvania**

<i>ESTABLISHMENT DATA</i>	Industry Employment				Net Change From:	
	Nov 2025	Oct 2025	Sep 2025	Nov 2024	Oct 2025	Nov 2024
Total Nonfarm	51,900	51,600	51,500	51,600	300	300
Total Private	44,400	44,100	44,000	43,900	300	500
Goods Producing	6,200	6,100	6,200	6,100	100	100
Mining, Logging, and Construction	1,800	1,800	1,900	1,800	0	0
Manufacturing	4,400	4,300	4,300	4,300	100	100
Service-Providing	45,700	45,500	45,300	45,500	200	200
PRIVATE SERVICE-PROVIDING	38,200	38,000	37,800	37,800	200	400
Trade, Transportation, and Utilities	9,900	9,800	9,700	10,000	100	-100
Retail trade	6,200	6,200	6,000	6,200	0	0
Information	600	600	600	600	0	0
Financial Activities	2,200	2,200	2,100	2,100	0	100
Professional and Business Services	5,200	5,200	5,200	5,100	0	100
Educational and Health Services	13,100	13,000	12,900	12,800	100	300
Leisure and Hospitality	4,300	4,300	4,400	4,300	0	0
Other Services	2,900	2,900	2,900	2,900	0	0
Government	7,500	7,500	7,500	7,700	0	-200
Federal Government	900	900	900	1,000	0	-100
State Government	1,800	1,800	1,800	1,800	0	0
Local Government	4,800	4,800	4,800	4,900	0	-100
Data benchmarked to March 2024 ***Data changes of 100 may be due to rounding***						

Source: Workforce Information News Release

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

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>	<u>Rate</u>
<i>Cambria County</i>						
Civilian Labor Force (000)	53.6	55.5	55.3	56.7	56.1	0.09%
Employment (000)	49.9	52.6	53.0	54.2	53.3	0.38%
Unemployment (000)	3.7	2.8	2.3	2.4	2.8	-4.54%
Unemployment Rate	7.0%	5.1%	4.1%	4.3%	4.9%	
<i>Blair County</i>						
Civilian Labor Force (000)	57.7	59.5	59.0	57.0	56.9	-0.23%
Employment (000)	54.3	57.1	57.1	55.1	54.6	0.09%
Unemployment (000)	3.4	2.5	2.0	1.9	2.3	-6.31%
Unemployment Rate	5.9%	4.1%	3.3%	3.30%	4.1%	
<i>Pennsylvania</i>						
Civilian Labor Force (000)	6,445.0	6,479.0	6,518.0	6,577.0	6,531.0	0.25%
Employment (000)	6,059.0	6,196.0	6,296.0	6,337.0	6,261.0	0.56%
Unemployment (000)	386.0	283.0	223.0	239.0	270.0	-5.45%
Unemployment Rate	6.0%	4.4%	3.4%	3.60%	4.10%	

*Residence Data.

⁽¹⁾As of November 2025

Major employers in Cambria County include:

-
- DLP Partner Conemaugh LLC
 - State Government
 - Federal Government
 - Wal-Mart Associates Inc
 - Cambria County
 - Sheetz Inc
 - Lockheed Martin Aeroparts Inc.
 - Saint Francis University
 - DLP Conemaugh Physician Practices
 - Laurel Technologies
-

Source: Center for Workforce Information & Analysis – 2nd Quarter 2025 – Final.

Major employers in Blair County include:

-
- Sheetz Inc
 - UPMC Altoona
 - State Government
 - Federal Government
 - Sheetz Distribution Services LLC
 - Altoona Area School District
 - Wal-Mart Associates Inc
 - Smith Transport LLC
 - DelGrosso's Amusement Park
 - Giant Food Stores LLC
-

Source: Center for Workforce Information & Analysis – 2nd Quarter 2025 – Final.

Income

Table A-5 shows trends in per capita income for the School District, Cambria County, Blair County and Pennsylvania over the 2010-2020 period. Per capita income in the School District and the County is lower than per capita income in the Commonwealth.

TABLE A-5
TRENDS IN PER CAPITA INCOME*

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
<i>School District</i>	\$18,085	\$24,665	3.15%
<i>Cambria County</i>	21,472	27,173	2.38
<i>Blair County</i>	23,083	29,336	2.43
<i>Pennsylvania</i>	26,374	35,518	3.02

*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: Pennsylvania State Data Center and U.S. Census Bureau, 2010 & 2020 American Community Survey.

Commercial Activity

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

TABLE A-6
TOTAL RETAIL SALES
(000)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<i>MSA</i>	\$2,046,758	\$2,231,520	\$2,442,274	\$2,392,428	\$3,030,331
<i>Pennsylvania</i>	274,685,600	297,770,326	310,912,244	317,239,286	403,629,014

Source: Neilson Company

Educational Facilities

Two institutions of higher learning are located within Penn Cambria School District. Mount Aloysius College, Cresson, offers 30 graduate and undergraduate programs to about 2,700 full-time and parttime undergraduate and graduate students. Saint Francis University, Loretto, offers over 60 undergraduate, graduate and professional studies programs to about 2,000 students.

Pennsylvania Highlands Community College offers two sites within 20 and 45 minutes of Penn Cambria: their Ebensburg Education Center and their Richland Campus respectively.

Within 45 minutes of Penn Cambria are the Pennsylvania State University-Altoona Campus, the University of Pittsburgh at Johnstown, and Indiana University of Pennsylvania. The main campus of Pennsylvania State University is 75 minutes northeast of Cresson, and the University of Pittsburgh, Carnegie Mellon University and Duquesne University are located about 90 minutes away in Pittsburgh.

Medical

Surrounding the School District in both Cambria and Blair Counties are several full care medical centers. The following are located in Blair County: UPMC Altoona, Tyrone Regional Health Network and Conemaugh Nason Medical Center. The Conemaugh Memorial Medical Center, located in Cambria County, is in the nearby city of Johnstown while the Conemaugh Miners Medical Center services patients with comprehensive care in Northern Cambria County.

Transportation

The two main highway arteries serving the School District are U.S. Routes 22 and 36. The Altoona-Blair County Airport and John Murtha Johnstown-Cambria County Airport in Johnstown provide air service.

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**APPENDIX B –
Form of Bond Counsel Opinion**

FORM OF OPINION OF BOND COUNSEL

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

We have served as Bond Counsel to Penn Cambria School District (Cambria and Blair Counties, 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 2026 (the "Bonds"), issued in fully registered form, dated and bearing interest from _____, 2026, maturing on various annual dates ending _____, _____ and subject to redemption at the option of the Local Government Unit prior to maturity beginning _____.

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

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

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

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

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

1. The Bonds are valid and binding general obligations of the Local Government Unit.
 - (a) The Bonds are issued for a valid purpose under the School Code.
 - (b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.
 - (c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.
 - (d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.
2. The Bonds are secured by a pledge of the full faith, credit and taxing power of the Local Government Unit. The Local Government Unit has effectively covenanted in the Debt Ordinance to include the amount of debt service on this issue, in each fiscal year for which such sums are due, in its budget for that year; to appropriate such amounts to the payment of such debt service; and to pay or cause to be paid, from time to time as and when due, the principal of the Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds.
3. Presently included among the general revenues of the Local Government Unit available for the payment of the Bonds are ad valorem real estate taxes, whose levy is subject to the limitations of Pennsylvania Act No. 1 of Special Session 2006 (“Act 1”), which became effective June 27, 2006.
4. The Bonds are payable and enforceable according to their own terms, those of the Debt Ordinance and all provisions of the Debt Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors’ rights, as then applicable.
5. The Bonds, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are negotiable instruments.
6. The Bonds are an authorized investment, under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.
7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds (including for this purpose, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and accrued value) is excludable from gross income for Federal income tax purposes, pursuant to the Tax Code. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax on individuals. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.
8. The Bonds, and interest income therefrom, are free from taxation for purposes of personal, 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 C –
Audited Financial Statements**

PENN CAMBRIA SCHOOL DISTRICT

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

# **PENN CAMBRIA SCHOOL DISTRICT**

BASIC FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

AND

INFORMATION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND THE UNIFORM GUIDANCE

WITH INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED  
JUNE 30, 2025**

**PENN CAMBRIA SCHOOL DISTRICT**  
**CAMBRIA COUNTY, PENNSYLVANIA**  
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**PENN CAMBRIA SCHOOL DISTRICT**  
**CAMBRIA COUNTY, PENNSYLVANIA**  
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# **Turnley Robertson & Associates LLC**

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**Management and Board of Education  
Penn Cambria School District**

## **Independent Auditor's Report**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Penn Cambria School District, Cambria County, Pennsylvania as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Penn Cambria 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, business-type activities, each major fund and the aggregate remaining fund information of the Penn Cambria School District as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Penn Cambria 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 Penn Cambria 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 Penn Cambria 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 Penn Cambria School District's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-xvii and the defined benefit trust funds' historical pension information on pages 50-57 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 Penn Cambria School District's basic financial statements. The accompanying supplementary information – Combining Balance Sheet (Capital Project Funds), and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Capital Project Funds) on pages 48-49, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 63 is presented for purposes of additional analysis 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, and is also 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Combining Balance Sheet (Capital Project Funds), Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Capital Project Funds) and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2026, on our consideration of the Penn Cambria 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 this report is 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 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 Penn Cambria School District's internal control over financial reporting and compliance.

*Turnley Robertson & Associates LLC*

Turnley Robertson & Associates LLC

February 10, 2026  
New Brighton, Pennsylvania

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

The discussion and analysis of PENN CAMBRIA SCHOOL DISTRICT'S financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of District's financial performance.

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

**BACKGROUND**

PENN CAMBRIA SCHOOL DISTRICT serves a rural area encompassing 110 square miles. The resident population of 15,234 resides within 13 municipalities and boroughs and 9 unincorporated villages (Source: NCEM-March 2025). It employs a highly qualified professional teaching staff of 110. Current student enrollment is 1,408. The District's five (5) buildings are organized into a Pre-Primary School for grades Pre-K and Kindergarten programs, Primary School for grades 1 and 2, Intermediate School for grades 3 through 5, Middle School for grades 6 through 8, and High School for grades 9 through 12. Effective at the close of the 2024-25 school year, the Primary School was closed, and the grade levels were realigned as follows: a Pre-Primary School for grades Pre-K, Kindergarten, and grade 1, Intermediate School for grades 2 and 3, Middle School for grades 4 through 6, and High School for grades 7 through 12.

Each building contains a library/media center as well as the technology infrastructure and computer facilities to supplement the curriculum, instruction, and assessment needs.

**MISSION STATEMENT**

The Penn Cambria School District will prepare productive citizens in a safe and positive environment that promotes excellence in academics, career skills, the arts, and athletics.

**VISION**

Penn Cambria School District shall deliver a high-quality education so that our students may be prepared to meet the challenges of the future.

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

**SHARED VALUES**

The Penn Cambria School District collectively values:

- The principle that all students can learn in a healthy and safe environment
- A commitment to honesty, integrity, respect and diversity
- The educational support of family and community
- Effective teaching of a rigorous and relevant curriculum
- Professional development
- Quality leadership that will foster a culture of teaching and learning
- The use of technology to enhance teaching and learning
- Accountability for all
- A continuous learning ethic
- Artful use of infrastructure that requires the strategic alignment and utilization of faculty, staff, facilities, time, technology, and fiscal resources

**FINANCIAL HIGHLIGHTS**

Penn Cambria is a multi-county school district, having residents in both Blair and Cambria County, with the majority residing in Cambria County (99.23% of total market value).

Real estate taxes in the taxing districts for public school purposes for fiscal year 2025 were as follows: 64.90 mills in Cambria County and 9.08 mills in Blair County as levied by the Board of Education. The millage rates reflect annual rebalancing as required by 24 PS 6-672.1 pertaining to school districts lying in more than one county or in more than one municipality.

The District's total government-wide liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources as of June 30, 2025, by \$2,544,234 (net position - deficit). This is an increase to net position of \$5,050,748 over June 30, 2024.

The District's proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net pension obligation stands at \$28,001,000 as of June 30, 2025, a decrease of \$3,228,000 from 2024.

The District routinely applies for federal, state, and local grants. Federally funded expenditures included Title I (\$412,888), Title II (\$55,744), Title IV (\$25,831), ACCESS (\$86,774), PCCD (\$119,488), and IDEA (\$322,750). Specific state funded expenditures included Pre-K Counts (\$178,500), Ready-To-Learn Foundation (\$313,302), Ready to Learn Adequacy Supplement (\$351,527), other school safety grants (\$31,503), Public School Environmental Repairs Grant (\$39,158), Public School Facility Improvement Grant (\$684,100), and other state grants (\$40,788). As a result of the COVID-19 pandemic, additional federal expenditures were made under the American Rescue Plan Act (\$25,528). Federally funded expenditures comprised 3.79% and specific state funded expenditures comprised 5.91% of total expenditures.

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

**FINANCIAL STATEMENTS**

The financial statements consist of three parts: Management Discussion and Analysis, the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of PENN CAMBRIA SCHOOL DISTRICT. The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements explain how the District's services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

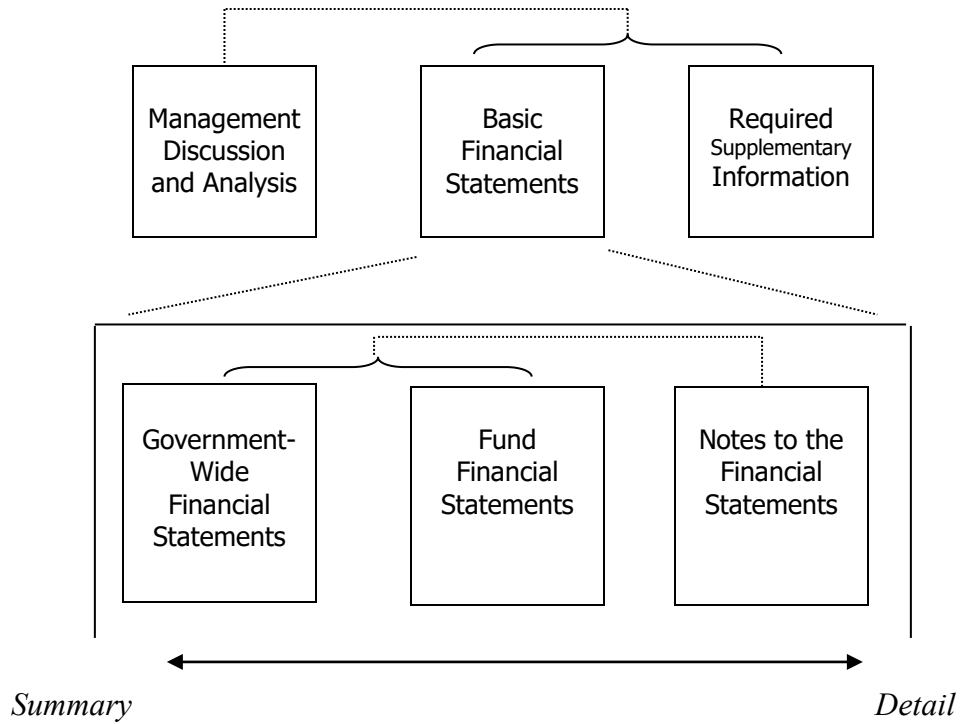
The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and reports the financial statements with the comparison of PENN CAMBRIA SCHOOL DISTRICT'S budget for the year.

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

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

**Figure A-1: Required components of  
PENN CAMBRIA SCHOOL DISTRICT'S  
Financial Report**



**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

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

Figure A-2  
Major Features of PENN CAMBRIA SCHOOL DISTRICT'S  
Government-Wide and Fund Financial Statements

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

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

**OVERVIEW OF FINANCIAL STATEMENTS**

**Government-Wide Statements**

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

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

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

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

The government-wide financial statements of the District include:

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

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

**Fund Financial Statements**

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

- Governmental funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
  
- Proprietary funds – These funds are used to account for the 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 District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.
  
- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as student activity custodial funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

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

The District's total net position was a negative (deficit) of \$2,544,234 as of June 30, 2025. This is an increase over the previous year of \$5,050,748.

Table A-1  
Fiscal Years Ended June 30, 2025 and 2024  
Net Position

|                                                                  | FYE JUNE 30, 2025          |                             |                       | FYE JUNE 30, 2024          |                             |                       |
|------------------------------------------------------------------|----------------------------|-----------------------------|-----------------------|----------------------------|-----------------------------|-----------------------|
|                                                                  | Governmental<br>Activities | Business-type<br>Activities | Total                 | Governmental<br>Activities | Business-type<br>Activities | Total                 |
| Current Asset                                                    | \$ 29,321,348              | \$ 1,201,678                | \$ 30,523,026         | \$ 23,481,817              | \$ 1,124,005                | \$ 24,605,822         |
| Non-Current Assets                                               | 24,524,308                 | 232,748                     | 24,757,056            | 16,950,636                 | 90,335                      | 17,040,971            |
| <b>Total Assets</b>                                              | <b>\$ 53,845,656</b>       | <b>\$ 1,434,426</b>         | <b>\$ 55,280,082</b>  | <b>\$ 40,432,453</b>       | <b>\$ 1,214,340</b>         | <b>\$ 41,646,793</b>  |
| Deferred Outflow of Resources<br>(Pension and OPEB)              | \$ 4,437,999               | \$ 123,400                  | \$ 4,561,399          | \$ 5,416,305               | \$ 152,937                  | \$ 5,569,242          |
| <b>Total Assets &amp; Deferred Outflows<br/>of Resources</b>     | <b>\$ 58,283,655</b>       | <b>\$ 1,557,826</b>         | <b>\$ 59,841,481</b>  | <b>\$ 45,848,758</b>       | <b>\$ 1,367,277</b>         | <b>\$ 47,216,035</b>  |
| Current Liabilities                                              | \$ 5,839,265               | \$ 58,372                   | \$ 5,897,637          | \$ 4,625,412               | \$ 73,345                   | \$ 4,698,757          |
| *Non-Current Liabilities                                         | 52,027,161                 | 946,162                     | 52,973,323            | 46,289,778                 | 974,970                     | 47,264,748            |
| <b>Total Liabilities</b>                                         | <b>\$ 57,866,426</b>       | <b>\$ 1,004,534</b>         | <b>\$ 58,870,960</b>  | <b>\$ 50,915,190</b>       | <b>\$ 1,048,315</b>         | <b>\$ 51,963,505</b>  |
| Deferred Inflows of Resources<br>(Pension and OPEB)              | \$ 3,451,185               | \$ 63,570                   | \$ 3,514,755          | \$ 2,804,282               | \$ 43,230                   | \$ 2,847,512          |
| <b>Total Liabilities &amp; Deferred<br/>Inflows of Resources</b> | <b>\$ 61,317,611</b>       | <b>\$ 1,068,104</b>         | <b>\$ 62,385,715</b>  | <b>\$ 53,719,472</b>       | <b>\$ 1,091,545</b>         | <b>\$ 54,811,017</b>  |
| Investment in Capital Assets,<br>Net of Related Debt             | \$ 16,463,877              | \$ 138,719                  | \$ 16,602,596         | \$ 14,714,171              | \$ 90,335                   | \$ 14,804,506         |
| **Restricted                                                     | 121,836                    | -                           | 121,836               | 1,691                      | -                           | 1,691                 |
| ***Unrestricted (Deficit)                                        | (19,619,669)               | 351,003                     | (19,268,666)          | (22,586,576)               | 185,397                     | (22,401,179)          |
| <b>Total Net Position (Deficit)</b>                              | <b>\$ (3,033,956)</b>      | <b>\$ 489,722</b>           | <b>\$ (2,544,234)</b> | <b>\$ (7,870,714)</b>      | <b>\$ 275,732</b>           | <b>\$ (7,594,982)</b> |

\*Includes Net Pension Liability and Net OPEB Liability

\*\* Restricted Net Position as of June 30, 2024 was updated to include the balance in the Capital Reserve Fund of \$1,691; the Unrestricted Net Position deficit was correspondingly increased by this amount.

