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

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 26, 2024

NEW ISSUE—BOOK-ENTRY ONLY

RATING: 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, in the case of Bonds sold at an original issue discount, the difference between 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 §57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of Federal individual alternative minimum tax. The Bonds, and interest income therefrom, are free from taxation for purposes of personal, and corporate net, income taxes within the Commonwealth of Pennsylvania.

The School District has 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 Exemption" herein.

$5,600,000*
Indiana Area School District
(Indiana County, Pennsylvania)
General Obligation Bonds, Series of 2024

Dated: November 5, 2024 **Principal Due:** August 15, as shown on the inside cover
Interest Due: February 15 and August 15 **First Interest Payment:** February 15, 2025

The General Obligation Bonds, Series of 2024 (the "Bonds") in the aggregate principal amount of $5,600,000* will be issued in registered form in denominations of $5,000 or any integral multiple thereof. The Bonds, when issued, will be registered in the name of Cede & Co., which is the partnership 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 Indiana Area School District, Indiana County, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution, hereinafter defined, or from any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and available taxing power. ***(But see "Security" and "Act 1 of Special Session 2006 ("Taxpayer Relief Act")" herein)***.

Interest on each of the Bonds is payable initially on February 15, 2025, and thereafter semiannually on February 15 and August 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Zions Bancorporation, 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 located in Pittsburgh, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*). **The Bonds are subject to redemption prior to maturity.**

Proceeds of the Bonds will be used towards: (1) payment of costs of acquiring and constructing certain repairs to, and capital improvements and renovations of, various facilities of Local Government Unit, being, in particular, lighting, utility and mechanical systems, controls and appurtenances expected to achieve energy conservation and cost savings, pursuant to contract with, and plans and specifications of, Constellation Energy Corporation, together with (2) payment of the costs of issuance of the Bonds.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ______.

MATURITIES, AMOUNTS, RATES AND PRICES
{As shown on inside cover}

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, of Pittsburgh, Pennsylvania, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Dillon McCandless King Coulter & Graham, LLP, Ebensburg, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC of Harrisburg, Pennsylvania, will act as the School District's Financial Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about November 5, 2024.

PFM FINANCIAL ADVISORS LLC
Financial Advisor to the School District

Dated:

*Estimated, subject to change.

$5,600,000*
Indiana Area School District
(Indiana County, Pennsylvania)
General Obligation Bonds, Series of 2024

Dated: November 5, 2024
Interest Due: February 15 and August 15
Principal Due: August 15, as shown below
First Interest Payment: February 15, 2025

Year of Maturity (August 15)	Principal Maturity Amount	Interest Rate	Initial Offering Prices	CUSIP Numbers [1]
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				

[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 has agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Estimated, subject to change.

INDIANA AREA SCHOOL DISTRICT

Indiana County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Walter Schroth	President
Julia Trimarchi Cuccaro	Vice President
Anise Markle	Secretary*
Jared Cronauer	Treasurer*
Chris Adams	Member
Thomas Harley	Member
Dr. Sally McCombie	Member
Dr. Sue Rieg	Member
Dr. Jim Shaffer	Member
Doug Steve	Member
Quintina Thomas	Member

*Non-voting.

SUPERINTENDENT
ROBERT HEINRICH

BUSINESS MANAGER
JARED CRONAUER

SCHOOL DISTRICT SOLICITOR
DILLON MCCANDLESS KING COULTER & GRAHAM, LLP
Ebensburg, Pennsylvania

BOND COUNSEL
DINSMORE & SHOHL LLP
Pittsburgh, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

PAYING AGENT
ZIONS BANCORPORATION, NATIONAL ASSOCIATION
Pittsburgh, Pennsylvania

SCHOOL DISTRICT ADDRESS
501 East Pike
Indiana, Pennsylvania 15701

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

$5,600,000*
Indiana Area School District
(Indiana County, Pennsylvania)
General Obligation Bonds, Series of 2024

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by Indiana Area School District, Indiana County, Pennsylvania (the "School District"), in connection with the offering of its $5,600,000*, aggregate principal amount, General Obligation Bonds, Series of 2024 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on August 26, 2024 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. Chs. 80-82 (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used towards: (1) payment of costs of acquiring and constructing certain repairs to, and capital improvements and renovations of, various facilities of Local Government Unit, being, in particular, lighting, utility and mechanical systems, controls and appurtenances expected to achieve energy conservation and cost savings, pursuant to contract with, and plans and specifications of, Constellation Energy Corporation, together with (2) payment of the costs of issuance of 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.

	Totals
Source of Funds	
Par Amount	
Net Original Issue Premium/(Discount)	
Total Source of Funds	
Use of Funds	
Construction Fund Deposit	
Costs of Issuance[(1)]	
Total Use of Funds	

[(1)]Includes legal, financial advisor, printing, rating, total Bond discount, municipal Bond insurance premium, CUSIP, paying agent and miscellaneous costs.

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued only as fully registered book-entry only form in the denominations of $5,000 and integral multiples thereof. The Bonds will be issued as one fully registered Bond for each maturity of the Bonds in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"), as registered owner of all Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. The Bonds will be dated November 5, 2024, and will bear interest at the rates and mature in the amounts and on the dates set forth on the cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on February 15, 2025 and semiannually thereafter on February 15 and August 15 until the principal sum thereof is paid.

Payment of Principal and Interest

Subject to the provisions described under "BOOK-ENTRY ONLY SYSTEM" herein, principal of the Bonds will be paid to the registered owners thereof or assigns, when due, upon surrender of the Bonds at the designated office of the Paying Agent.

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of authentication of the Bond, unless: (a) such Bond is 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 authenticated after a Regular Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such succeeding interest payment date, or (c) such Bond is authenticated on or prior to the Regular Record Date preceding February 15, 2025, in which event such Bond shall bear interest from November 5, 2024, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bonds shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on February 15, 2025, and thereafter, semiannually on February 15 and August 15 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the last day of the month (whether not a business day) immediately preceding each interest payment date (the "Regular Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Regular 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 (which shall be a business day) for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds at least ten (10) days preceding such special record date but not more than thirty (30) days prior to the payment date of such defaulted interest.

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 of Pennsylvania or in each of the cities in which the corporate trust office or payment office of the Paying Agent are located are authorized 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 to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described under "BOOK-ENTRY ONLY SYSTEM" herein, Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, at its designated office in Pittsburgh, Pennsylvania, 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 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.

The Paying Agent shall not be required to transfer or exchange any Bonds during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or at any time following the mailing of such redemption, if the Bond to be transferred or exchanged has been called for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

SECURITY FOR THE BONDS

General Obligation Pledge

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and available taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable property 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).

Commonwealth Enforcement of Debt Service Payments

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

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

Pennsylvania Budget Adoption

State budgets for the 2018-19 and the 2019-20 fiscal years were adopted timely.

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

The Governor timely signed the state's 2021-2022 fiscal year budget on June 30, 2021. That budget included an increase of $300 million for basic education, with $100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a $50 million increase, boosting that budget line to $1.24 billion, while preschool and Head Start programs received a $30 million increase, to $311.5 million. All told, funding for K-12 schools reached a then 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's delay, a $45.5 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included $8.4 billion for the basic education funding appropriation. The total amount was a $796.6 million (10.45%) increase over the 2022-2023 fiscal year appropriation. This budget also provided $50 million in additional aid to school districts for special education services for a total of $1.3 billion. Certain funds authorized within the 2023-2024 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.

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

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

Act 85 of 2016

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

Act 85 of 2016 includes in the definition of "intercept statutes" Section 633 of the Public School Code. The 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 that may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

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

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

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

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

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

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

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

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series of 2024" (the "Sinking Fund"), will be created in accordance with the Resolution and will be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds 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, the respective interest and principal then due on the Bonds.

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

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

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 sinking fund redemptions prior to maturity, in the years and amounts as shown in the Invitation to Bid, upon payment of 100% of the principal amount of Bonds to be redeemed, together with accrued interest to the date fixed for redemption, or upon maturity, as applicable. Term 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 August 15, 2030 shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on February 15, 2030 or on any date thereafter, or from time to time, in part (and if in part, in any order of maturities as selected by the School District for redemption 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 mailing a copy of the redemption notice by first class United States mail, postage prepaid, or by another method of giving notice which is acceptable to the Paying Agent and customarily used by fiduciaries for similar notices at the time such notice is given, not less than thirty (30) 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 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 or in each of the cities in which the corporate trust office or payment office of the Paying Agent are located 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.