\*\*\* Governmental Activities Current Assets and Unrestricted Net Position for the FYE June 30, 2024 was decreased by \$98,000 to reflect the elimination of Estimated School Supply Inventory and Related NonSpendable Fund Balance

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

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

Table A-2  
Fiscal Years Ended June 30, 2025 and 2024  
Changes in Net Position

|                                                | FYE JUNE 30, 2025          |                            |                       | FYE JUNE 30, 2024          |                            |                        |
|------------------------------------------------|----------------------------|----------------------------|-----------------------|----------------------------|----------------------------|------------------------|
|                                                | Governmental<br>Activities | Business-Type<br>Activites | Total                 | Governmental<br>Activities | Business-Type<br>Activites | Total                  |
| <b>REVENUES</b>                                |                            |                            |                       |                            |                            |                        |
| <b>Program Revenues</b>                        |                            |                            |                       |                            |                            |                        |
| Charges for Services                           | \$ 112,286                 | \$ 286,434                 | \$ 398,720            | \$ 120,875                 | \$ 289,400                 | \$ 410,275             |
| Operating Grants                               | 8,450,577                  | 781,495                    | 9,232,072             | 8,871,082                  | 800,675                    | 9,671,757              |
| Capital Grants & Contributions                 | 1,191,403                  | -                          | 1,191,403             | 859,112                    | -                          | 859,112                |
| <b>Total Program Revenues</b>                  | <b>\$ 9,754,266</b>        | <b>\$ 1,067,929</b>        | <b>\$ 10,822,195</b>  | <b>\$ 9,851,069</b>        | <b>\$ 1,090,075</b>        | <b>\$ 10,941,144</b>   |
| <b>General Revenues</b>                        |                            |                            |                       |                            |                            |                        |
| Property Taxes                                 | \$ 6,261,077               | \$ -                       | \$ 6,261,077          | \$ 5,888,104               | \$ -                       | \$ 5,888,104           |
| Other Taxes                                    | 2,039,213                  | -                          | 2,039,213             | 1,941,000                  | -                          | 1,941,000              |
| Grants and Subsidies                           | 10,511,524                 | -                          | 10,511,524            | 10,401,823                 | -                          | 10,401,823             |
| Other Revenues                                 | 1,349,655                  | 30,774                     | 1,380,429             | 1,090,734                  | 31,094                     | 1,121,828              |
| Transfers                                      | -                          | -                          | -                     | (11,933)                   | 11,933                     | -                      |
| <b>Total General Revenues</b>                  | <b>\$ 20,161,469</b>       | <b>\$ 30,774</b>           | <b>\$ 20,192,243</b>  | <b>\$ 19,309,728</b>       | <b>\$ 43,027</b>           | <b>\$ 19,352,755</b>   |
| <b>Total Revenues</b>                          | <b>\$ 29,915,735</b>       | <b>\$ 1,098,703</b>        | <b>\$ 31,014,438</b>  | <b>\$ 29,160,797</b>       | <b>\$ 1,133,102</b>        | <b>\$ 30,293,899</b>   |
| <b>Expenses</b>                                |                            |                            |                       |                            |                            |                        |
| Depreciation, Unallocated                      | \$ 888,135                 | \$ -                       | \$ 888,135            | \$ 843,123                 | \$ -                       | \$ 843,123             |
| Instruction                                    | 14,689,371                 | -                          | 14,689,371            | 14,880,032                 | -                          | 14,880,032             |
| Support Services                               | 8,192,216                  | -                          | 8,192,216             | 8,896,318                  | -                          | 8,896,318              |
| Non-Instructional Services                     | 605,538                    | -                          | 605,538               | 628,246                    | -                          | 628,246                |
| Interest on Long-Term Debt                     | 703,717                    | -                          | 703,717               | 344,233                    | -                          | 344,233                |
| Food Service<br>(Business-Type Activity)       | -                          | 884,713                    | 884,713               | -                          | 948,442                    | 948,442                |
| <b>Total Expenses</b>                          | <b>\$ 25,078,977</b>       | <b>\$ 884,713</b>          | <b>\$ 25,963,690</b>  | <b>\$ 25,591,952</b>       | <b>\$ 948,442</b>          | <b>\$ 26,540,394</b>   |
| <b>Increase (Decrease)<br/>in Net Position</b> | <b>\$ 4,836,758</b>        | <b>\$ 213,990</b>          | <b>\$ 5,050,748</b>   | <b>\$ 3,568,845</b>        | <b>\$ 184,660</b>          | <b>\$ 3,753,505</b>    |
| <b>Net Position Beginning (Deficit) *</b>      | <b>\$ (7,870,714)</b>      | <b>\$ 275,732</b>          | <b>\$ (7,594,982)</b> | <b>\$ (11,439,559)</b>     | <b>\$ 91,072</b>           | <b>\$ (11,348,487)</b> |
| <b>Net Position Ending (Deficit)</b>           | <b>\$ (3,033,956)</b>      | <b>\$ 489,722</b>          | <b>\$ (2,544,234)</b> | <b>\$ (7,870,714)</b>      | <b>\$ 275,732</b>          | <b>\$ (7,594,982)</b>  |

\* The Governmental Activities Net Position Beginning for the FYE June 30, 2025 and June 30, 2024 was decreased by \$98,000 to reflect the elimination of Estimated School Supply Inventory and Related NonSpendable Fund Balance

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)**

Table A-3 below presents the expenses of the Governmental Activities of the District in its largest functions: instructional programs, instructional student support and support services (administrative and financial services, operation and maintenance of plant services, pupil transportation and student activities) and food service, as well as their net cost. The net cost of services for the functions shown is after revenues generated by activities, and operating and capital grants and contributions are considered, and shows the remaining financial needs supported by local and other miscellaneous revenues, which decreased by 2.93% compared to fiscal year 2024. Overall, net costs of services compared to total cost of services decreased by .46% to 58.32%.

Table A-3  
Fiscal Years Ended June 30, 2025 and 2024  
Governmental Activities

|                                                    | ----- JUNE 30, 2025 ----- |                         | ----- JUNE 30, 2024 ----- |                         |
|----------------------------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
|                                                    | Total Cost<br>of Services | Net Cost<br>of Services | Total Cost<br>of Services | Net Cost<br>of Services |
| <b>Governmental Activities</b>                     |                           |                         |                           |                         |
| Depreciation, Unallocated                          | \$ 888,135                | \$ 888,135              | \$ 843,123                | \$ 843,123              |
| Instruction, Non-Instruction & Support<br>Services | 23,487,125                | 14,201,004              | 24,404,596                | 15,017,104              |
| Interest on Long-Term Debt                         | 703,717                   | 235,572                 | 344,233                   | (119,344)               |
| <b>Total Governmental Activities</b>               | <b>\$ 25,078,977</b>      | <b>\$ 15,324,711</b>    | <b>\$ 25,591,952</b>      | <b>\$ 15,740,883</b>    |
| <b>Business-Type Activities</b>                    |                           |                         |                           |                         |
| Food Service (Business-Type Activity)              | \$ 884,713                | \$ (183,216)            | \$ 948,442                | \$ (141,633)            |
| <b>Total Business-Type Activities</b>              | <b>\$ 884,713</b>         | <b>\$ (183,216)</b>     | <b>\$ 948,442</b>         | <b>\$ (141,633)</b>     |
| <b>Combined Total</b>                              | <b>\$ 25,963,690</b>      | <b>\$ 15,141,495</b>    | <b>\$ 26,540,394</b>      | <b>\$ 15,599,250</b>    |
|                                                    |                           | 58.32%                  |                           | 58.78%                  |

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

**FUND BALANCES**

The Board of Directors, in compliance with GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions", has established the following fund balance categories:

- Nonspendable — permanently restricted and unavailable for current operations.
- Restricted — temporarily restricted for specified purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed — temporarily restricted for specified purposes established by a formal action by the Board of Directors. Formal action by the Board of Directors is also necessary to modify or rescind a fund balance commitment.
- Assigned — intended for a specific purpose that does not meet the criteria to be classified as restricted or committed. The Board of Directors hereby authorizes the Business Administrator to assign fund balances for specific purposes.
- Unassigned — available for operations without any restriction.

At June 30, 2025, the District's governmental funds reported a combined fund balance of \$23,844,697 which includes \$11,648,203 in the general fund and \$12,196,494 in the capital project funds.

Expenditures from the capital project funds are limited to capital improvements, replacement of and additions to public works and improvements and for the deferred maintenance thereof. These funds will be utilized as the district develops and implements an ongoing plan for facilities maintenance, improvements, and renovations.

The district's general fund balance includes a committed fund balance of \$9,707,701. The board of directors previously established a portion of the committed fund balance, \$3,500,000, for the following purposes: debt service, compensated absences, technology, retirement payouts and related unanticipated expenses. \$1,557,701 is allocated under this fund balance specifically designated to offset future employer contributions to the Pennsylvania School Employees Retirement System (PSERS). The remaining \$4,650,000 of committed fund balance has been established for capital improvements and renovations. Since the committed fund balance represents school board approved plans or intent that may never result in expenditure, this commitment is clearly distinguished from reserves and is available to fund other expenditures. The unassigned fund balance of \$1,815,251 represents that portion of the fund balance that is appropriate for expenditure or not legally or otherwise segregated for a specific or tentative future use.

During the fiscal year, the Board of Education authorizes revisions to the original budget and transfers between specific categories of expenditures/financing to accommodate differences from the original budget to the actual expenditures of the District.

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2025, the District had \$24,524,308 in Governmental Activities invested in a broad range of capital assets, including land, buildings, furniture and equipment.

Table A-4  
Governmental Activities  
Capital Assets - Net of Depreciation

|                                   | <b>2025</b>          | <b>2024</b>          | <b>Pct. of<br/>Change</b> |
|-----------------------------------|----------------------|----------------------|---------------------------|
| Land & Site Improvements          | \$ 1,508,083         | \$ 1,608,032         | -6.22%                    |
| Buildings & Building Improvements | 17,260,122           | 12,598,345           | 37.00%                    |
| Machinery & Equipment             | 2,378,264            | 2,089,174            | 13.84%                    |
| Infrastructure                    | 234,418              | 264,229              | -11.28%                   |
| Construction in Progress          | 3,143,421            | 390,856              | 704.24%                   |
| <b>Total Capital Assets</b>       | <b>\$ 24,524,308</b> | <b>\$ 16,950,636</b> | <b>44.68%</b>             |

During the 2025 fiscal year, most notably, the District completed the High School Roof and Boiler projects, purchased a 2024 F350 Super Duty truck and bedliner, and acquired miscellaneous equipment. In addition, the District incurred costs in connection with its New Elementary Building and High School renovation projects, which represent construction in progress at fiscal year-end.

**Debt Administration**

Bond and Lease Obligations – Penn Cambria School District had outstanding bond obligations of \$19,804,548 and \$11,174,097 as of June 30, 2025 and 2024, respectively. This increase was due to the issuance of General Obligation Bonds – Series of 2025 totaling \$9,895,000. In addition, the District had outstanding equipment lease obligation of \$151,903 and \$31,122 as of June 30, 2025 and 2024, respectively.

Business-type Activities had an outstanding equipment loan obligation of \$94,029 as of June 30, 2025.

On June 30, 2025, other long-term debt included in Governmental Activities, excluding the aforementioned net pension liability, includes \$839,364 for accrued sick leave for specific employees of the District and the net Other Post-Employment Benefits (OPEB) liability.

The District recognizes their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) ‘Health Insurance Premium Assistance Program’ overall net OPEB liability. The District is also required to recognize a net OPEB liability for the post-employment health-care benefits provided for through the collective bargaining agreements and individual contracts. For Penn Cambria School District, this liability stands at \$4,250,667 as of June 30, 2025.

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

**FACTORS BEARING ON PENN CAMBRIA SCHOOL DISTRICT'S FUTURE**

Student enrollment is projected to remain relatively consistent at 1,413 through fiscal year 2034-2035 (Source: PDE Enrollment Projections Rev 10/2025). Overall staffing and the number of teaching positions are re-evaluated each year to correspond with enrollment and educational needs. Policy and curriculum changes are on a continuous cycle to meet local, state and federal standards.

As a participating member, the District contributes approximately 24% of total operating costs of the Admiral Peary Area Vocational-Technical School; this percentage increases or decreases from year to year depending on its total enrollment. Future building projects or capital improvements undertaken by the Admiral Peary AVTS will also impact Penn Cambria's financial position.

Other factors that will affect future finances of the District:

- Future PSERS employer contribution rates (34.00%, 33.59% and 34.12% projected for fiscal years 2026, 2027 and 2028 respectively),
- Collective bargaining agreements with the Penn Cambria Education Association (PCEA) and Penn Cambria Educational Support Personnel Association (PCESPA), expiring in 2029 and 2030 respectively,
- Property tax growth,
- Special education mandated services,
- Cyber charter school enrollment and changes to the statutory funding formula,
- Increases to the minimum wage rate,
- Changes to state funding as a result of a landmark court decision that found Pennsylvania's public school funding system unconstitutional,
- Increased need for mental health and behavioral services, as well as family services and supports, and
- Statewide educational labor shortages and the impact of inflation on the cost of goods and services.

The state of the national economy may affect the District's federal and state funding, as well as local tax collections. State property tax reform proposals may negatively impact both revenue and cash flow for the district.

Furthermore, the District has entered into a multi-phase construction and renovation project, funded primarily through issuing bonds, to bring the Pre-Primary and High School buildings up to acceptable standards and to construct a new elementary facility attached to the High School. In addition to this debt service, reconfiguration and consolidation in 2027-2028 at the completion of construction, will also have an impact on the overall district budget.

**PENN CAMBRIA SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**June 30, 2025**

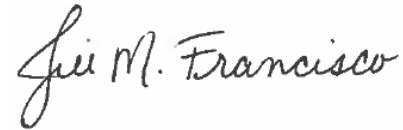
**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board of Education's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office, PENN CAMBRIA SCHOOL DISTRICT, 201 6<sup>th</sup> Street, Cresson, PA 16630-1363.

Respectfully submitted,



Jaime Hartline  
Superintendent  
February 10, 2026



Jill M. Francisco, CPA, PCSBA  
Business Administrator  
February 10, 2026

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

**EXHIBIT A**

|                                                                           | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>          |
|---------------------------------------------------------------------------|------------------------------------|-------------------------------------|-----------------------|
| <b>ASSETS</b>                                                             |                                    |                                     |                       |
| <b>Current Assets:</b>                                                    |                                    |                                     |                       |
| Cash and Cash Equivalents                                                 | \$ 970,374                         | \$ 1,186,903                        | \$ 2,157,277          |
| Investments                                                               | 25,376,760                         | -                                   | 25,376,760            |
| Internal Balances                                                         | 1,252                              | (1,252)                             | -                     |
| Taxes Receivable, net                                                     | 769,787                            | -                                   | 769,787               |
| Due From Other Governments                                                | 2,172,551                          | 739                                 | 2,173,290             |
| Other Receivables                                                         | 30,624                             | 5,397                               | 36,021                |
| Inventory                                                                 | -                                  | 9,891                               | 9,891                 |
| <b>Total Current Assets</b>                                               | <b>\$ 29,321,348</b>               | <b>\$ 1,201,678</b>                 | <b>\$ 30,523,026</b>  |
| <b>Noncurrent Assets:</b>                                                 |                                    |                                     |                       |
| Land (non-depreciable)                                                    | \$ 15                              | \$ -                                | \$ 15                 |
| Construction in progress (non-depreciable)                                | 3,143,421                          | -                                   | 3,143,421             |
| Site Improvements (net)                                                   | 1,508,068                          | -                                   | 1,508,068             |
| Building & Building Improvements (net)                                    | 17,260,122                         | -                                   | 17,260,122            |
| Machinery & Equipment (net)                                               | 2,230,136                          | 232,748                             | 2,462,884             |
| Infrastructure (net)                                                      | 234,418                            | -                                   | 234,418               |
| Intangible Right-to-Use Assets (net)                                      | 148,128                            | -                                   | 148,128               |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 24,524,308</b>               | <b>\$ 232,748</b>                   | <b>\$ 24,757,056</b>  |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 53,845,656</b>               | <b>\$ 1,434,426</b>                 | <b>\$ 55,280,082</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                    |                                    |                                     |                       |
| Deferred Outflows Related to Pension                                      | \$ 3,849,897                       | \$ 119,069                          | \$ 3,968,966          |
| Deferred Outflows Related to OPEB                                         | 588,102                            | 4,331                               | 592,433               |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 4,437,999</b>                | <b>\$ 123,400</b>                   | <b>\$ 4,561,399</b>   |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 58,283,655</b>               | <b>\$ 1,557,826</b>                 | <b>\$ 59,841,481</b>  |
| <b>LIABILITIES</b>                                                        |                                    |                                     |                       |
| <b>Current Liabilities:</b>                                               |                                    |                                     |                       |
| Accounts Payable                                                          | \$ 1,759,842                       | \$ 333                              | \$ 1,760,175          |
| Bonds Payable - Current Portion                                           | 560,276                            | -                                   | 560,276               |
| Financing Lease Payable - Current Portion                                 | 35,046                             | 23,507                              | 58,553                |
| Accrued Salaries and Benefits                                             | 3,019,078                          | 5,546                               | 3,024,624             |
| Payroll Deductions and Withholdings                                       | 33,694                             | -                                   | 33,694                |
| Unearned Revenue                                                          | 178,880                            | 28,986                              | 207,866               |
| Accrued Interest                                                          | 250,489                            | -                                   | 250,489               |
| Other Current Liabilities                                                 | 1,960                              | -                                   | 1,960                 |
| <b>Total Current Liabilities</b>                                          | <b>\$ 5,839,265</b>                | <b>\$ 58,372</b>                    | <b>\$ 5,897,637</b>   |
| <b>Noncurrent Liabilities:</b>                                            |                                    |                                     |                       |
| Bonds Payable - Long Term Portion (net)                                   | \$ 19,694,913                      | \$ -                                | \$ 19,694,913         |
| Lease Payable - Long Term Portion                                         | 116,857                            | 70,522                              | 187,379               |
| Accrued Compensated Absences                                              | 839,364                            | -                                   | 839,364               |
| Net Pension Liability                                                     | 27,160,970                         | 840,030                             | 28,001,000            |
| Net OPEB Liability                                                        | 4,215,057                          | 35,610                              | 4,250,667             |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 52,027,161</b>               | <b>\$ 946,162</b>                   | <b>\$ 52,973,323</b>  |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 57,866,426</b>               | <b>\$ 1,004,534</b>                 | <b>\$ 58,870,960</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                                    |                                     |                       |
| Deferred Inflows Related to Pension                                       | \$ 1,764,430                       | \$ 54,570                           | \$ 1,819,000          |
| Deferred Inflows Related to OPEB                                          | 1,686,755                          | 9,000                               | 1,695,755             |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 3,451,185</b>                | <b>\$ 63,570</b>                    | <b>\$ 3,514,755</b>   |
| <b>NET POSITION</b>                                                       |                                    |                                     |                       |
| Net Investment in Capital Assets                                          | \$ 16,463,877                      | \$ 138,719                          | \$ 16,602,596         |
| Restricted                                                                | 121,836                            | -                                   | 121,836               |
| Unrestricted (Deficit)                                                    | (19,619,669)                       | 351,003                             | (19,268,666)          |
| <b>Total Net Position (Deficit)</b>                                       | <b>\$ (3,033,956)</b>              | <b>\$ 489,722</b>                   | <b>\$ (2,544,234)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 58,283,655</b>               | <b>\$ 1,557,826</b>                 | <b>\$ 59,841,481</b>  |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**EXHIBIT B**

| <u>Functions/Programs</u>                           | <u>Expenses</u>             | <u>Program Revenues</u>         |                                                   |                                                 | <u>Net (Expense) Revenue and<br/>Changes in Net Position</u> |                                     |                               |
|-----------------------------------------------------|-----------------------------|---------------------------------|---------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------|-------------------------------------|-------------------------------|
|                                                     |                             | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Governmental<br/>Activities</u>                           | <u>Business-Type<br/>Activities</u> | <u>Total</u>                  |
| <b>Governmental Activities:</b>                     |                             |                                 |                                                   |                                                 |                                                              |                                     |                               |
| Instruction                                         | \$ 14,689,371               | \$ 67,053                       | \$ 5,868,480                                      | \$ -                                            | \$ (8,753,838)                                               |                                     | \$ (8,753,838)                |
| Instructional Student Support                       | 1,899,161                   | -                               | 562,849                                           | -                                               | (1,336,312)                                                  |                                     | (1,336,312)                   |
| Administrative and Financial Support Services       | 2,474,249                   | -                               | 327,688                                           | -                                               | (2,146,561)                                                  |                                     | (2,146,561)                   |
| Operation and Maintenance of Plant Services         | 1,953,472                   | 4,980                           | 190,027                                           | 723,258                                         | (1,035,207)                                                  |                                     | (1,035,207)                   |
| Pupil Transportation                                | 1,865,334                   | -                               | 1,425,123                                         | -                                               | (440,211)                                                    |                                     | (440,211)                     |
| Student Activities                                  | 597,120                     | 40,253                          | 75,975                                            | -                                               | (480,892)                                                    |                                     | (480,892)                     |
| Community Services and Awards                       | 8,418                       | -                               | 435                                               | -                                               | (7,983)                                                      |                                     | (7,983)                       |
| Interest on Long-Term Debt                          | 703,717                     | -                               | -                                                 | 468,145                                         | (235,572)                                                    |                                     | (235,572)                     |
| Unallocated Depreciation                            | 888,135                     | -                               | -                                                 | -                                               | (888,135)                                                    |                                     | (888,135)                     |
| <b>Total Governmental Activities</b>                | <b><u>\$ 25,078,977</u></b> | <b><u>\$ 112,286</u></b>        | <b><u>\$ 8,450,577</u></b>                        | <b><u>\$ 1,191,403</u></b>                      | <b><u>\$ (15,324,711)</u></b>                                |                                     | <b><u>\$ (15,324,711)</u></b> |
| <b>Business-Type activities:</b>                    |                             |                                 |                                                   |                                                 |                                                              |                                     |                               |
| Food Service                                        | \$ 884,713                  | \$ 286,434                      | \$ 781,495                                        | \$ -                                            | \$ -                                                         | \$ 183,216                          | \$ 183,216                    |
| <b>Total Business-Type Activities</b>               | <b><u>\$ 884,713</u></b>    | <b><u>\$ 286,434</u></b>        | <b><u>\$ 781,495</u></b>                          | <b><u>\$ -</u></b>                              | <b><u>\$ -</u></b>                                           | <b><u>\$ 183,216</u></b>            | <b><u>\$ 183,216</u></b>      |
| <b>Total Primary Government</b>                     | <b><u>\$ 25,963,690</u></b> | <b><u>\$ 398,720</u></b>        | <b><u>\$ 9,232,072</u></b>                        | <b><u>\$ 1,191,403</u></b>                      | <b><u>\$ (15,324,711)</u></b>                                | <b><u>\$ 183,216</u></b>            | <b><u>\$ (15,141,495)</u></b> |
| <b>General Revenues:</b>                            |                             |                                 |                                                   |                                                 |                                                              |                                     |                               |
| Taxes:                                              |                             |                                 |                                                   |                                                 |                                                              |                                     |                               |
| Property Taxes Levied for General Purposes (net)    |                             |                                 |                                                   |                                                 | \$ 6,261,077                                                 | \$ -                                | \$ 6,261,077                  |
| Other Taxes Levied for General Purposes             |                             |                                 |                                                   |                                                 | 2,039,213                                                    | -                                   | 2,039,213                     |
| Grants, Subsidies, and Contributions Not Restricted |                             |                                 |                                                   |                                                 | 10,511,524                                                   | -                                   | 10,511,524                    |
| Investment Earnings                                 |                             |                                 |                                                   |                                                 | 894,713                                                      | 30,774                              | 925,487                       |
| Insurance Recoveries                                |                             |                                 |                                                   |                                                 | 189,462                                                      | -                                   | 189,462                       |
| Miscellaneous                                       |                             |                                 |                                                   |                                                 | 260,318                                                      | -                                   | 260,318                       |
| Sale of Fixed Assets                                |                             |                                 |                                                   |                                                 | 5,162                                                        | -                                   | 5,162                         |
| <b>Total General Revenues</b>                       |                             |                                 |                                                   |                                                 | <b><u>\$ 20,161,469</u></b>                                  | <b><u>\$ 30,774</u></b>             | <b><u>\$ 20,192,243</u></b>   |
| <b>Change in Net Position</b>                       |                             |                                 |                                                   |                                                 | <b><u>\$ 4,836,758</u></b>                                   | <b><u>\$ 213,990</u></b>            | <b><u>\$ 5,050,748</u></b>    |
| Net Position - July 1, 2024 (Deficit)               |                             |                                 |                                                   |                                                 | (7,772,714)                                                  | 275,732                             | (7,496,982)                   |
| Prior Period Adjustment                             |                             |                                 |                                                   |                                                 | (98,000)                                                     | -                                   | (98,000)                      |
| <b>Net Position — June 30, 2025 (Deficit)</b>       |                             |                                 |                                                   |                                                 | <b><u>\$ (3,033,956)</u></b>                                 | <b><u>\$ 489,722</u></b>            | <b><u>\$ (2,544,234)</u></b>  |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

**EXHIBIT C**

|                                                                                | <b>GENERAL<br/>FUND</b>     | <b>CAPITAL<br/>PROJECT<br/>FUNDS</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------------------------|-----------------------------|--------------------------------------|-----------------------------------------|
|                                                                                | <u>          </u>           | <u>          </u>                    | <u>          </u>                       |
| <b>ASSETS:</b>                                                                 |                             |                                      |                                         |
| Cash and Cash Equivalents                                                      | \$ 968,641                  | \$ 1,733                             | \$ 970,374                              |
| Investments                                                                    | 12,416,216                  | 12,960,544                           | 25,376,760                              |
| Taxes Receivable, net                                                          | 769,787                     | -                                    | 769,787                                 |
| Due from Other Funds                                                           | 1,264                       | 3                                    | 1,267                                   |
| Due From Other Governments                                                     | 2,172,551                   | -                                    | 2,172,551                               |
| Other Receivables                                                              | 30,624                      | -                                    | 30,624                                  |
| <b>TOTAL ASSETS</b>                                                            | <b><u>\$ 16,359,083</u></b> | <b><u>\$ 12,962,280</u></b>          | <b><u>\$ 29,321,363</u></b>             |
| <br>                                                                           |                             |                                      |                                         |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>            |                             |                                      |                                         |
| <br>                                                                           |                             |                                      |                                         |
| <b>LIABILITIES:</b>                                                            |                             |                                      |                                         |
| Accounts Payable                                                               | \$ 994,056                  | \$ 765,786                           | \$ 1,759,842                            |
| Due to Other Funds                                                             | 15                          | -                                    | 15                                      |
| Accrued Salaries and Benefits                                                  | 3,019,078                   | -                                    | 3,019,078                               |
| Payroll Deductions and Withholdings                                            | 33,694                      | -                                    | 33,694                                  |
| Unearned Revenue                                                               | 178,880                     | -                                    | 178,880                                 |
| Other Current Liabilities                                                      | 1,960                       | -                                    | 1,960                                   |
| <b>TOTAL LIABILITIES</b>                                                       | <b><u>\$ 4,227,683</u></b>  | <b><u>\$ 765,786</u></b>             | <b><u>\$ 4,993,469</u></b>              |
| <br>                                                                           |                             |                                      |                                         |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                          |                             |                                      |                                         |
| Delinquent Real Estate Taxes                                                   | \$ 483,197                  | -                                    | \$ 483,197                              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                     | <b><u>\$ 483,197</u></b>    | <b><u>\$ -</u></b>                   | <b><u>\$ 483,197</u></b>                |
| <br>                                                                           |                             |                                      |                                         |
| <b>FUND BALANCES:</b>                                                          |                             |                                      |                                         |
| Restricted                                                                     | \$ 120,100                  | \$ 12,196,494                        | \$ 12,316,594                           |
| Committed                                                                      | 9,707,701                   | -                                    | 9,707,701                               |
| Assigned                                                                       | 5,151                       | -                                    | 5,151                                   |
| Unassigned                                                                     | 1,815,251                   | -                                    | 1,815,251                               |
| <b>TOTAL FUND BALANCES</b>                                                     | <b><u>\$ 11,648,203</u></b> | <b><u>\$ 12,196,494</u></b>          | <b><u>\$ 23,844,697</u></b>             |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b><u>\$ 16,359,083</u></b> | <b><u>\$ 12,962,280</u></b>          | <b><u>\$ 29,321,363</u></b>             |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

**Total Fund Balances - Governmental Funds** **\$ 23,844,697**

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$46,425,811, and the accumulated depreciation is \$21,901,503. 24,524,308

Property taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 483,197

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

|                                                    |             |
|----------------------------------------------------|-------------|
| Deferred outflows of resources related to pensions | 3,849,897   |
| Deferred outflows of resources related to OPEB     | 588,102     |
| Deferred inflows of resources related to pensions  | (1,764,430) |
| Deferred inflows of resources related to OPEB      | (1,686,755) |

Long term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

|                         |               |                     |
|-------------------------|---------------|---------------------|
| Bonds Payable (net)     | \$ 20,255,189 |                     |
| Financing Lease Payable | 151,903       |                     |
| Net Pension Liability   | 27,160,970    |                     |
| Net OPEB Liability      | 4,215,057     |                     |
| Accrued Interest        | 250,489       |                     |
| Compensated Absences    | 839,364       | <u>(52,872,972)</u> |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (Deficit)** **\$ (3,033,956)**

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <u>GENERAL FUND</u>   | <u>CAPITAL<br/>PROJECT<br/>FUNDS</u> | <u>DEBT<br/>SERVICE<br/>FUND</u> | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|--------------------------------------------------------------|-----------------------|--------------------------------------|----------------------------------|-----------------------------------------|
| <b><u>REVENUES</u></b>                                       |                       |                                      |                                  |                                         |
| Local Sources                                                | \$ 9,538,804          | \$ 342,685                           | \$ -                             | \$ 9,881,489                            |
| State Sources                                                | 19,104,501            | -                                    | -                                | 19,104,501                              |
| Federal Sources                                              | 726,253               | -                                    | -                                | 726,253                                 |
| <b>Total Revenue</b>                                         | <b>\$ 29,369,558</b>  | <b>\$ 342,685</b>                    | <b>\$ -</b>                      | <b>\$ 29,712,243</b>                    |
| <b><u>EXPENDITURES</u></b>                                   |                       |                                      |                                  |                                         |
| Instruction                                                  | \$ 15,681,791         | \$ -                                 | \$ -                             | \$ 15,681,791                           |
| Support Services                                             | 8,533,962             | 254,812                              | -                                | 8,788,774                               |
| Noninstructional Services                                    | 682,496               | -                                    | -                                | 682,496                                 |
| Capital Outlay                                               | 893,737               | 7,196,623                            | -                                | 8,090,360                               |
| Debt Service (Principal)                                     | 64,479                | -                                    | 397,140                          | 461,619                                 |
| Debt Service (Interest)                                      | 9,163                 | -                                    | 1,446,249                        | 1,455,412                               |
| <b>Total Expenditures</b>                                    | <b>\$ 25,865,628</b>  | <b>\$ 7,451,435</b>                  | <b>\$ 1,843,389</b>              | <b>\$ 35,160,452</b>                    |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ 3,503,930</b>   | <b>\$ (7,108,750)</b>                | <b>\$ (1,843,389)</b>            | <b>\$ (5,448,209)</b>                   |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                       |                                      |                                  |                                         |
| Sale of Fixed Assets                                         | \$ 5,162              | \$ -                                 | \$ -                             | \$ 5,162                                |
| Insurance Recoveries                                         | 189,462               | -                                    | -                                | 189,462                                 |
| Lease Proceeds                                               | 185,160               | -                                    | -                                | 185,160                                 |
| Bonds - Face Value                                           | -                     | 9,895,000                            | -                                | 9,895,000                               |
| Bond Premium                                                 | -                     | 102,204                              | -                                | 102,204                                 |
| Operating Transfers In                                       | -                     | -                                    | 1,843,389                        | 1,843,389                               |
| Operating Transfers (Out)                                    | (1,843,389)           | -                                    | -                                | (1,843,389)                             |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ (1,463,605)</b> | <b>\$ 9,997,204</b>                  | <b>\$ 1,843,389</b>              | <b>\$ 10,376,988</b>                    |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ 2,040,325</b>   | <b>\$ 2,888,454</b>                  | <b>\$ -</b>                      | <b>\$ 4,928,779</b>                     |
| FUND BALANCE - JULY 1, 2024                                  | 9,705,878             | 9,308,040                            | -                                | 19,013,918                              |
| Prior Period Adjustment                                      | (98,000)              | -                                    | -                                | (98,000)                                |
| <b>FUND BALANCE - JUNE 30, 2025</b>                          | <b>\$ 11,648,203</b>  | <b>\$ 12,196,494</b>                 | <b>\$ -</b>                      | <b>\$ 23,844,697</b>                    |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 4,928,779**