BOOK-ENTRY ONLY SYSTEM

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

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

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

Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY

NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

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

THE SCHOOL DISTRICT

Introduction

The Indiana Area School District, a school district of the third class, is located in the central part of Indiana County, Pennsylvania (the "County"). The School District is situated 60 miles northeast of Pittsburgh, 31 miles north of Johnstown and 168 miles west of Harrisburg. Comprising a total area of 81.5 square miles, the School District is coextensive with the Borough of Indiana, the Townships of Armstrong and White and the Borough of Shelocta. The Borough of Indiana, representing almost 42% of the population and approximately 26% of the total market value of the School District, is the County seat and the second most populous municipality in the County, serving as the commercial center for a surrounding population of approximately 65,000.

Administration

The School District is governed by a nine-member Board of School Directors. 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 officials are selected by the School Board.

School Facilities

The School District presently operates four elementary schools, one junior high school and one senior high school, all as described on the following table. Students in grades 10, 11 and 12 may attend the Indiana County Technology Center for additional vocational-technical training.

TABLE 1
INDIANA AREA SCHOOL DISTRICT
SCHOOL FACILITIES

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Number of Classrooms	Rated Pupil Capacity	2023-24 Enrollment
Elementary:						
Benjamin Franklin	1953	1958/1989	K-5	33	805	426
East Pike	1967	1999	K-5	24	605	420
Dwight D. Eisenhower	1955	1989/currently in progress	K-5	20	400	218
Horace Mann	1908	1963/1986	K-5	23	550	197
Secondary:						
Indiana Area Junior High	1924	1976/2005	6-8	43	1,135	666
Indiana Area Senior High	1963	1991/1992	9-12	45	1,015	936

Source: School District Officials.

Enrollment Trends

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

TABLE 2
INDIANA AREA SCHOOL DISTRICT
ENROLLMENT TRENDS

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2019-20	1,472	1,380	2,852	2024-25	1,480	1,380	2,860
2020-21	1,374	1,350	2,724	2025-26	1,482	1,375	2,857
2021-22	1,382	1,367	2,749	2026-27	1,485	1,380	2,865
2022-23	1,442	1,377	2,819	2027-28	1,487	1,382	2,869
2023-24	1,481	1,382	2,863	2028-29	1,490	1,378	2,868

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

Financial Reporting

The School District keeps its books and prepares its financial reports according to an accrual (less taxes) basis of accounting. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Kotzan CPA & Associates, P.C., of Johnstown, Pennsylvania, currently serves as the School District's auditor.

The School District's auditor has not been engaged to perform, and has not performed, since the date of its report included in an Appendix to this Preliminary Official Statement, any procedure on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this Preliminary Official Statement.

Budgeting Process in School Districts under the 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 Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 ("Act 1" or the "Taxpayer Relief Act"), all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to 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* **"Limitations on Local Taxes"** 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 Taxpayer Relief Act referendum exceptions for which PDE approval is required (*see* **"Limitations on Local Taxes"** herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

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

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

Summary and Discussion of Financial Results

A summary of General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4 which follow. The budget for 2024-25 projects revenues of $61,297,674 and expenditures of $65,256,076.