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

|                                                                                                                                                                                                                                                                                                                                                                                             |                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$8,461,807) exceeds depreciation expense (\$888,135) in the period.                                                             | 7,573,672           |
| Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.                                                                                                                                                                        | 1,543,451           |
| Because certain property and wage taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year.                                                                                                                        | (148)               |
| Proceeds from long-term debt obligations are recorded as revenues in the governmental funds. However, in the statement of net position, these proceeds and related bond issuance costs are recognized as long-term liabilities and contra-liabilities.                                                                                                                                      | (10,080,160)        |
| Repayment of bond/lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.                                                                                                                                                                                                                            | 1,329,028           |
| Bond premiums are reported in governmental funds as revenues. However, in the statement of activities, this amount is capitalized and is accreted over the life of the bond issue as interest expense.                                                                                                                                                                                      | (81,924)            |
| 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. | (135,994)           |
| In the statement of activities, certain operating expenses - compensated absences and net OPEB obligations - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This year, compensated absences and net OPEB obligations earned exceeded the amount paid.  | (239,946)           |
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                                                                                                                                                                                                                                                                                    | <b>\$ 4,836,758</b> |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                               | Budgeted Amounts      |                       | Actual                | Variance with                          |
|---------------------------------------------------------------|-----------------------|-----------------------|-----------------------|----------------------------------------|
|                                                               | Original              | Final                 | (Budgetary Basis)     | Final Budget<br>Positive<br>(Negative) |
| <b>REVENUES</b>                                               |                       |                       |                       |                                        |
| Local Sources                                                 | \$ 8,547,765          | \$ 8,547,765          | \$ 9,538,804          | \$ 991,039                             |
| State Sources                                                 | 18,054,161            | 17,934,673            | 19,104,501            | 1,169,828                              |
| Federal Sources                                               | 503,408               | 622,896               | 726,253               | 103,357                                |
| <b>Total Revenues</b>                                         | <b>\$ 27,105,334</b>  | <b>\$ 27,105,334</b>  | <b>\$ 29,369,558</b>  | <b>\$ 2,264,224</b>                    |
| <b>EXPENDITURES</b>                                           |                       |                       |                       |                                        |
| Regular Programs                                              | \$ 9,856,912          | \$ 9,993,055          | \$ 10,090,513         | \$ (97,458)                            |
| Special Programs                                              | 4,461,553             | 4,575,553             | 4,296,251             | 279,302                                |
| Vocational Programs                                           | 1,088,920             | 943,920               | 943,891               | 29                                     |
| Other Instructional Programs                                  | 244,527               | 130,527               | 80,792                | 49,735                                 |
| Non Public-School Programs                                    | 63,409                | 63,409                | 59,408                | 4,001                                  |
| Pre-Kindergarten Programs                                     | 205,847               | 205,847               | 210,936               | (5,089)                                |
| Pupil Personnel Services                                      | 942,483               | 942,483               | 823,326               | 119,157                                |
| Instructional Staff Services                                  | 868,282               | 868,282               | 814,474               | 53,808                                 |
| Administrative Services                                       | 1,746,183             | 1,746,183             | 1,736,600             | 9,583                                  |
| Pupil Health                                                  | 433,920               | 433,920               | 428,159               | 5,761                                  |
| Business Services                                             | 371,706               | 371,706               | 364,922               | 6,784                                  |
| Operation & Maintenance of Plant Services                     | 2,569,384             | 2,584,010             | 2,194,437             | 389,573                                |
| Student Transportation Services                               | 2,009,255             | 2,009,255             | 1,865,334             | 143,921                                |
| Central Services                                              | 406,797               | 392,171               | 301,834               | 90,337                                 |
| Other Support Services                                        | 4,880                 | 4,880                 | 4,876                 | 4                                      |
| Student Activities                                            | 679,856               | 688,713               | 674,031               | 14,682                                 |
| Community Services                                            | 6,250                 | 6,250                 | 5,615                 | 635                                    |
| Scholarships and Awards                                       | 4,000                 | 4,000                 | 2,850                 | 1,150                                  |
| Capital Outlay                                                | -                     | -                     | 893,737               | (893,737)                              |
| Debt Service - Principal                                      | 4,500                 | 4,500                 | 9,163                 | (4,663)                                |
| Debt Service - Interest                                       | 69,200                | 69,200                | 64,479                | 4,721                                  |
| <b>Total Expenditures</b>                                     | <b>\$ 26,037,864</b>  | <b>\$ 26,037,864</b>  | <b>\$ 25,865,628</b>  | <b>\$ 172,236</b>                      |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ 1,067,470</b>   | <b>\$ 1,067,470</b>   | <b>\$ 3,503,930</b>   | <b>\$ 2,436,460</b>                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                       |                       |                       |                                        |
| Sale of Fixed Assets                                          | \$ -                  | \$ -                  | \$ 5,162              | \$ 5,162                               |
| Insurance Recoveries                                          | -                     | -                     | 189,462               | 189,462                                |
| Lease Proceeds                                                | -                     | -                     | 185,160               | 185,160                                |
| Operating Transfers (Out)                                     | (1,843,485)           | (1,843,485)           | (1,843,389)           | 96                                     |
| Budgetary Reserve                                             | (300,000)             | (300,000)             | -                     | 300,000                                |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (2,143,485)</b> | <b>\$ (2,143,485)</b> | <b>\$ (1,463,605)</b> | <b>\$ 679,880</b>                      |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (1,076,015)</b> | <b>\$ (1,076,015)</b> | <b>\$ 2,040,325</b>   | <b>\$ 3,116,340</b>                    |
| FUND BALANCE - JULY 1, 2024                                   | 7,521,466             | 7,521,466             | 9,705,878             | 2,184,412                              |
| Prior Period Adjustment                                       | -                     | -                     | (98,000)              | (98,000)                               |
| <b>FUND BALANCE - JUNE 30, 2025</b>                           | <b>\$ 6,445,451</b>   | <b>\$ 6,445,451</b>   | <b>\$ 11,648,203</b>  | <b>\$ 5,202,752</b>                    |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2025**

|                                                                           | <b>FOOD<br/>SERVICES</b> |
|---------------------------------------------------------------------------|--------------------------|
| <b>ASSETS</b>                                                             |                          |
| <b>Current Assets:</b>                                                    |                          |
| Cash and Cash Equivalents                                                 | \$ 1,186,903             |
| Due From Other Governments                                                | 739                      |
| Due From Other Funds                                                      | 12                       |
| Other Receivables                                                         | 5,397                    |
| Inventories                                                               | 9,891                    |
| <b>Total Current Assets</b>                                               | <b>\$ 1,202,942</b>      |
| <b>Noncurrent Assets:</b>                                                 |                          |
| Machinery and Equipment (net)                                             | \$ 232,748               |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 232,748</b>        |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 1,435,690</b>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                                    |                          |
| Deferred Outflows Related to Pension                                      | \$ 119,069               |
| Deferred Outflows Related to OPEB                                         | 4,331                    |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 123,400</b>        |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 1,559,090</b>      |
| <b>LIABILITIES</b>                                                        |                          |
| <b>Current Liabilities:</b>                                               |                          |
| Accounts Payable                                                          | \$ 333                   |
| Accrued Salaries and Benefits                                             | 5,546                    |
| Due to Other Funds                                                        | 1,264                    |
| Unearned Revenue                                                          | 28,986                   |
| FSMC Loan - Current                                                       | 23,507                   |
| <b>Total Current Liabilities</b>                                          | <b>\$ 59,636</b>         |
| <b>Noncurrent Liabilities:</b>                                            |                          |
| Net Pension Liability                                                     | \$ 840,030               |
| Net OPEB Liability                                                        | 35,610                   |
| FSMC Loan - Non Current                                                   | 70,522                   |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 946,162</b>        |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 1,005,798</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                          |
| Deferred Inflows Related to Pension                                       | \$ 54,570                |
| Deferred Inflows Related to OPEB                                          | 9,000                    |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 63,570</b>         |
| <b>NET POSITION</b>                                                       |                          |
| Investment in Capital Assets                                              | \$ 138,719               |
| Unrestricted                                                              | 351,003                  |
| <b>TOTAL NET POSITION</b>                                                 | <b>\$ 489,722</b>        |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 1,559,090</b>      |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                | <b>FOOD SERVICES</b> |
|------------------------------------------------|----------------------|
| <b><u>OPERATING REVENUES</u></b>               |                      |
| Food Service Revenue                           | \$ 286,434           |
| <b>Total Operating Revenues</b>                | <b>\$ 286,434</b>    |
| <b><u>OPERATING EXPENSES</u></b>               |                      |
| Personnel Services - Salaries                  | \$ 250,583           |
| Personnel Services - Employee Benefits         | 80,378               |
| Purchased Property Services                    | 3,750                |
| Other Purchased Services                       | 454,996              |
| Supplies                                       | 79,747               |
| Depreciation                                   | 15,259               |
| <b>Total Operating Expenses</b>                | <b>\$ 884,713</b>    |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b>\$ (598,279)</b>  |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                      |
| Earnings on Investments                        | \$ 30,774            |
| State Sources                                  | 195,293              |
| Federal Sources                                | 586,202              |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b>\$ 812,269</b>    |
| <b>CHANGE IN NET POSITION</b>                  | <b>\$ 213,990</b>    |
| NET POSITION - JULY 1, 2024                    | 275,732              |
| <b>NET POSITION - JUNE 30, 2025</b>            | <b>\$ 489,722</b>    |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                                                                                     | <b><u>FOOD<br/>SERVICES</u></b> |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                                  |                                 |
| Cash Received from Users                                                                                            | \$ 283,429                      |
| Cash Payments to Employees for Services                                                                             | (378,677)                       |
| Cash Payments to Suppliers for Goods and Services                                                                   | (476,339)                       |
| <b>Net Cash (Used for) Operating Activities</b>                                                                     | <b><u>\$ (571,587)</u></b>      |
| <b><u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u></b>                                                          |                                 |
| Fixed Asset Purchases                                                                                               | \$ (157,672)                    |
| Proceeds FSMC Loan                                                                                                  | 113,619                         |
| Principal Payments on FSMC Loan                                                                                     | (19,590)                        |
| <b>Net Cash (Used for) Capital Financing Activities</b>                                                             | <b><u>\$ (63,643)</u></b>       |
| <b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                                      |                                 |
| State Sources                                                                                                       | \$ 195,058                      |
| Federal Sources                                                                                                     | 484,085                         |
| <b>Net Cash Provided by Non-Capital Financing Activities</b>                                                        | <b><u>\$ 679,143</u></b>        |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                                  |                                 |
| Earnings on Investments                                                                                             | \$ 30,774                       |
| <b>Net Cash Provided by Investing Activities</b>                                                                    | <b><u>\$ 30,774</u></b>         |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                                                    | <b><u>\$ 74,687</u></b>         |
| CASH AND CASH EQUIVALENTS - JULY 1, 2024                                                                            | 1,112,216                       |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2025</b>                                                                    | <b><u>\$ 1,186,903</u></b>      |
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b> |                                 |
| Operating Income (Loss)                                                                                             | \$ (598,279)                    |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH (USED FOR) OPERATING ACTIVITIES:</b>            |                                 |
| Depreciation                                                                                                        | 15,259                          |
| Other Adjustments - Donated Commodities                                                                             | 62,270                          |
| (Increase) Decrease in Deferred Outflows of Resources                                                               | 29,537                          |
| (Increase) Decrease in Due from Other Funds                                                                         | (12)                            |
| (Increase) Decrease in Other Receivables                                                                            | 694                             |
| (Increase) Decrease in Inventories                                                                                  | (4,697)                         |
| Increase (Decrease) in Deferred Inflows of Resources                                                                | 20,340                          |
| Increase (Decrease) in Accounts Payable                                                                             | (116)                           |
| Increase (Decrease) in Due to Other Funds                                                                           | 1,264                           |
| Increase (Decrease) in Accrued Salaries and Benefits                                                                | 485                             |
| Increase (Decrease) in Net Pension Liability                                                                        | (96,840)                        |
| Increase (Decrease) in Net OPEB Liability                                                                           | (2,490)                         |
| Increase (Decrease) in Unearned Revenue                                                                             | 998                             |
| <b>Total Adjustments</b>                                                                                            | <b><u>\$ 26,692</u></b>         |
| <b>Net Cash (Used for) Operating Activities</b>                                                                     | <b><u>\$ (571,587)</u></b>      |
| <b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>                                                                     |                                 |
| During the year, the District received \$62,270 of food commodities from the U.S. Department of Agriculture.        |                                 |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2025**

|                                           | <b><u>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</u></b> |
|-------------------------------------------|------------------------------------------------------------|
| <b>ASSETS</b>                             |                                                            |
| Cash and Cash Equivalents                 | \$ 98,861                                                  |
| Investments                               | 72,097                                                     |
| <b>TOTAL ASSETS</b>                       | <b><u>\$ 170,958</u></b>                                   |
| <br><b>LIABILITIES AND NET POSITION</b>   |                                                            |
| <b>LIABILITIES:</b>                       |                                                            |
| Other Current Liabilities                 | \$ -                                                       |
| <b>TOTAL LIABILITIES</b>                  | <b><u>\$ -</u></b>                                         |
| <br><b>NET POSITION:</b>                  |                                                            |
| Unrestricted                              | \$ 170,958                                                 |
| <b>TOTAL NET POSITION</b>                 | <b><u>\$ 170,958</u></b>                                   |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b><u>\$ 170,958</u></b>                                   |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                         | <b><u>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</u></b> |
|-----------------------------------------|------------------------------------------------------------|
| <b>ADDITIONS</b>                        |                                                            |
| Student Club Organization Receipts      | \$ 152,854                                                 |
| Interest                                | 3,663                                                      |
| <b>TOTAL ADDITIONS</b>                  | <b><u>\$ 156,517</u></b>                                   |
| <b>DEDUCTIONS</b>                       |                                                            |
| Student Club Organization Disbursements | \$ 136,612                                                 |
| <b>TOTAL DEDUCTIONS</b>                 | <b><u>\$ 136,612</u></b>                                   |
| <b>CHANGE IN NET POSITION</b>           | <b>\$ 19,905</b>                                           |
| NET POSITION - JULY 1, 2024             | <u>151,053</u>                                             |
| <b>NET POSITION - JUNE 30, 2025</b>     | <b><u><u>\$ 170,958</u></u></b>                            |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Penn Cambria School District was established under the authority of an act of the state legislature that designated a school board as the governing body. The School District serves a rural area along the ridges of east-central Cambria County. This District serves the following surrounding municipalities:

|                     |                    |
|---------------------|--------------------|
| Allegheny Township  | Ashville Borough   |
| Cresson Borough     | Cresson Township   |
| Dean Township       | Gallitzin Borough  |
| Gallitzin Township  | Lilly Borough      |
| Loretto Borough     | Munster Township   |
| Sankertown Borough  | Tunnelhill Borough |
| Washington Township |                    |

The School District operates under a locally elected nine-member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the School District's activities.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Penn Cambria School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. Generally accepted accounting principles define component units as legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the Penn Cambria School District has no component units.

The School District is associated with two jointly governed organizations (Note 12) and one public entity risk pool (Note 13) as follows:

- Jointly Governed Organizations:
  - Admiral Peary Area Vocational Technical School
  - Appalachia Intermediate Unit #8
  
- Public Entity Risk Pool:
  - Admiral Peary Insurance Trust

The financial statements of the Penn Cambria School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations (Exhibit D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the District's business-type activities (food service operations) and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or government function is self-financing or draws from the general revenues of the School District.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major funds represent the School District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For the Penn Cambria School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds are segregated and presented in a single column. Fiduciary funds are reported by fund type.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

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

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Penn Cambria School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2025 under the modified accrual basis are **1)** delinquent real estate taxes and Act 511 taxes collected by the district within 60 days following the close of the fiscal year, **2)** federal and state subsidies earned in the fiscal year 2024-2025, and **3)** other miscellaneous revenues earned in fiscal year 2024-2025 but received subsequent to June 30, 2025. On the governmental fund financial statements, delinquent real estate tax receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2025, are those for which the Board of Education's intention was to expense these items as budgeted for the 2024-2025 official budget, and for which the District has incurred an obligation during the 2024-2025 fiscal year but has not paid as of June 30, 2025.

Allocations of cost, such as depreciation, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities. Unused donated commodities are reported as unearned revenue.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING**

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**GENERAL FUND** - The General Fund is used to account for all financial resources not required to be accounted for in some other fund. The General Fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

**CAPITAL PROJECT FUNDS** - The Capital Project Funds account for financial resources used for the acquisition of capital assets, as deemed necessary by the Board of Education.

**DEBT SERVICE FUND** - The Debt Service Fund accounts for transfers received from the District's General Fund to pay the outstanding principal and interest due on the District's Series of 1999, Series of 2024, and Series of 2025 general obligation bond issues.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the School District (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund, which accounts for the financial transactions related to the food service operations of the District.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds report fiduciary activities that are not held in a Trust or equivalent arrangement that meets specific criteria. The District's Custodial Fund is comprised of the various student organization activity accounts administered by the District on behalf of the various student organizations.

**BUDGETS**

On June 18, 2024, the Penn Cambria School District adopted its fiscal year June 30, 2025 annual budget for the General Fund totaling \$28,181,349 in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual method of accounting. The original and adjusted budgetary amounts are reflected in these financial statements (Exhibit G). All annual appropriations of the general fund lapse at fiscal year-end.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BUDGETS (Continued)**

The School District uses the following procedures in establishing this budgetary data:

- a. Prior to May of the preceding fiscal year, the school district prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the revenues and other sources of funds used to finance these expenditures.
- b. At least 20 days prior to the date set for budget adoption, the budget is made available for public inspection.
- c. A meeting of the Board of Education is then held for the purpose of adopting the proposed budget. The meeting may only be held after 10 days of public notification.
- d. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Education.
- e. The budget must be filed with the Commonwealth of Pennsylvania, Department of Education by July 15 of the fiscal year or within 30 days of adoption.
- f. Budgetary transfers are permitted after the first 90 days of the school district's fiscal year.

**CASH AND CASH EQUIVALENTS**

For the purposes of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts, bank certificates of deposit and any other highly liquid, short-term investments, with original maturity terms of less than three months.

**INVESTMENTS**

Under Section 440.1 of the Pennsylvania Public School Code of 1949, as amended, and PA Act 10 of 2016, Penn Cambria School District is permitted to invest funds consistent with sound business practices in the following types of investments:

- I. 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) of 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.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

Investments of the Penn Cambria School District include deposits pooled for investment purposes with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT). Investments are reported at fair value.

There were no deposit or investment transactions during the year that were in violation of state statutes.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as offsetting internal balances on the statement of net position.

**INVENTORIES**

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit H) are recorded at fair value on a first-in first-out basis. This inventory consists of donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies but records these items as expenditures in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities' column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in both the business-type activity column of the government-wide statement of net position and on the proprietary fund statement of net position.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$10,000. The cost of infrastructure is included as part of building improvements in the government-wide statement of net position. The intangible right-to-use assets are initially measured at an amount equal to the present value of future lease payments. The intangible right-to-use assets are amortized on a straight-line basis over the life of the related lease. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

- |                                       |            |
|---------------------------------------|------------|
| • Site Improvements                   | 20 Years   |
| • Buildings and Building Improvements | 50 Years   |
| • Machinery and Equipment             | 5-20 Years |
| • Vehicles                            | 3-8 Years  |
| • Right-To-Use Assets                 | 5 Years    |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**LONG-TERM DEBT FINANCING COSTS**

Bond issuance costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District incurred \$254,812 in bond issuance costs during the 2024-2025 fiscal year related to General Obligation Bonds Series of 2025.

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the generally accepted accounting standards. Members of the Penn Cambria Education Association with a minimum of 20 years of PSERS, are entitled to \$70 per day for all unused sick days accumulated. Members of the Penn Cambria Educational Support Personnel Association, and non-contract non-professional employees, upon retirement, are entitled to \$6 per hour for each day of unused sick days accumulated. The Superintendent and Act 93 personnel are entitled to \$75 per day for all unused sick days accumulated to a maximum of 200 days. Per individual contract terms, upon retirement, the Business Administrator is entitled to \$100 per day for all unused sick days accumulated to a maximum of 300 days. The entire compensated absences liability of \$839,364 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid, rather than accrued when earned, as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on pension activity is included in Note 10.