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

	2019	2020	2021	2022	2023
ASSETS					
Cash and Cash Equivalents	$9,757,862	$11,070,154	$14,320,251	$3,856,567	$6,833,656
Investments	0	0	0	7,849,075	6,946,448
Interfund Receivable	17,113	237,417	86,048	2,099,187	2,255,560
Intergovernmental Receivable	336,095	427,274	376,061	423,962	290,361
State Revenue Receivable	2,040,858	2,003,484	2,031,214	2,005,358	2,203,929
Federal Revenue Receivable	142,975	271,659	1,314,430	1,095,751	526,655
Other Receivables	377,602	310,382	329,606	257,789	906,235
Prepaid Expenses	581	0	13,817	145,800	109,350
TOTAL ASSETS	$15,370,269	$16,755,210	$20,593,641	$17,733,489	$20,072,194
LIABILITIES					
Due to Other Funds	$250,000	$952,390	$2,075,881	$1,433,250	$1,467,040
Accounts Payable	887,812	464,424	603,977	492,538	472,401
Accrued Salaries and Benefits	3,376,014	3,990,091	4,358,517	4,634,591	3,832,575
Payroll Deductions and Withholdings	1,698,342	2,017,500	4,276,243	1,888,257	4,548,756
Unearned Revenues	13,654	1,272,084	36,419	113,680	8,436
Other	0	0	0	0	0
TOTAL LIABILITIES	$6,225,822	$8,696,489	$11,351,037	$8,562,316	$10,329,208
Deferred Inflows of Resources	$1,553,989	$0	$1,047,003	$982,230	$970,304
FUND EQUITIES					
Nonspendable Fund Balance	$581	$0	$13,817	$145,800	$109,350
Restricted Fund Balance	10,199	11,434	22,193	59,286	52,733
Committed Fund Balance	792,117	793,238	761,634	759,616	748,972
Assigned Fund Balance	10,579	6,016	10,934	16,132	22,037
Unassigned Fund Balance	6,776,982	7,248,033	7,387,023	7,208,109	7,839,590
TOTAL FUND EQUITIES	$7,590,458	$8,058,721	$8,195,601	$8,188,943	$8,772,682
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES.	$15,370,269	$16,755,210	$20,593,641	$17,733,489	$20,072,194

*Totals may not add due to rounding.
Source: School District Annual Financial Reports

TABLE 4
INDIANA AREA SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*

	Actual				Estimated	Budget
	2020	2021	2022	2023	2024(1)	2025(2)
Beginning Fund Balance	$7,590,458	$8,058,721	$8,195,600	$8,188,940	$8,772,678	$9,257,068
Revenues over (under) Expenditure	468,262	136,880	(6,660)	583,738	484,389	(4,102,402)
Prior Period Adjustment	0	0	0	0	0	0
Ending Fund Balance	$8,058,721	$8,195,601	$8,188,940	$8,772,678	$9,257,068	$5,154,666

*Totals may not add due to rounding.
(1) Estimated, subject to change and final audit.
(2) Budget, as adopted June 24, 2024.
Source: School District Comprehensive Annual Financial Reports and Budget.

Revenue

The School District received $60,611,348 in revenue in 2022-23 and has budgeted revenue of $61,297,674 in 2024-25.

TABLE 5
INDIANA AREA SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(For years ending June 30)