**OTHER POSTEMPLOYMENT BENEFITS**

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 11.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. For the business-type activities, these obligations and all similar obligations are reported again on the proprietary fund statement of net position (Exhibit H). In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been paid with current available financial resources. Notes and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, are reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned Revenue arises when the District receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School District has a legal claim to the resources, the unearned revenue liability is removed, and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has two items that qualify for reporting in this category. They are deferred outflows related to the pension and OPEB plans, both of which are reported on the statement of net position (Exhibit A).

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The School District has three items that qualify for reporting in this category. They are delinquent real estate taxes reported on the governmental funds balance sheet (Exhibit C), and deferred inflows related to the School District's pension and OPEB plans, reported on the statement of net position (Exhibit A).

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of debt that are attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. Restricted net position represents \$120,100 from community donations for the District's Athletic Stadium Project and \$1,736 of funds remaining in the District's Capital Reserve Fund.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'. As of June 30, 2025, the District's governmental activities maintained a deficit unrestricted net position of \$19,497,833.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory and prepaid expenses) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. This component of fund balance consists of restricted assets reduced by liabilities and deferred inflows related to those assets. Restricted fund balance represents \$120,100 from community donations for the District's Athletic Stadium Project, \$1,736 of funds remaining in the District's Capital Reserve Fund, and \$12,194,758 in unspent bond proceeds (fund balance) from the Series of 2024 and Series of 2025 District general obligation bond issues.
- Committed fund balance – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint. At June 30, 2025, the Board of Education of the Penn Cambria School District committed \$9,707,701 (Exhibit C) of the total General Fund balance for **1**) PSERS projected rate increases of \$1,557,701, **2**) capital improvements and renovations of \$4,650,000, and **3**) future debt service, compensated absences, technology, retirement payouts, and unanticipated expenditures of \$3,500,000.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY (Continued)**

- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The District has \$12,196,494 assigned for capital projects and \$5,151 assigned for funds held in the District's Discretionary Account.
- Unassigned fund balance – amounts that are available for any purpose.

Section 688 of the Pennsylvania Public School Code prohibits school districts from increasing real property taxes beyond the annual index increase permitted by law, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the Penn Cambria School District, the estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures. The District's unassigned General Fund balance at June 30, 2025, was approximately 5.9% of its 2025-2026 budgeted expenditures.

The School District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Education has given authority to assign fund balance to the Business Administrator.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Penn Cambria School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are **1)** investment earnings and **2)** state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District did not have non-operating expenses during the fiscal year.

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the School District's 2024-2025 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact on Penn Cambria School District's financial statements.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ADOPTION OF GASB PRONOUNCEMENTS (Continued)**

- **GASB issued Statement No. 101, ‘Compensated Absences’.**
- **GASB issued Statement No. 102, ‘Certain Risk Disclosures’.**

**PENDING GASB PRONOUNCEMENTS**

- **GASB issued Statement No. 103, ‘Financial Reporting Model Improvements’.** The provisions of this statement are effective for the School’s June 30, 2026, financial statements.
- **GASB issued Statement No. 104, ‘Disclosure of Certain Capital Assets’.** The provisions of this statement are effective for the School’s June 30, 2026, financial statements.

The effects of implementing these statements on the School District’s financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS**

At June 30, 2025, Penn Cambria School District had the following carrying values on its cash and cash equivalents accounts:

|                       | <b>Bank<br/>Balance</b> | <b>(Memo Only)<br/>Book Balance</b> |
|-----------------------|-------------------------|-------------------------------------|
| General Fund          | \$ 1,290,307            | \$ 968,641                          |
| Capital Projects Fund | 1,733                   | 1,733                               |
| Proprietary Fund      | 1,187,325               | 1,186,903                           |
| Fiduciary Funds       | 102,260                 | 98,861                              |
| <b>TOTALS</b>         | <b>\$ 2,581,625</b>     | <b>\$ 2,256,138</b>                 |

The difference between the bank balance and the carrying value represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have a separate policy for custodial credit risk in addition to the requirements of State Law. As of June 30, 2025, \$2,303,100 of the District’s bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District’s name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS**

The following is a summary of the Penn Cambria School District's investments as of June 30, 2025:

|                          | <b>Value<br/>at 6/30/25</b> | <b>S&amp;P<br/>Rating</b> |
|--------------------------|-----------------------------|---------------------------|
| <b>Governmental:</b>     |                             |                           |
| PSDLAF                   | \$ 12,413,223               | AAAm                      |
| PLGIT                    | 12,974,787                  | AAAm                      |
| Less: Outstanding Checks | (11,250)                    |                           |
|                          | <b>\$ 25,376,760</b>        |                           |
| <br><b>Fiduciary:</b>    |                             |                           |
| PLGIT                    | <b>\$ 72,097</b>            | AAAm                      |

Investments held in external investment pools such as PSDLAF and PLGIT are not subject to the provisions of fair value measurements as they are recorded at amortized cost and/or cost.

The purpose of the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT) is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a) 7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District's investments in PLGIT and PSDLAF are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**NOTE 3 - PROPERTY TAXES**

The Penn Cambria School District levies property taxes on July 1 of each fiscal year. The tax millage assessment for the 2024-2025 fiscal year was 64.90 for Cambria County and 9.08 for Blair County, which represents \$64.90 and \$9.08 respectively of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to September 1st. Collections beginning November 1st are assessed a 5% penalty. Unpaid taxes are submitted to the District's delinquent tax collector. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15<sup>th</sup> of the year following levy. A summary of the collection percentage by municipality is as follows:

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 - PROPERTY TAXES** (Continued)

| <u>MUNICIPALITY</u> | <u>FACE AMOUNT<br/>LEVIED</u> | <u>AMOUNT<br/>COLLECTED</u> | <u>% OF LEVY<br/>COLLECTED</u> |
|---------------------|-------------------------------|-----------------------------|--------------------------------|
| Allegheny Township  | \$ 1,033,083                  | \$ 997,292                  | 96.5%                          |
| Ashville Borough    | 75,232                        | 68,568                      | 91.1%                          |
| Cresson Borough     | 619,946                       | 595,786                     | 96.1%                          |
| Cresson Township    | 1,534,605                     | 1,481,901                   | 96.6%                          |
| Dean Township       | 187,242                       | 173,811                     | 92.8%                          |
| Gallitzin Borough   | 459,719                       | 403,052                     | 87.7%                          |
| Gallitzin Township  | 674,985                       | 643,934                     | 95.4%                          |
| Lilly Borough       | 242,430                       | 227,732                     | 93.9%                          |
| Loretto Borough     | 172,635                       | 167,338                     | 96.9%                          |
| Munster Township    | 537,934                       | 504,353                     | 93.8%                          |
| Sankertown Borough  | 181,418                       | 171,190                     | 94.4%                          |
| Tunnellhill Borough | 123,875                       | 114,083                     | 92.1%                          |
| Washington Township | 484,877                       | 465,225                     | 95.9%                          |
| TOTAL               | <b><u>\$ 6,327,981</u></b>    | <b><u>\$ 6,014,265</u></b>  | <b><u>95.0%</u></b>            |

Taxes receivable as shown in the government-wide statement of net position include delinquent property taxes of \$628,164. For purposes of the governmental fund financial statements, \$483,197 of the delinquent property taxes receivable, although measurable, does not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off set as a credit to deferred inflow of resources in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

Taxes receivable are comprised of the following at June 30, 2025:

|                                    |                          |
|------------------------------------|--------------------------|
| Real Estate Taxes                  | \$ 628,164               |
| Earned Income Taxes                | 130,543                  |
| Deed Transfer Taxes                | 10,516                   |
| Local Service and Per Capita Taxes | 564                      |
|                                    | <b><u>\$ 769,787</u></b> |

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 4 – DUE FROM OTHER GOVERNMENTS**

The amount of 'due from other governments', as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of the following:

|                                       | <b>GOVERNMENTAL<br/>ACTIVITIES</b> | <b>BUSINESS-TYPE<br/>ACTIVITIES</b> |
|---------------------------------------|------------------------------------|-------------------------------------|
| Commonwealth of Pennsylvania:         |                                    |                                     |
| State Grants/Subsidies                | \$ 1,767,596                       | \$ 739                              |
| Federal Grants/Subsidies              | 404,646                            | -                                   |
| Local Educational Agencies - Services | 309                                | -                                   |
|                                       | <b>\$ 2,172,551</b>                | <b>\$ 739</b>                       |

**NOTE 5 – OTHER RECEIVABLES**

The amount of 'other receivables', as reflected on the government-wide and proprietary fund statements of net position, and the governmental funds balance sheet, is comprised of miscellaneous revenues due to the General Fund and Enterprise Fund for goods or services provided to third parties totaling \$30,624 and \$5,397 respectively.

**NOTE 6 – UNEARNED REVENUE**

Unearned revenue, as reflected on the government-wide and proprietary fund statements of net position, is comprised of **1)** General Fund state and federal grants of \$2,228 and \$175,972 respectively and other miscellaneous funds received in advance of \$680, **2)** donated commodities inventory of the District's Food Service Fund totaling \$9,891, and **3)** amounts due students for prepayments toward the District's Food Service Fund totaling \$19,095.

**NOTE 7 – INTER-FUND TRANSFERS**

During the fiscal year 2024-2025, the General Fund transferred \$1,843,389 to the District's Debt Service Fund for payment of principal and interest on the Districts' Series of 1999 and Series of 2024 General Obligation Bond issues.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 8 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2024-2025 fiscal year was as follows:

|                                                        | <u>Balance<br/>7/1/2024</u> | <u>Additions</u>    | <u>Deductions</u>   | <u>Balance<br/>6/30/2025</u> |
|--------------------------------------------------------|-----------------------------|---------------------|---------------------|------------------------------|
| <b>Governmental Activities:</b>                        |                             |                     |                     |                              |
| <b>Capital Assets, not being depreciated</b>           |                             |                     |                     |                              |
| Land                                                   | \$ 15                       | \$ -                | \$ -                | \$ 15                        |
| Construction in Progress                               | 390,856                     | 3,143,421           | 390,856             | 3,143,421                    |
| <b>Total Capital Assets,<br/>not being depreciated</b> | <b>\$ 390,871</b>           | <b>\$ 3,143,421</b> | <b>\$ 390,856</b>   | <b>\$ 3,143,436</b>          |
| <b>Capital Assets, being depreciated</b>               |                             |                     |                     |                              |
| Site Improvements                                      | \$ 2,924,867                | \$ -                | \$ -                | \$ 2,924,867                 |
| Building and Improvements                              | 30,177,090                  | 5,239,362           | -                   | 35,416,452                   |
| Machinery and Equipment                                | 4,135,892                   | 284,719             | 116,310             | 4,304,301                    |
| Infrastructure                                         | 451,595                     | -                   | -                   | 451,595                      |
| Intangible Right-To-Use Asset                          | 363,521                     | 185,160             | 363,521             | 185,160                      |
| <b>Total Capital Assets,<br/>being depreciated</b>     | <b>\$ 38,052,965</b>        | <b>\$ 5,709,241</b> | <b>\$ 479,831</b>   | <b>\$ 43,282,375</b>         |
| <b>Less: Accumulated depreciation</b>                  |                             |                     |                     |                              |
| Site Improvements                                      | \$ (1,316,850)              | \$ (99,949)         | \$ -                | \$ (1,416,799)               |
| Building and Improvements                              | (17,578,745)                | (577,586)           | -                   | (18,156,331)                 |
| Machinery and Equipment                                | (2,077,011)                 | (113,465)           | (116,310)           | (2,074,166)                  |
| Infrastructure                                         | (187,366)                   | (29,810)            | -                   | (217,176)                    |
| Intangible Right-To-Use Asset                          | (333,228)                   | (67,325)            | (363,521)           | (37,032)                     |
| <b>Total Accumulated Depreciation</b>                  | <b>\$ (21,493,200)</b>      | <b>\$ (888,135)</b> | <b>\$ (479,831)</b> | <b>\$ (21,901,503)</b>       |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <b>\$ 16,950,636</b>        | <b>\$ 7,964,527</b> | <b>\$ 390,856</b>   | <b>\$ 24,524,308</b>         |

|                                                         | <u>Balance<br/>7/1/2024</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance<br/>6/30/2025</u> |
|---------------------------------------------------------|-----------------------------|-------------------|-------------------|------------------------------|
| <b>Business-Type Activities:</b>                        |                             |                   |                   |                              |
| <b>Capital Assets, being depreciated</b>                |                             |                   |                   |                              |
| Machinery and Equipment                                 | \$ 884,592                  | \$ 157,672        | \$ 90,085         | \$ 952,179                   |
| Less: Accumulated<br>Depreciation                       | (794,257)                   | (15,259)          | (90,085)          | (719,431)                    |
| <b>Business-Type Activities<br/>Capital Assets, Net</b> | <b>\$ 90,335</b>            | <b>\$ 142,413</b> | <b>\$ -</b>       | <b>\$ 232,748</b>            |

Depreciation expense was charged to 'Unallocated Depreciation' on the Statement of Activities (Exhibit B).

**NOTE 9 - LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS – SERIES OF 1999**

In May of 1999, the Penn Cambria School District issued General Obligation Bonds, Series of 1999 in the amount of \$12,767,105.60 for the purpose of **1)** funding various capital projects of the School District, **2)** funding a capitalized interest fund, and **3)** paying all costs and expenses incident to the issuance and sale of the bonds. The bonds were issued in the form of Current Interest Bonds totaling \$9,335,000 and Capital Appreciation Bonds totaling \$3,430,852.95. In April of 2004, the School District advance refunded certain of the Current Interest Bonds. These advance refunded bonds are considered defeased and not shown as a liability in the accompanying financial statements. The bonds were issued in denominations of \$5,000 with interest payable on the Capital Appreciation Bonds annually, along with principal, on August 15 each year through maturity. Interest rates on the Capital Appreciation Bonds range between 5.25% and 5.35% with the bonds scheduled to mature on August 15, 2025. The Capital Appreciation Bonds are not subject to redemption prior to their stated maturity.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS – SERIES OF 1999 (Continued)**

A summary of the remaining debt service obligations on the Series of 1999 bond issue is as follows:

| <b>Year End<br/>June 30,</b>     | <b>Principal</b>  | <b>Interest</b> | <b>Total</b> |
|----------------------------------|-------------------|-----------------|--------------|
| 2026                             | \$ 130,276        | \$ 389,724      | \$ 520,000   |
| Accumulated Accreted<br>Interest | 154,272           |                 |              |
| Outstanding Principal            | <b>\$ 284,548</b> |                 |              |

Interest on the bonds is being accreted based on the table of compound accreted values as stated in the Official Statement of Issue for the Series of 1999 bond issue. For the 2024-2025 year, \$235,451 of accreted interest was charged to 'Interest on Long-Term Debt' in the Statement of Activities (Exhibit B).

**GENERAL OBLIGATION BONDS – SERIES OF 2024**

On March 27, 2024, the Penn Cambria School District issued General Obligation Bonds, Series of 2024 in the amount of \$9,625,000 for the purpose of **1)** funding various capital improvement needs of the School District, and **2)** paying all costs and expenses incident to the issuance and sale of the bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates range between 4.00% and 5.00% with the bonds scheduled to mature on September 1, 2043. The bonds are subject to early redemption options prior to their stated dates of maturity, as detailed in the official statement of issue.

**GENERAL OBLIGATION BONDS – SERIES OF 2025**

On March 25, 2025, the Penn Cambria School District issued General Obligation Bonds, Series of 2025 in the amount of \$9,895,000 for the purpose of **1)** funding mechanical, electrical, and engineering improvements to the high school pursuant to an amendment to the Guaranteed Energy Savings Agreement with Sitelogiq Energy Services, Inc. **2)** paying a portion of the costs of design and construction of an addition to the high school **3)** various and sundry other capital improvements throughout the School District, and **4)** paying the costs of issuing and insuring the bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates range between 4.00% and 5.00% with the bonds scheduled to mature on September 1, 2049. The bonds are subject to early redemption options prior to their stated dates of maturity, as detailed in the official statement of issue.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS (Continued)**

**DEFAULT PROVISIONS – GENERAL OBLIGATION BONDS**

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 Local Government Unit Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of Cambria County. The Act provides any judgement 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 described.

A summary of the remaining general obligation bonds outstanding at June 30, 2025 is as follows:

| <u>YEAR END</u> | <u>PRINCIPAL<br/>2024</u>  | <u>PRINCIPAL<br/>2025</u>  | <u>INTEREST</u>             | <u>TOTAL</u>                |
|-----------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| 2026            | \$ 430,000                 | \$ -                       | \$ 751,478                  | \$ 1,181,478                |
| 2027            | 340,000                    | 145,000                    | 798,801                     | 1,283,801                   |
| 2028            | 360,000                    | 210,000                    | 772,426                     | 1,342,426                   |
| 2029            | 380,000                    | 220,000                    | 743,176                     | 1,343,176                   |
| 2030            | 400,000                    | 230,000                    | 712,426                     | 1,342,426                   |
| 2031-2035       | 2,275,000                  | 1,325,000                  | 3,115,655                   | 6,715,655                   |
| 2036-2040       | 2,780,000                  | 1,625,000                  | 2,312,530                   | 6,717,530                   |
| 2041-2045       | 2,660,000                  | 2,235,000                  | 1,342,199                   | 6,237,199                   |
| 2046-2050       | -                          | 3,905,000                  | 444,142                     | 4,349,142                   |
| <b>TOTAL</b>    | <b><u>\$ 9,625,000</u></b> | <b><u>\$ 9,895,000</u></b> | <b><u>\$ 10,992,833</u></b> | <b><u>\$ 30,512,833</u></b> |

The School District's General Obligation Bonds – Series of 2024 and Series 2025 were issued at premiums totaling \$475,730 which are being accreted as a component of interest expense on a straight-line basis over the life of the bond issue. The un-accreted amount of bond premiums totaling \$450,641 is reflected as a component of 'Bonds Payable – Long-Term Portion (Net)', in the governmental activities' column on the government-wide statement of net position. Premium accretion for the year ended June 30, 2025 was \$20,280. This amount was credited to the 'Interest on Long-Term Debt' expense category in the statement of activities.

**FINANCING LEASE AGREEMENT**

The Penn Cambria School District entered into a financing lease agreement with ComDoc (a Xerox Company) for copier equipment throughout the District in July of 2024. The terms of the lease agreement call for 60 monthly payments of \$3,515.45. The lease agreement qualifies as other than short-term lease under GASB Statement No. 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the inception. For purposes of discounting future payments, the School District determined an interest rate of 5.25% to be an appropriate discount rate. An initial lease liability was recorded in the amount of \$185,160. The balance on the financing lease agreement as of June 30, 2025 is \$151,903.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**FINANCING LEASE AGREEMENT (Continued)**

**DEFAULT PROVISIONS – FINANCING LEASE AGREEMENT**

Upon the occurrence of an event of default, lessor may do any or all of the following: **1)** require immediate payment of the remaining payments under this agreement, plus, at option of lessor, an amount equal to the residual value of the equipment, **2)** use any remedies available under the UCC, **3)** require payment of attorney’s fees and court costs if default is turned over for collection, and **4)** in the event that equipment is repossessed, the lessee would be required to pay the associated costs of repossession.

A summary of the School District’s debt service requirements for the lease outstanding at June 30, 2025 is as follows:

| <b>YEAR END</b> |                          |                         |                          |
|-----------------|--------------------------|-------------------------|--------------------------|
| <b>JUNE 30,</b> | <b>PRINCIPAL</b>         | <b>INTEREST</b>         | <b>TOTAL</b>             |
| 2026            | \$ 35,046                | 7,139                   | \$ 42,185                |
| 2027            | 36,931                   | 5,254                   | 42,185                   |
| 2028            | 38,916                   | 3,269                   | 42,185                   |
| 2029            | 41,010                   | 1,175                   | 42,185                   |
|                 | <b><u>\$ 151,903</u></b> | <b><u>\$ 16,837</u></b> | <b><u>\$ 168,740</u></b> |

**FSMC EQUIPMENT LOAN (DIRECT BORROWING)**

On August 23, 2024, the Penn Cambria School District entered into a loan agreement with its’ Food Service Management Company for the purchase and installation of food service equipment totaling \$113,619. The terms of the equipment call for 58 non-interest-bearing monthly payments of \$1,958.95. A summary of the remaining debt service obligations on the loan is as follows:

| <b>Year End</b> |                         |
|-----------------|-------------------------|
| <b>June 30,</b> | <b>Principal</b>        |
| 2026            | \$ 23,507               |
| 2027            | 23,507                  |
| 2028            | 23,507                  |
| 2029            | 23,507                  |
|                 | <b><u>\$ 94,029</u></b> |

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

The following represents the changes in the district's governmental and business-type activities long-term liabilities during the 2024-2025 fiscal year:

|                                 | <b>Balance<br/>7/1/2024</b> | <b>Additions</b>     | <b>Reductions</b>   | <b>Balance<br/>6/30/2025</b> | <b>Due Within<br/>One Year</b> |
|---------------------------------|-----------------------------|----------------------|---------------------|------------------------------|--------------------------------|
| <b>Governmental Activities:</b> |                             |                      |                     |                              |                                |
| General Obligation Bonds        | \$ 11,174,097               | \$ 9,895,000         | \$ 1,264,549        | \$ 19,804,548                | \$ 560,276                     |
| Financing Lease                 | 31,222                      | 185,160              | 64,479              | 151,903                      | 35,046                         |
| Compensated Absences            | 483,126                     | 356,238              | -                   | 839,364                      | -                              |
| Net Pension Liability           | 30,292,130                  | -                    | 3,131,160           | 27,160,970                   | -                              |
| Net OPEB Liability              | 4,368,848                   | -                    | 153,791             | 4,215,057                    | -                              |
|                                 | <b>\$ 46,349,423</b>        | <b>\$ 10,436,398</b> | <b>\$ 4,613,979</b> | <b>\$ 52,171,842</b>         | <b>\$ 595,322</b>              |

|                                  | <b>Balance<br/>7/1/2024</b> | <b>Additions</b>  | <b>Reductions</b> | <b>Balance<br/>6/30/2025</b> | <b>Due Within<br/>One Year</b> |
|----------------------------------|-----------------------------|-------------------|-------------------|------------------------------|--------------------------------|
| <b>Business-Type Activities:</b> |                             |                   |                   |                              |                                |
| FSMC Equipment Loan -            |                             |                   |                   |                              |                                |
| Direct Borrowing                 | \$ -                        | \$ 113,619        | \$ 19,590         | \$ 94,029                    | \$ 23,507                      |
| Net Pension Liability            | 936,870                     | -                 | 96,840            | 840,030                      | -                              |
| Net OPEB Liability               | 38,100                      | -                 | 2,490             | 35,610                       | -                              |
|                                  | <b>\$ 974,970</b>           | <b>\$ 113,619</b> | <b>\$ 118,920</b> | <b>\$ 969,669</b>            | <b>\$ 23,507</b>               |

**NOTE 10 - PENSION PLAN**

The Penn Cambria School District participates in the Public-School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

**Plan Description**

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

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 – PENSION PLAN (Continued)**

**Benefits Provided (Continued)**

Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

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

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

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

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 – PENSION PLAN (Continued)**

**Contributions**

**Member Contributions:**

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

| <b>Member Contribution Rates</b> |                                    |                                               |                             |                                              |
|----------------------------------|------------------------------------|-----------------------------------------------|-----------------------------|----------------------------------------------|
| <b>Membership Class</b>          | <b>Continuous Employment Since</b> | <b>Defined Benefit (DB) Contribution Rate</b> | <b>DC Contribution Rate</b> | <b>Total Contribution Rate</b>               |
| <b>T-C</b>                       | Prior to July 22, 1983             | 5.25%                                         | N/A                         | 5.25% / 6.25%                                |
| <b>T-C</b>                       | On or After July 22, 1983          | 6.25%                                         | N/A                         | 6.25%                                        |
| <b>T-D</b>                       | Prior to July 22, 1983             | 6.50%                                         | N/A                         | 6.50%                                        |
| <b>T-D</b>                       | On or after July 22, 1983          | 7.50%                                         | N/A                         | 7.50%                                        |
| <b>T-E</b>                       | On or after July 1, 2011           | 7.50% base rate with shared risk provision    | N/A                         | Prior to 7/1/21-7.50%<br>After 7/1/21-8.00%  |
| <b>T-F</b>                       | On or after July 1, 2011           | 10.30% base rate with shared risk provision   | N/A                         | Prior to 7/1/21-10.30%<br>After 7/1/21-10.8% |
| <b>T-G</b>                       | On or after July 1, 2019           | 5.50% base rate with shared risk provision    | 2.75%                       | Prior to 7/1/21-8.25%<br>After 7/1/21-9.00%  |
| <b>T-H</b>                       | On or after July 1, 2019           | 4.50% base rate with shared risk provision    | 3.00%                       | Prior to 7/1/21-7.50%<br>After 7/1/21-8.25%  |
| <b>DC</b>                        | On or after July 1, 2019           | N/A                                           | 7.50%                       | 7.50%                                        |

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

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 – PENSION PLAN (Continued)**

**Contributions (Continued)**

**Employer Contributions:**

The school district's contractually required contribution rate for the fiscal year ended June 30, 2025, was 32.92%\* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$3,504,966 for the year ended June 30, 2025.

\*The defined contribution rate of 0.35% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution plan. This may impact contributions made to the pension plan.

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

At June 30, 2025, the School District reported a liability of \$28,001,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023, to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the School District's proportion was .0669% which was a decrease of .0033% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of \$1,924,698. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                 | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|-----------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between expected and actual experience               | \$ -                                      | \$ 440,000                               |
| Changes in assumptions                                          | -                                         | -                                        |
| Net difference between projected and actual investment earnings | 464,000                                   | -                                        |
| Changes in proportion                                           | -                                         | 1,379,000                                |
| Contributions subsequent to the measurement date                | 3,504,966                                 | -                                        |
|                                                                 | <b>\$ 3,968,966</b>                       | <b>\$ 1,819,000</b>                      |

The \$3,504,966 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2025.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 – PENSION PLAN (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

| Measurement<br>Date<br>Year ended<br>June 30, | Reporting<br>Date<br>Year ended<br>June 30, | Amortization<br>Amount |
|-----------------------------------------------|---------------------------------------------|------------------------|
| 2025                                          | 2026                                        | \$ (1,266,000)         |
| 2026                                          | 2027                                        | 237,000                |
| 2027                                          | 2028                                        | (233,000)              |
| 2028                                          | 2029                                        | (93,000)               |

**Changes in Actuarial Assumptions**

The Total Pension Liability as of June 30, 2024, was determined by rolling forward the System’s Total Pension Liability as of the June 30, 2023, to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2023
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023, and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021, actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00% respectively.
  - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021, actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 – PENSION PLAN (Continued)**

**Changes in Actuarial Assumptions (Continued)**

The actuarial assumptions used in the June 30, 2024, valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

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

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

| <u>Asset Class</u>   | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------|------------------------------|-------------------------------------------------------|
| Global public equity | 30.0%                        | 4.80%                                                 |
| Private equity       | 12.0%                        | 6.70%                                                 |
| Fixed Income         | 33.5%                        | 3.90%                                                 |
| Commodities          | 5.0%                         | 2.50%                                                 |
| Infrastructure       | 10.0%                        | 6.40%                                                 |
| Real estate          | 9.5%                         | 5.90%                                                 |
|                      | <u>100%</u>                  |                                                       |

The above table was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

**Discount Rate**

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

**Sensitivity of the School District’s proportionate share of the net pension liability to changes in the discount rate**

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

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 10 – PENSION PLAN (Continued)**

**Sensitivity of the School District’s proportionate share of the net pension liability to changes in the discount rate (Continued)**

|                                                                    | 1%<br>Decrease<br>6.00% | Current<br>Discount<br>Rate<br>7.00% | 1%<br>Increase<br>8.00% |
|--------------------------------------------------------------------|-------------------------|--------------------------------------|-------------------------|
| School District's proportionate share of the net pension liability | \$ 36,886,000           | \$ 28,001,000                        | \$ 20,498,000           |

**Pension plan fiduciary net position**

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

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM**

**General Information about the Health Insurance Premium Assistance Program**

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, 2024, there were no assumed future benefit increases to participating eligible retirees.

**Premium Assistance Eligibility Criteria**

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

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

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

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

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Plan Description**

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

**Benefits Provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance coverage through either their school employer or PSERS' Health Options Program.

**Employer Contributions**

The District's contractually required contribution rate for the fiscal year ended June 30, 2025, was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$66,370 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$1,187,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023, to June 30, 2024. 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, 2025, the District's proportion was .0668%, which is a decrease of .0034% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, Penn Cambria School District recognized OPEB expense of \$9,346. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

|                                                                 | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|-----------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between expected and actual experience               | \$ 4,000                                  | \$ 18,000                                |
| Changes in assumptions                                          | 72,000                                    | 181,000                                  |
| Net difference between projected and actual investment earnings | 2,000                                     | -                                        |
| Changes in proportion                                           | -                                         | 101,000                                  |
| Contributions subsequent to the measurement date                | 66,370                                    | -                                        |
|                                                                 | <b>\$ 144,370</b>                         | <b>\$ 300,000</b>                        |

The \$66,370 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended 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:

| <b>Measurement<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Reporting<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Amortization<br/>Amount</b> |
|---------------------------------------------------------|-------------------------------------------------------|--------------------------------|
| 2025                                                    | 2026                                                  | \$ (59,000)                    |
| 2026                                                    | 2027                                                  | (62,000)                       |
| 2027                                                    | 2028                                                  | (64,000)                       |
| 2028                                                    | 2029                                                  | (22,000)                       |
| 2029                                                    | 2030                                                  | (15,000)                       |
| Thereafter                                              | Thereafter                                            | -                              |

**Actuarial Assumptions**

The Total OPEB Liability as of June 30, 2024, was determined by rolling forward the System’s Total OPEB Liability as of June 30, 2023, to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal – level % of pay.
- Investment Return – 4.21% based on the S&P 20 Year Municipal Bond Rate.
- Salary Growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Actuarial Assumptions (Continued)**

- Mortality rates were based a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre-age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022, determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

| <u>OPEB - Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|---------------------------|------------------------------|-------------------------------------------------------|
| Cash                      | 100.0%                       | 1.70%                                                 |
|                           | <u>100.0%</u>                |                                                       |

The above table was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 4.21%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability for June 30, 2024, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                    | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|--------------------|------------------------|------------------------------------|------------------------|
| Net OPEB Liability | \$ 1,187,000           | \$ 1,187,000                       | \$ 1,187,000           |

**Sensitivity of the proportionate share of the Net OPEB liability to changes in the Discount Rate**

The following presents the net OPEB liability, calculated using the discount rate of 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.21%) or 1-percentage-point higher (5.21%) than the current rate:

|                    | <b>1%<br/>Decrease<br/>3.21%</b> | <b>Current Discount<br/>Rate<br/>4.21%</b> | <b>1%<br/>Increase<br/>5.21%</b> |
|--------------------|----------------------------------|--------------------------------------------|----------------------------------|
| Net OPEB Liability | \$ 1,341,000                     | \$ 1,187,000                               | \$ 1,058,000                     |

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN**

**Plan Description**

The Penn Cambria School District administers a single-employer defined benefit healthcare plan (the Plan). The Plan provides for post-employment health care benefits to all eligible employees per the terms of the District's various collective bargaining agreements and individual contracts. The program was established under the 'Retirement Program' provisions provided by The Penn Cambria School District Board of Education. The program entitles eligible employees to various health care benefits (medical, prescription drug, dental, and vision) mainly during the period between retirement and attaining Medicare age, with minor exceptions.

The plan is unfunded and does not issue a publicly available financial report. These benefits are accounted for in accordance with GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

**Funding Policy**

The contribution requirements of plan members and the School District are negotiated between the District and the union representatives and may be amended by the Penn Cambria Board of Education. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid to fund the health care benefits provided to current retirees. There are no assets that have been segregated and restricted to provide for retiree medical benefits. During the 2024-2025 fiscal year, the Penn Cambria School District paid approximately \$94,094 for retiree health insurance coverage.

**Participant Data**

Employees covered by benefit terms as of the July 1, 2024 actuarial valuation were as follows:

|           | <b><u>PARTICIPANT<br/>DATA</u></b> |
|-----------|------------------------------------|
| Actives   | <u>183</u>                         |
| Inactives | <u>20</u>                          |
| Total     | <u><u>203</u></u>                  |

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The District's total OPEB liability of \$3,063,667 was measured as of July 1, 2024, and was determined by an actuarial valuation performed as of July 1, 2024. As the District's OPEB Plan is unfunded, the total OPEB liability is equal to the net OPEB liability.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The July 1, 2024 valuation reflected the following change in total OPEB liability:

|                                                    |           |                         |
|----------------------------------------------------|-----------|-------------------------|
| <b>Balance at June 30, 2023</b>                    | <b>\$</b> | <b>3,136,948</b>        |
| <b>Changes for the year:</b>                       |           |                         |
| Service cost                                       |           | 131,610                 |
| Interest                                           |           | 131,425                 |
| Changes of benefit terms                           |           | -                       |
| Differences between expected and actual experience |           | (174,266)               |
| Changes of assumptions or other inputs             |           | (2,617)                 |
| Benefit payments                                   |           | (159,433)               |
| Net Changes                                        | <u>\$</u> | <u>(73,281)</u>         |
| <b>Balance at June 30, 2024</b>                    | <b>\$</b> | <b><u>3,063,667</u></b> |

For the year ended June 30, 2025, Penn Cambria School District recognized OPEB expense of \$33,317. At June 30, 2025, the District report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|----------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Benefit Payments subsequent to the Measurement Date - (7/1/24) | \$ 174,885                                | \$ -                                     |
| Difference between expected and actual experience              | -                                         | 738,333                                  |
| Changes in assumptions                                         | <u>273,178</u>                            | <u>657,422</u>                           |
|                                                                | <b><u>\$ 448,063</u></b>                  | <b><u>\$ 1,395,755</u></b>               |

The \$174,885 reported as deferred outflows of resources related to OPEB resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2025. Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Measurement<br/>Date<br/>Year ended<br/>June 30,</u> | <u>Reporting<br/>Date<br/>Year ended<br/>June 30,</u> | <u>Amortization<br/>Amount</u> |
|---------------------------------------------------------|-------------------------------------------------------|--------------------------------|
| 2025                                                    | 2026                                                  | \$ (148,927)                   |
| 2026                                                    | 2027                                                  | (148,927)                      |
| 2027                                                    | 2028                                                  | (148,927)                      |
| 2028                                                    | 2029                                                  | (148,929)                      |
| 2029                                                    | 2030                                                  | (149,415)                      |
| Thereafter                                              | Thereafter                                            | (377,452)                      |

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability**

The total OPEB liability was determined as of the July 1, 2024 actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

- Discount rate – 4.29% based on S & P Municipal Bond 20 Year High Grade Rate Index at 7/1/24.
- Salary increases – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
- Withdrawal – Rates of withdrawal vary by age, gender and years of service. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.
- Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.
- Disability – No disability assumed.
- Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.
- Percent of eligible retirees electing coverage in plan – 100% of Teacher and Administrators if eligible for the district subsidy and 20% of all other employees are assumed to elect coverage.
- Percent married at retirement – 15% of employees are assumed to be married and have a spouse covered by the plan at retirement.
- Spouse age – Wives are assumed to be two years younger than their husbands.
- Per capita claims cost – making use of weighted averages for various plan design, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender.
- Life insurance – It is assumed that the annual cost to provide life insurance varies by age. The Assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table.
- Retiree contributions – retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rates.
- Health Care Cost Trend Rate – 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Actuarial Value of Assets – Equal to the market value of assets.
- Actuarial cost method – Entry age normal
- Participant data – based on census information as of July 2024.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT – POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

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

The following is the Total OPEB Liability to the District, as well as the Total OPEB Liability using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

|                      | 1%<br>Decrease<br>3.29% | Discount<br>Rate<br>4.29% | 1%<br>Increase<br>5.29% |
|----------------------|-------------------------|---------------------------|-------------------------|
| Total OPEB Liability | \$ 3,269,152            | \$ 3,063,667              | \$ 2,867,708            |

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

The following is the Total OPEB Liability to the District, as well as the Total OPEB Liability using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|                      | 1%<br>Decrease | Trend<br>Rates | 1%<br>Increase |
|----------------------|----------------|----------------|----------------|
| Total OPEB Liability | \$ 2,849,415   | \$ 3,063,667   | \$ 3,310,701   |

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

**ADMIRAL PEARY AREA VOCATIONAL-TECHNICAL SCHOOL**

Penn Cambria School District, in conjunction with seven other School Districts (Blacklick Valley, Cambria Heights, Central Cambria, Conemaugh Valley, Harmony Area, Northern Cambria and Portage Area) funds the operating budget of the Admiral Peary Area Vocational-Technical School (Vo-Tech). The Vo-Tech is designed to teach students from Member Districts trade related professions. Each district's share of tuition is based on the percentage of the District's enrollment to the total enrollment at the Vo-Tech. The Vo-Tech's Joint Operating Committee is comprised of one appointed board member each from Blacklick Valley, Conemaugh Valley, Harmony Area, Northern Cambria, and Portage Area, and two appointed board members each from Cambria Heights, Central Cambria and Penn Cambria. Penn Cambria School District contributed \$973,206 to the Vo-Tech for the year ended June 30, 2025. The Vo-Tech issues separate financial statements annually, a copy of which can be obtained by contacting the Admiral Peary Area Vocational-Technical School's Business Office at 948 Ben Franklin Highway, Ebensburg, PA 15931-7628.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**APPALACHIA INTERMEDIATE UNIT 8**

Penn Cambria School District, in conjunction with 34 other School Districts, 5 area vocational-technical schools, 2 charter schools and approximately 81 non-public schools located in Bedford, Blair, Cambria and Somerset counties, participates in the Appalachia Intermediate Unit 8. IU8 provides programs for curriculum development and the improvement of instructional materials; it also offers educational management and pupil personnel services and serves as a liaison between school districts and state and federal education agencies. The general operations of the Intermediate Unit are governed by a Board of Directors, comprised of 13 elected members, who are responsible for developing operating policies, defining unit functioning and overseeing financial management. These board members constitute a representative sample of the communities and their populations within the four-county area. Penn Cambria School District contributed \$4,876 to the Appalachia Intermediate Unit 8 during the 2024-2025 fiscal year from its basic education subsidy for annual operating support and \$22,556 for transportation recovery. The Intermediate Unit issues separate financial statements annually, a copy of which can be obtained by contacting the Appalachia Intermediate Unit 8 Business Office at 4500 Sixth Avenue, Altoona, PA 16602.