REVENUE:	ACTUAL				Estimated	Budgeted
Local Sources:	2020	2021	2022	2023	2024[1]	2025[2]
Real Estate	$27,791,887	$27,642,110	$27,520,163	$27,031,404	27,572,544	$28,900,706
Total Act 511 Taxes	4,276,031	4,243,315	4,825,165	5,017,406	5,155,782	4,825,000
Public Utility Taxes	31,013	32,589	33,161	32,428	29,865	32,000
Payment in Lieu of Taxes	141,436	141,436	199,636	199,636	199,575	199,000
Delinquent Taxes	1,306,236	1,259,784	1,066,841	1,350,225	1,356,371	1,300,000
Earnings from Investments	259,379	60,259	(114,941)	412,857	892,983	570,000
Rev. from Student Activities	67,615	42,771	96,381	102,453	98,837	71,700
State Rev. Rcvd./Other PA Public Schools	330,050	330,050	330,050	376,000	419,225	854,748
Federal & State Rev. Rec'd from Other PA Schools	3,793	4,838	522,102	446,124	506,448	0
Receipts from Other PA LEA's	652,314	743,379	199,877	270,594	206,751	0
Tuition	29,806	17,725	12,750	22,315	19,959	260,000
Donations from private sources	25,825	32,575	112,806	109,142	162,361	20,000
Rentals	12,065	9,141	11,280	11,460	10,950	10,000
Refunds of Prior Year's Expenditures	28,802	32,160	79,247	62,062	40,204	45,000
Energy Efficiency Revenues and Incentives	0	0	30,426	17,084	0	0
Other Sources	55,869	75,620	42,586	44,192	103,912	0
Total Local Sources	$35,012,119	$34,667,752	$34,967,530	$35,505,382	$36,875,767	$37,088,154
State Sources:						
Instructional Subsidy	$9,799,647	$9,799,636	10,234,714	$11,205,234	$12,059,103	$12,259,353
Tuition Court placed & Institutionalized	63,251	132,141	45,324	48,812	82,979	25,000
Special Education	1,923,501	1,923,440	1,954,495	2,094,813	2,168,235	2,193,321
Driver Ed	385	630	1,365	1,890	1,000	1,000
Transportation	844,819	631,589	685,802	987,062	1,156,913	950,000
Rentals and Sinking Fund Payments	76,591	234,299	67,827	69,794	68,619	64,762
Health Services	54,173	54,379	53,965	53,397	54,071	54,000
PA Accountability Grant/Ready to Learn Block Grant	353,791	353,791	353,791	353,791	353,791	353,791
Additional grants not listed elsewhere	125,067	139,924	0	116,701	230,931	0
State Property Tax Reduction Allocation	1,032,021	1,032,001	1,031,873	1,300,899	1,301,582	1,562,829
Revenue for Social Security	897,762	875,205	904,285	927,724	980,855	1,013,704
Revenue for Retirement	4,104,864	4,102,280	4,383,439	4,477,058	4,356,409	4,638,922
Other Sources	0	0	40	143	0	20,000
Total State Sources	$19,275,870	$19,279,314	$19,716,918	$21,637,318	$22,814,488	$23,136,682
Federal Sources:						
Total Federal Sources	$841,063	$2,428,043	$2,570,532	$2,543,497	$2,272,091	$1,072,838
Other Sources:						
Total Other Sources	$0	$16,541	$95,880	$925,152	$1,000	$0
TOTAL REVENUE	$55,129,053	$56,391,649	$57,350,860	$60,611,348	$61,963,346	$61,297,674
EXPENDITURES:						
Instruction	$35,416,571	$35,805,667	$36,925,176	$38,549,374	$40,134,665	$41,949,913
Pupil Personnel	1,845,025	1,904,870	2,028,098	2,063,068	2,221,716	2,331,321
Instructional Staff	1,267,961	1,265,820	1,253,579	1,259,534	1,289,698	1,296,362
Administration	2,525,174	2,568,330	2,626,947	2,683,020	2,580,117	2,730,252
Pupil Health	921,963	908,517	1,002,369	1,011,787	1,020,301	1,200,274
Business	496,349	470,878	485,610	496,453	554,249	581,926
Operation and Maintenance of Plant Services	3,994,246	4,039,048	3,923,087	4,275,290	4,796,558	4,920,504
Student Transportation	1,835,470	2,039,077	2,360,066	2,518,905	2,758,708	3,488,880
Central	940,822	981,677	997,625	1,004,563	1,023,409	1,138,663
Other Support Services	153,192	159,051	158,962	158,977	159,551	160,000
Operation of Noninstructional Services	1,008,862	1,001,002	1,121,574	1,195,662	1,239,306	1,331,473
Debt Service	2,430	0	0	102	0	10,000
Fund Transfers	4,252,725	5,110,834	4,474,425	4,810,875	3,700,680	4,010,508
Budgetary Reserve	0	0	0	0	0	250,000
TOTAL EXPENDITURES	$54,660,789	$56,254,770	$57,357,519	$60,027,610	$61,478,957	$65,400,076
SURPLUS OF REVENUES OVER (UNDER) EXPENDITURES	$468,263	$136,880	($6,600)	$583,738	$484,389	($4,102,402)

*Totals may not add due to rounding.
(1) Estimated, subject to change and final audit.
(2) Budget, as adopted June 24, 2024.
Source: School District Comprehensive Annual Financial Reports and Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

Subject to certain limitations imposed by the Taxpayer Relief Act (described below), 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.

Limitations on Local Taxes

Under the Taxpayer Tax Relief Act a school district may not levy any new tax for the support of the public schools 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 originally 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 current and prior fiscal years are as follows:

Fiscal Year	Index
2024-25	6.8%
2023-24	5.2%
2022-23	4.3%
2021-22	3.7%
2020-21	3.3%

In accordance with Act 1, the School District placed a referendum question on the May, 15, 2007, primary election ballot seeking voter approval to levy (or increase the rate of) the earned income and net profits tax ("EIT") or a new 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.

The information set forth above is a summary of the Taxpayer Relief Act. This summary is not intended to be an exhaustive discussion of the provisions of the Taxpayer Relief Act nor a legal interpretation of any provision of the Taxpayer Relief Act and a prospective purchaser of the Bonds should review the full text of the Taxpayer Relief Act as a part of any decision to purchase the Bonds.