**NOTE 13 - RISK AND UNCERTAINTIES**

**GENERAL INSURANCE**

The Penn Cambria 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.

**HEALTH INSURANCE**

The Penn Cambria School District is one of six local educational agency members of the Admiral Peary Insurance Trust. The six originating members are comprised of five school districts - Blacklick Valley, Cambria Heights, Central Cambria, Northern Cambria, and Penn Cambria, and one vocational-technical school - Admiral Peary Area Vocational-Technical School. The Trust was established in 1990 for the purpose of purchasing health insurance coverage on a cost-plus basis in an effort to contain and limit, insofar as possible, the cost of health and medical insurance coverage and to establish a Premium Stabilization Fund which would be used to pay settlement charges, if any, and ultimately be used to contain the cost of such insurance coverage. Each entity appoints a trustee to sit on the Board of Trustees. Currently, those Trustees are the business managers from each of the entities. The HDH Group, Inc. has been the broker of record and consultant for the Trust since it was established.

The Trust meets periodically to discuss current issues and to plan for the next year. Each year in advance of the next fiscal year, the Trust analyzes the fund balance in relation to the recommended Terminal Liability and Stabilization Reserve. Once these and other factors are considered, remit rates are set for the following year. The Trust accounts are currently held with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and are based at the Admiral Peary AVTS, whose business manager is responsible for monitoring deposits into the Trust, making required payments out of the trust, including insurance cost payments and consultant fees, and maintaining all files and correspondence of the Trust. Account activity is reviewed by all trustees periodically throughout the year. A second business manager acts as the main liaison between HDH, Highmark and the Trust, and maintains remit rate schedules with the input and approval of the other trustees. During the fiscal year 2024-2025, the Penn Cambria School District paid the Trust \$2,629,744 in medical insurance premiums. The Admiral Peary Insurance Trust is reported on the Annual Financial Report (AFR) of the Admiral Peary AVTS.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 13 - RISK AND UNCERTAINTIES (Continued)**

**STATE AND FEDERAL SUBSIDIES**

The Penn Cambria School District's state and federally funded programs are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The District is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LEGAL MATTERS**

The Penn Cambria School District, in the normal course of operations, is party to various legal matters normally associated with school district such as real estate tax assessment appeals, personnel wage and benefits, student education and athletics, construction projects, and other miscellaneous legal matters. The District is not aware of any current claims, litigation or assessments against the District that would materially adversely impact the financial position of the District as of the date of this report.

**NOTE 14 – PRIOR PERIOD ADJUSTMENT**

The prior period adjustment of \$98,000, to the July 1, 2024 governmental activities net position (Exhibit B) and General Fund 'fund balance' (Exhibit E and G), represents the effect of a change in accounting for the District's inventory of general supplies from the consumption method to the purchase method by expensing these supplies at the time of purchase.

**NOTE 15 – SUBSEQUENT EVENTS**

The Penn Cambria School District Board of Education took the following actions subsequent to June 30, 2025:

- Approved and closed on the sale of the District's Primary School for \$250,000 to Graystone, Inc.
- Awarded base bids (plus selected alternates) associated with the New Elementary Education Center for General, Food Service, Fire Protection, Plumbing, and Electrical Construction totaling \$18,642,750.
- Approved an amendment totaling \$11,310,551 to the initial Guaranteed Energy Savings Act (GESA) contract.

Management has determined that there are no additional events, subsequent to June 30, 2025 through the February 10, 2026 date of the 'Independent Auditor's Report', which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

**SUPPLEMENTARY  
INFORMATION**

**PENN CAMBRIA SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECT FUNDS**  
**JUNE 30, 2025**

**SCHEDULE 1**

|                                            | <b>CAPITAL<br/>RESERVE<br/>FUND</b> | <b>SERIES OF 2024<br/>CAPITAL<br/>PROJECT<br/>FUND</b> | <b>SERIES OF 2025<br/>CAPITAL<br/>PROJECT<br/>FUND</b> | <b>TOTAL</b>         |
|--------------------------------------------|-------------------------------------|--------------------------------------------------------|--------------------------------------------------------|----------------------|
| <b>ASSETS:</b>                             |                                     |                                                        |                                                        |                      |
| Cash and Cash Equivalents                  | \$ 1,733                            | \$ -                                                   | \$ -                                                   | \$ 1,733             |
| Investments                                | -                                   | 3,178,538                                              | 9,782,006                                              | 12,960,544           |
| Due from Other Funds                       | 3                                   | -                                                      | -                                                      | 3                    |
| <b>TOTAL ASSETS</b>                        | <b>\$ 1,736</b>                     | <b>\$ 3,178,538</b>                                    | <b>\$ 9,782,006</b>                                    | <b>\$ 12,962,280</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                     |                                                        |                                                        |                      |
| <b>LIABILITIES:</b>                        |                                     |                                                        |                                                        |                      |
| Accounts Payable                           | \$ -                                | \$ 765,786                                             | \$ -                                                   | \$ 765,786           |
| <b>TOTAL LIABILITIES</b>                   | <b>\$ -</b>                         | <b>\$ 765,786</b>                                      | <b>\$ -</b>                                            | <b>\$ 765,786</b>    |
| <b>FUND BALANCES:</b>                      |                                     |                                                        |                                                        |                      |
| Restricted                                 | \$ 1,736                            | \$ 2,412,752                                           | \$ 9,782,006                                           | \$ 12,196,494        |
| <b>TOTAL FUND BALANCES</b>                 | <b>\$ 1,736</b>                     | <b>\$ 2,412,752</b>                                    | <b>\$ 9,782,006</b>                                    | <b>\$ 12,196,494</b> |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 1,736</b>                     | <b>\$ 3,178,538</b>                                    | <b>\$ 9,782,006</b>                                    | <b>\$ 12,962,280</b> |

The accompanying notes are an integral part of these financial statements

**PENN CAMBRIA SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

|                                                              | <b>CAPITAL<br/>RESERVE<br/>FUND</b> | <b>SERIES OF 2024<br/>CAPITAL<br/>PROJECT<br/>FUND</b> | <b>SERIES OF 2025<br/>CAPITAL<br/>PROJECT<br/>FUND</b> | <b>TOTAL</b>          |
|--------------------------------------------------------------|-------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-----------------------|
| <b><u>REVENUES</u></b>                                       |                                     |                                                        |                                                        |                       |
| Local Sources                                                | \$ 45                               | \$ 303,026                                             | \$ 39,614                                              | \$ 342,685            |
| <b>Total Revenue</b>                                         | <b>\$ 45</b>                        | <b>\$ 303,026</b>                                      | <b>\$ 39,614</b>                                       | <b>\$ 342,685</b>     |
| <b><u>EXPENDITURES</u></b>                                   |                                     |                                                        |                                                        |                       |
| Support Services                                             | \$ -                                | \$ -                                                   | \$ 254,812                                             | \$ 254,812            |
| Capital Outlay                                               | -                                   | 7,196,623                                              | -                                                      | 7,196,623             |
| <b>Total Expenditures</b>                                    | <b>\$ -</b>                         | <b>\$ 7,196,623</b>                                    | <b>\$ 254,812</b>                                      | <b>\$ 7,451,435</b>   |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b>\$ 45</b>                        | <b>\$ (6,893,597)</b>                                  | <b>\$ (215,198)</b>                                    | <b>\$ (7,108,750)</b> |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                                     |                                                        |                                                        |                       |
| Bonds - Face Value                                           | \$ -                                | \$ -                                                   | \$ 9,895,000                                           | \$ 9,895,000          |
| Bond Premium                                                 | -                                   | -                                                      | 102,204                                                | 102,204               |
| <b>Total Other Financing Sources (Uses)</b>                  | <b>\$ -</b>                         | <b>\$ -</b>                                            | <b>\$ 9,997,204</b>                                    | <b>\$ 9,997,204</b>   |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b>\$ 45</b>                        | <b>\$ (6,893,597)</b>                                  | <b>\$ 9,782,006</b>                                    | <b>\$ 2,888,454</b>   |
| FUND BALANCE - JULY 1, 2024                                  | 1,691                               | 9,306,349                                              | -                                                      | 9,308,040             |
| <b>FUND BALANCE - JUNE 30, 2025</b>                          | <b>\$ 1,736</b>                     | <b>\$ 2,412,752</b>                                    | <b>\$ 9,782,006</b>                                    | <b>\$ 12,196,494</b>  |

The accompanying notes are an integral part of these financial statements

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**PENN CAMBRIA SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                               | <b><u>2024</u></b> | <b><u>2023</u></b> | <b><u>2022</u></b> | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> |
|-------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net pension liability                                                          | 0.0669%            | 0.0702%            | 0.0715%            | 0.0717%            | 0.0735%            | 0.0745%            | 0.0753%            | 0.0772%            | 0.0750%            | 0.0745%            |
| District's proportionate share of the net pension liability                                                 | \$ 28,001,000      | \$ 31,229,000      | \$ 31,788,000      | \$ 29,438,000      | \$ 36,191,000      | \$ 34,853,000      | \$ 36,148,000      | \$ 38,128,000      | \$ 37,168,000      | \$ 32,270,000      |
| District's covered-employee payroll                                                                         | \$ 10,603,012      | \$ 10,748,002      | \$ 10,508,900      | \$ 10,155,988      | \$ 10,327,903      | \$ 10,272,183      | \$ 10,143,765      | \$ 10,273,280      | \$ 9,714,138       | \$ 9,614,238       |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 264.09%            | 290.56%            | 302.49%            | 289.86%            | 350.42%            | 339.29%            | 356.36%            | 371.14%            | 382.62%            | 335.65%            |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 64.63%             | 61.85%             | 61.34%             | 63.67%             | 54.32%             | 55.66%             | 54.00%             | 51.84%             | 50.14%             | 54.36%             |

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

**PENN CAMBRIA SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

|                                                                     | <u>2025</u>        | <u>2024</u>        | <u>2023</u>        | <u>2022</u>        | <u>2021</u>        | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        |
|---------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually Required Contributions                                | \$ 3,504,966       | \$ 3,551,779       | \$ 3,705,440       | \$ 3,582,844       | \$ 3,407,230       | \$ 3,438,177       | \$ 3,326,474       | \$ 3,184,277       | \$ 3,024,244       | \$ 2,445,502       |
| Contribution in relation to the contractually required contribution | <u>(3,504,966)</u> | <u>(3,551,779)</u> | <u>(3,705,440)</u> | <u>(3,582,844)</u> | <u>(3,407,230)</u> | <u>(3,438,177)</u> | <u>(3,326,474)</u> | <u>(3,184,277)</u> | <u>(3,024,244)</u> | <u>(2,445,502)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| District's covered payroll                                          | \$ 10,534,190      | \$ 10,603,012      | \$ 10,748,002      | \$ 10,508,900      | \$ 10,155,988      | \$ 10,327,903      | \$ 10,272,183      | \$ 10,143,765      | \$ 10,273,280      | \$ 9,714,138       |
| Contributions as a percentage of covered-employee payroll           | 33.27%             | 33.50%             | 34.48%             | 34.09%             | 33.55%             | 33.29%             | 32.38%             | 31.39%             | 29.44%             | 25.17%             |

Note: Beginning in 2018 with the implementation of GASB 75, contributions as reported above reflect the pension portion of the contribution only. The premium assistance (OPEB) portion of the contribution is reflected on a separate RSI schedule. Prior year contributions reflect both the pension and premium assistance amounts combined.

**PENN CAMBRIA SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**PSERS PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                            | <b>2024</b>   | <b>2023</b>   | <b>2022</b>   | <b>2021</b>   | <b>2020</b>   | <b>2019</b>   | <b>2018</b>   | <b>2017</b>   | <b>2016</b>  |
|----------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| District's proportion of the net OPEB liability                                                          | 0.0668%       | 0.0702%       | 0.0715%       | 0.0716%       | 0.0736%       | 0.0745%       | 0.0753%       | 0.0772%       | 0.0750%      |
| District's proportionate share of the net OPEB liability                                                 | \$ 1,187,000  | \$ 1,270,000  | \$ 1,316,000  | \$ 1,698,000  | \$ 1,590,000  | \$ 1,584,000  | \$ 1,570,000  | \$ 1,573,000  | \$ 1,615,000 |
| District's covered-employee payroll                                                                      | \$ 10,603,012 | \$ 10,748,002 | \$ 10,508,900 | \$ 10,155,988 | \$ 10,327,903 | \$ 10,272,183 | \$ 10,143,765 | \$ 10,273,280 | \$ 9,714,138 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 11.19%        | 11.82%        | 12.52%        | 16.72%        | 15.40%        | 15.42%        | 15.48%        | 15.31%        | 16.63%       |
| Plan fiduciary net position as a percentage of the total OPEB liability                                  | 7.13%         | 7.22%         | 6.86%         | 5.30%         | 5.69%         | 5.56%         | 5.56%         | 5.73%         | N/A          |

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

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**PENN CAMBRIA SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB CONTRIBUTIONS**  
**PSERS PLAN**  
**JUNE 30,**

|                                                                     | <u>2025</u>     | <u>2024</u>     | <u>2023</u>     | <u>2022</u>     | <u>2021</u>     | <u>2020</u>     | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     |
|---------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Contractually Required Contributions                                | \$ 66,370       | \$ 68,140       | \$ 80,530       | \$ 83,957       | \$ 82,930       | \$ 86,340       | \$ 84,692       | \$ 83,269       | \$ 83,587       |
| Contribution in relation to the contractually required contribution | <u>(66,370)</u> | <u>(68,140)</u> | <u>(80,530)</u> | <u>(83,957)</u> | <u>(82,930)</u> | <u>(86,340)</u> | <u>(84,692)</u> | <u>(83,269)</u> | <u>(83,587)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| District's covered payroll                                          | \$ 10,534,190   | \$ 10,603,012   | \$ 10,748,002   | \$ 10,508,900   | \$ 10,155,988   | \$ 10,327,903   | \$ 10,272,183   | \$ 10,143,765   | \$ 10,273,280   |
| Contributions as a percentage of covered-employee payroll           | 0.63%           | 0.64%           | 0.75%           | 0.80%           | 0.82%           | 0.84%           | 0.82%           | 0.82%           | 0.81%           |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**PENN CAMBRIA SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DISTRICT POST-RETIREMENT HEALTHCARE PLAN**  
**JUNE 30,**

|                                                         | <u>2025</u>         | <u>2024</u>         | <u>2023</u>           | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         |
|---------------------------------------------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Service cost                                            | \$ 131,610          | \$ 123,783          | \$ 229,798            | \$ 231,880          | \$ 202,674          | \$ 205,238          | \$ 247,944          | \$ 247,258          |
| Interest                                                | 131,425             | 123,988             | 95,349                | 76,837              | 120,707             | 104,479             | 117,543             | 88,939              |
| Change of benefits terms                                | -                   | -                   | -                     | -                   | (4,361)             | -                   | 3,844               | -                   |
| Differences between expected and actual experience      | (174,266)           | -                   | (467,351)             | -                   | (83,004)            | -                   | (459,837)           | -                   |
| Changes of assumptions or other inputs                  | (2,617)             | 32,225              | (730,129)             | (115,553)           | 410,371             | (94,000)            | 13,161              | 5,854               |
| Benefit payments                                        | (159,433)           | (159,639)           | (137,993)             | (142,652)           | (130,436)           | (122,230)           | (137,681)           | (184,731)           |
| <b>Net Change in Total OPEB Liability</b>               | <b>\$ (73,281)</b>  | <b>\$ 120,357</b>   | <b>\$ (1,010,326)</b> | <b>\$ 50,512</b>    | <b>\$ 515,951</b>   | <b>\$ 93,487</b>    | <b>\$ (215,026)</b> | <b>\$ 157,320</b>   |
| <b>Total OPEB Liability - Beginning of Year</b>         | <b>3,136,948</b>    | <b>3,016,591</b>    | <b>4,026,917</b>      | <b>3,976,405</b>    | <b>3,460,454</b>    | <b>3,366,967</b>    | <b>3,581,993</b>    | <b>3,424,673</b>    |
| <b>Total OPEB Liability - End of Year</b>               | <b>\$ 3,063,667</b> | <b>\$ 3,136,948</b> | <b>\$ 3,016,591</b>   | <b>\$ 4,026,917</b> | <b>\$ 3,976,405</b> | <b>\$ 3,460,454</b> | <b>\$ 3,366,967</b> | <b>\$ 3,581,993</b> |
| Covered payroll                                         | \$ 9,914,748        | \$ 10,133,816       | \$ 10,133,816         | \$ 10,021,700       | \$ 10,021,700       | \$ 9,869,282        | \$ 9,869,282        | \$ 9,458,607        |
| Total OPEB liability as a percentage of covered payroll | 30.90%              | 30.96%              | 29.77%                | 40.18%              | 39.68%              | 35.06%              | 34.12%              | 37.87%              |

This schedule is intended to illustrate information for a ten (10) year period. Information for the ten-year period will be presented as information becomes available.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

**NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PSERS PENSION BENEFITS**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2024**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2023**

None

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

**Changes in Benefit Terms**

None

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**  
**(Continued)**

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2024**

- Investment return went from 4.13% S&P 20 Year Municipal Bond Rate to 4.21% S&P 20 Year Municipal Bond Rate
- The discount rate increased from 4.13% to 4.21%

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2023**

- Investment return went from 4.09% S&P 20 Year Municipal Bond Rate to 4.13% S&P 20 Year Municipal Bond Rate
- The discount rate increased from 4.09% to 4.13%

**Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine contribution rates reported in the OPEB required supplementary schedules:

- The results of the actuarial valuation as of June 30, 2022, determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset Valuation Method: Market value
- Participation Rate: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

**NOTE 3 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE RETIREE OPEB SCHOOL PLAN**

**Changes in Benefit Terms**

None

**Changes in Assumptions**

- The discount rate changed from 4.13% at June 30, 2024 to 4.29% at June 30, 2025.
- The trend assumption was updated.

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The actuarial plan does not disclose actuarial assumptions, if applicable, used in the calculations of Actuarially Determined Contributions.

**PENN CAMBRIA  
SCHOOL DISTRICT**

***INFORMATION AS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE***

**Turnley Robertson & Associates LLC**

**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**

**Management and Board of Education  
Penn Cambria 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 Standard* 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 Penn Cambria School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Penn Cambria School District's basic financial statements, and have issued our report thereon dated February 10, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Penn Cambria 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 Penn Cambria School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Penn Cambria 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 Penn Cambria School District'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 may exist that have not been identified.

**Management and Board of Education  
Penn Cambria School District**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Penn Cambria School District's financial statements are free of 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 Penn Cambria School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Penn Cambria School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Turnley Robertson & Associates LLC*  
Turnley Robertson & Associates LLC

February 10, 2026  
New Brighton, Pennsylvania

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

**Management and Board of Education  
Penn Cambria School District**

### **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

#### **Opinion on Each Major Federal Program**

We have audited Penn Cambria School District's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Penn Cambria School District's major federal programs for the year ended June 30, 2025. Penn Cambria School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Penn Cambria School District complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

#### **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 Penn Cambria 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 Penn Cambria 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 Penn Cambria 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 Penn Cambria 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 judgement made by a reasonable user of the report on compliance about Penn Cambria School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with the generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement 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 Penn Cambria 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 Penn Cambria 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 Penn Cambria 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 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.

*Turnley Robertson & Associates LLC*  
Turnley Robertson & Associates LLC

February 10, 2026  
New Brighton, Pennsylvania

**PENN CAMBRIA SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

| FEDERAL GRANTOR / PROJECT TITLE                                                          | FUNDING SOURCE | ASSISTANCE LIVING NUMBER | PASS-THROUGH GRANTOR NUMBER | GRANT PERIOD BEGINNING / ENDING DATE | PROGRAM AWARD AMOUNT | 2024-2025 PASSED THROUGH TO SUBRECIPIENTS | TOTAL RECEIVED THIS PERIOD | ACCRUED (UNEARNED) REVENUE JULY 1 | REVENUE RECOGNIZED  | EXPENDITURES        | ACCRUED (UNEARNED) REVENUE JUNE 30 |
|------------------------------------------------------------------------------------------|----------------|--------------------------|-----------------------------|--------------------------------------|----------------------|-------------------------------------------|----------------------------|-----------------------------------|---------------------|---------------------|------------------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION:</b>                                                     |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Department of Education:</b>                                       |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Title I                                                                                  | Indirect       | 84.010                   | 013-250322                  | 7/3/24-9/30/25                       | \$ 371,986           | \$ -                                      | \$ 265,926                 | \$ -                              | \$ 339,359          | \$ 339,359          | \$ 73,433                          |
| Title I                                                                                  | Indirect       | 84.010                   | 013-240322                  | 7/3/23-9/30/24                       | 376,774              | -                                         | 125,277                    | 51,749                            | 73,528              | 73,528              | -                                  |
| Title II - Improving Teacher Quality                                                     | Indirect       | 84.367                   | 020-250322                  | 7/3/24-9/30/25                       | 55,847               | -                                         | 55,417                     | -                                 | 52,257              | 52,257              | (3,160)                            |
| Title II - Improving Teacher Quality                                                     | Indirect       | 84.367                   | 020-240322                  | 7/3/23-9/30/24                       | 52,114               | -                                         | 217                        | (3,269)                           | 3,486               | 3,486               | -                                  |
| Title IV                                                                                 | Indirect       | 84.424                   | 144-250322                  | 7/3/24-9/30/25                       | 28,374               | -                                         | 28,374                     | -                                 | 25,831              | 25,831              | (2,543)                            |
| Title IV                                                                                 | Indirect       | 84.424                   | 144-240322                  | 7/3/23-9/30/24                       | 29,266               | -                                         | 7,804                      | 7,804                             | -                   | -                   | -                                  |
| COVID-19 - ARP ESSER III Fund Local                                                      | Indirect       | 84.425U                  | 223-210322                  | 3/13/20-9/30/24                      | 3,128,877            | -                                         | 227,555                    | 202,027                           | 25,528              | 25,528              | -                                  |
| <b>Total Passed through Pa. Department of Education</b>                                  |                |                          |                             |                                      |                      |                                           | <b>\$ 710,570</b>          | <b>\$ 258,311</b>                 | <b>\$ 519,989</b>   | <b>\$ 519,989</b>   | <b>\$ 67,730</b>                   |
| <b>Passed through Appalachia Intermediate Unit 8: (Special Education (IDEA) Cluster)</b> |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| IDEA                                                                                     | Indirect       | 84.027                   | 062-25-0008                 | 7/1/24-9/30/25                       | \$ 320,134           | \$ -                                      | \$ 88,833                  | \$ -                              | \$ 320,134          | \$ 320,134          | \$ 231,301                         |
| IDEA Section 619                                                                         | Indirect       | 84.173A                  | 131-25-0008                 | 7/1/24-6/30/25                       | 2,616                | -                                         | 2,616                      | -                                 | 2,616               | 2,616               | -                                  |
| IDEA                                                                                     | Indirect       | 84.027                   | 062-24-0008                 | 7/1/23-9/30/24                       | 328,441              | -                                         | 243,025                    | 243,025                           | -                   | -                   | -                                  |
| <b>Total Passed through Appalachia Intermediate Unit 8</b>                               |                |                          |                             |                                      |                      |                                           | <b>\$ 334,474</b>          | <b>\$ 243,025</b>                 | <b>\$ 322,750</b>   | <b>\$ 322,750</b>   | <b>\$ 231,301</b>                  |
| <b>Total Special Education (IDEA) Cluster</b>                                            |                |                          |                             |                                      |                      |                                           | <b>\$ 334,474</b>          | <b>\$ 243,025</b>                 | <b>\$ 322,750</b>   | <b>\$ 322,750</b>   | <b>\$ 231,301</b>                  |
| <b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>                                                |                |                          |                             |                                      |                      |                                           | <b>\$ 1,045,044</b>        | <b>\$ 501,336</b>                 | <b>\$ 842,739</b>   | <b>\$ 842,739</b>   | <b>\$ 299,031</b>                  |
| <b>U.S. DEPARTMENT OF TREASURY:</b>                                                      |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Commission on Crime and Delinquency:</b>                           |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| COVID-SFR School Mental Health Grant                                                     | Indirect       | 21.027                   | 2023-CM-01-42353            | 1/1/24-12/31/25                      | \$ 119,488           | \$ -                                      | \$ 62,300                  | \$ -                              | \$ 119,488          | \$ 119,488          | \$ 57,188                          |
| <b>Total Passed through Pa. Commission on Crime and Delinquency</b>                      |                |                          |                             |                                      |                      |                                           | <b>\$ 62,300</b>           | <b>\$ -</b>                       | <b>\$ 119,488</b>   | <b>\$ 119,488</b>   | <b>\$ 57,188</b>                   |
| <b>TOTAL U.S. DEPARTMENT OF TREASURY</b>                                                 |                |                          |                             |                                      |                      |                                           | <b>\$ 62,300</b>           | <b>\$ -</b>                       | <b>\$ 119,488</b>   | <b>\$ 119,488</b>   | <b>\$ 57,188</b>                   |
| <b>U.S. DEPARTMENT OF AGRICULTURE:</b>                                                   |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Department of Education:</b>                                       |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| National School Lunch Program                                                            | Indirect       | 10.555                   | N/A                         | 7/1/24-6/30/25                       | N/A                  | \$ -                                      | \$ 357,961                 | \$ -                              | \$ 357,961          | \$ 357,961          | (1) \$ -                           |
| Breakfast Program                                                                        | Indirect       | 10.553                   | N/A                         | 7/1/24-6/30/25                       | N/A                  | -                                         | 124,293                    | -                                 | 124,293             | 124,293             | (1) -                              |
| Supply Chain Assistance                                                                  | Indirect       | 10.555                   | N/A                         | 7/1/23-6/30/24                       | N/A                  | -                                         | -                          | (39,848)                          | 39,848              | 39,848              | (1) -                              |
| <b>Total Passed through Pa. Department of Education</b>                                  |                |                          |                             |                                      |                      |                                           | <b>\$ 482,254</b>          | <b>\$ (39,848)</b>                | <b>\$ 522,102</b>   | <b>\$ 522,102</b>   | <b>\$ -</b>                        |
| <b>Passed through Pa. Department of Agriculture:</b>                                     |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| National School Lunch Program                                                            | Indirect       | 10.555                   | N/A                         | 7/1/24-6/30/25                       | N/A                  | \$ -                                      | \$ 62,270                  | * \$ (5,194)                      | ** \$ 57,573        | \$ 57,573           | (1) \$ (9,891) ***                 |
| <b>Total Passed through Pa. Department of Agriculture</b>                                |                |                          |                             |                                      |                      |                                           | <b>\$ 62,270</b>           | <b>\$ (5,194)</b>                 | <b>\$ 57,573</b>    | <b>\$ 57,573</b>    | <b>\$ (9,891)</b>                  |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE (Total Child Nutrition Cluster)</b>              |                |                          |                             |                                      |                      |                                           | <b>\$ 544,524</b>          | <b>\$ (45,042)</b>                | <b>\$ 579,675</b>   | <b>\$ 579,675</b>   | <b>\$ (9,891)</b>                  |
| <b>Passed through Pa. Department of Education:</b>                                       |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Child Nutrition Discretionary Grant (Equipment Grant)                                    | Indirect       | 10.579                   | 108-11-600-3                | 2/26/24-12/31/24                     | \$ 7,325             | \$ -                                      | \$ 2,198                   | \$ 368                            | \$ 1,830            | \$ 1,830            | \$ -                               |
| <b>Total Passed through Pa. Department of Education</b>                                  |                |                          |                             |                                      |                      |                                           | <b>\$ 2,198</b>            | <b>\$ 368</b>                     | <b>\$ 1,830</b>     | <b>\$ 1,830</b>     | <b>\$ -</b>                        |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>                                              |                |                          |                             |                                      |                      |                                           | <b>\$ 546,722</b>          | <b>\$ (44,674)</b>                | <b>\$ 581,505</b>   | <b>\$ 581,505</b>   | <b>\$ (9,891)</b>                  |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>                                     |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Department of Human Services:</b>                                  |                |                          |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Title 19                                                                                 | Indirect       | 93.778                   | N/A                         | 7/1/24-6/30/25                       | N/A                  | \$ -                                      | \$ 13,987                  | \$ -                              | \$ 16,711           | \$ 16,711           | \$ 2,724                           |
| Title 19                                                                                 | Indirect       | 93.778                   | N/A                         | 7/1/23-6/30/24                       | N/A                  | -                                         | 3,989                      | 3,989                             | -                   | -                   | -                                  |
| <b>Total Passed through Pa. Department of Human Services</b>                             |                |                          |                             |                                      |                      |                                           | <b>\$ 17,976</b>           | <b>\$ 3,989</b>                   | <b>\$ 16,711</b>    | <b>\$ 16,711</b>    | <b>\$ 2,724</b>                    |
| <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                                |                |                          |                             |                                      |                      |                                           | <b>\$ 17,976</b>           | <b>\$ 3,989</b>                   | <b>\$ 16,711</b>    | <b>\$ 16,711</b>    | <b>\$ 2,724</b>                    |
| <b>TOTAL FEDERAL ASSISTANCE</b>                                                          |                |                          |                             |                                      |                      |                                           | <b>\$ 1,672,042</b>        | <b>\$ 460,651</b>                 | <b>\$ 1,560,443</b> | <b>\$ 1,560,443</b> | <b>\$ 349,052</b>                  |

**# Reconciliation with federal subsidy confirmation:**

|                                                       |                     |
|-------------------------------------------------------|---------------------|
| Per above                                             | \$ 1,672,042        |
| School Lunch/Breakfast matching subsidy               | 126,440             |
| IDEA                                                  | (334,474)           |
| Department of Health and Human Services               | (17,976)            |
| Pre-K Counts                                          | 177,438             |
| COVID-SFR School Mental Health Grant                  | (62,300)            |
| Child Nutrition Discretionary Grant (Equipment Grant) | (2,198)             |
| Donated commodities                                   | (62,270)            |
| Per confirmation                                      | <u>\$ 1,496,702</u> |

\* Total USDA Commodity Received  
\*\* Represents beginning inventory - 7/1/24  
\*\*\* Represents ending inventory - 6/30/25  
(1) Denotes Major Program

**PENN CAMBRIA SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2025**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the Penn Cambria School District for the year ended June 30, 2025. 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 Grant Guidance – UGG)*. 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 or changes in net position of the Penn Cambria School District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are presented using the accrual method of accounting. Under this method, grant revenue is recognized to the extent expenditures are incurred. Expenditures are recognized when the liability for the expenditure is incurred rather than when the disbursement is actually made.

The federal expenditures are recognized, as applicable, under the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited to reimbursement.

**NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal financial award revenues are included in the financial statements as 'local source' and 'federal source' revenues.

**NOTE 4 – RECEIVABLES AND UNEARNED REVENUE**

Federal grants receivable is included as part of 'due from other governments' in Exhibit A and Exhibit C as referenced in Note 4 to the Financial Statements. Unearned federal grant revenue, if any, is included as part of 'unearned revenue' in Exhibit A and Exhibit C and is referenced in Note 6 to the Financial Statements.

**NOTE 5 - NON-CASH ASSISTANCE**

The Penn Cambria School District received donated commodities from the Department of Agriculture in connection with its food service program. The amount of non-cash assistance expended in the accompanying schedule of expenditures of federal awards reflects the fair market value of the commodities used during the 2024-2025 fiscal year.

**NOTE 6 – INDIRECT COST RATE**

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

**PENN CAMBRIA SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes Xno
- Significant deficiency(ies) identified? \_\_\_yes Xno

Noncompliance material to financial statements noted? \_\_\_yes Xno

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes Xno
- Significant deficiency(ies) identified? \_\_\_yes Xno

Type of auditor’s report issued on compliance for major programs Unmodified

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

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u>               |
|-------------------------------------|---------------------------------------------------------|
| 10.553                              | School Breakfast Program (Child Nutrition Cluster)      |
| 10.555                              | National School Lunch Program (Child Nutrition Cluster) |

The dollar threshold for distinguishing type A and type B programs:

|                |                          |
|----------------|--------------------------|
| Type A Program | \$750,000 - \$25,000,000 |
| Type B Program | Less than \$750,000      |

Auditee qualified as low-risk auditee? Xyes \_\_\_no

**Section II – Financial Statement Findings**

Findings related to the financial statements which are required to be report in accordance with Government Auditing Standards.

None

**Section III – Federal Award Findings and Questioned Costs**

Findings and questioned costs related to Federal Awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):

None

**PENN CAMBRIA SCHOOL DISTRICT**  
**STATUS OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

The audit report of the Penn Cambria School District for the year ended June 30, 2024, dated February 11, 2025, contained no audit findings.

**APPENDIX D –  
Form of Continuing Disclosure Certificate**

FORM OF  
CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by Penn Cambria School District (Cambria and Blair Counties, Pennsylvania) (the “Issuer”), in connection with the issuance of its \$ \_\_\_\_\_, aggregate principal amount, General Obligation Bonds, Series of 2026 (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 February 17, 2026 (the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

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

“*Official Statement*” means the Preliminary Official Statement relating to the Obligations, and the Official Statement relating to the Obligations, dated \_\_\_\_\_, 2026.

“*Operating Data*” shall mean updates to certain tabular information contained in the Official Statement under the following headings or subheadings: (a) Penn Cambria School District Enrollment Trends (Table 2); (b) Penn Cambria School District Tax Rates (Table 6); (c) Penn Cambria School District Real Property Assessment Data (Table 8); (d) Penn Cambria School District Real Property Tax Collection Data (Table 11); and (e) Penn Cambria School District Ten Largest Real Property Taxpayers (Table 12).

“*Purchaser*” means Janney Montgomery Scott LLC, in its role as original purchaser and underwriter of the Obligations.

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

Section 3. ***Provision of Annual Reports.*** The Issuer shall provide the Annual Report by March 31 following the end of each fiscal year (the “Report Date”), beginning with the fiscal year ending June 30, 2026 to EMMA, which is consistent with the requirements of Section 4 of this Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking, provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The Annual Report must be submitted in the manner prescribed by the Municipal Securities Rulemaking Board, currently by uploading a machine word-searchable .pdf file to the EMMA Dataport web site.

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

- (a) financial statements for the Issuer for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units<sup>1</sup>;
- (b) a summary of the budget for the current fiscal year (the fiscal year following the fiscal year of the financial statements being provided); and
- (c) the Operating Data.

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

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

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;

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

- (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. **Termination of Reporting Obligation.** The Issuer's obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations.

Section 7. **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 8. **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 9. **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 10. **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 11. **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 12. **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 13. *Notices.*

Any notices or communications to or with the Issuer may be given as follows:

Penn Cambria School District  
201 6<sup>th</sup> Street  
Cresson, PA 16630  
Attention: Business Administrator

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Certificate as of this \_\_\_\_ day of \_\_\_\_\_, 2026.

PENN CAMBRIA SCHOOL DISTRICT

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

**APPENDIX E –  
Specimen of Municipal Bond Insurance Policy**