Status of the Bonds Under Act 1

The Bonds are being issued after the effective date of Act 1. Therefore, any tax increases required to pay the debt service due on the Bonds, together with other expenditures in each fiscal year, would have to be within the Act 1 Index or, the School District would be required to use other (non-debt related) exceptions to the Index or seek voter approval by referendum.

Act 24 of 2001

Act 24 of 2001 of the Commonwealth, which became law on June 22, 2001, authorizes a Board of School Directors to schedule a public hearing and conduct a ballot referendum on replacing the school district's occupation tax with an increase in the local earned income tax. Currently, school districts in Pennsylvania share a 1.0% (each receive 0.5%) tax on the annual amount of residents' wages and other earned income (which excludes unearned or investment income), with the resident municipality. Under Act 24, this tax could be increased by the percentage necessary to generate revenue equal to what was collected during the preceding year on the occupation tax. The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation and professional titles, regardless of income. The restructured tax is designed to be revenue neutral to the school district.

Beginning with the 2002-03 school year the occupation tax was eliminated and the earned income tax levy was increased, the School District's share of this increase is .75 percent.

Act 48 of 2003

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 unassigned fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

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

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

Tax Levy Trends

Table 6 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, Indiana County and the municipalities within the School District.

TABLE 6
INDIANA AREA SCHOOL DISTRICT TAX RATES

	Real Estate (mills)	Real Estate Transfer (%)	Earned Income (%)
2020-21	15.3600	0.50%	0.75%
2021-22	15.3600	0.50%	0.75%
2022-23	15.3600	0.50%	0.75%
2023-24	15.6700	0.50%	0.75%
2024-25	16.5300	0.50%	0.75%

Source: Pennsylvania Department of Community and Economic Development – Municipal Statistics.

TABLE 7
INDIANA AREA SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

	2020-21	2021-22	2022-23	2023-24	2024-25
School District	15.3600	15.3600	15.3600	15.6700	16.5300
	2020	**2021**	**2022**	**2023**	**2024**
Armstrong Township	0.8120	0.8120	0.8120	0.8120	0.8120
Indiana Borough	6.0220	6.0220	6.0220	6.1620	6.1620
Shelocta Borough	3.9900	3.3900	3.3900	3.3900	3.3900
White Township	0.0000	0.0000	0.0000	0.0000	0.0000
Indiana County	4.9050	4.9050	4.9050	4.9050	4.9050

Source: Pennsylvania Department of Community and Economic Development – Municipal Statistics.

Real Property Tax

The real property tax (excluding delinquent collections) produced an estimated $27,572,535 in fiscal year 2023-24, approximately 44.5 percent of total revenue. The tax is levied on July 15 of each year. Taxpayers who remit on or before October 15 receive a 2 percent discount, and those who remit subsequent to November 15 are assessed a 10 percent penalty. Also, beginning in the 2007-08 school year, qualified homeowners have the option of paying in three (3) installments; however the taxpayers opting to pay via installments are not eligible for the discount.

Under Section 602 of the Pennsylvania Fourth to Eighth Class County Assessment Law, 72 P.S. §5453.602, as amended, whenever a county makes a county-wide reassessment of real property or changes its predetermined ratio of assessed to market value of real property for tax purposes, a school district located in that county must reduce, if necessary, its tax rate for the first year in which it levies taxes based upon such revised assessment or valuation for the purpose of having the total amount of taxes levied for that first year against the properties taxed in the preceding year equal not more than 110% of the total amount the school district levied on such properties in the preceding year, notwithstanding the increased valuation of such properties under the new assessment system. For the purpose of determining the total amount of taxes to be levied for such first year, however, the amount to be levied on newly constructed buildings or structures or on increased valuations based on new improvements made to existing houses need not be considered. Furthermore, the school district may exceed the foregoing limitation with the approval of the court of common pleas, upon good cause shown.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last county-wide assessment in Indiana County was in 2015. The reassessment became effective for the School District beginning July 1, 2016.

TABLE 8
INDIANA AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2019-2020	$1,572,101,251	$1,985,395,000	126.29%
2020-21	$1,612,417,594	$1,947,692,200	120.79%
2021-22	$1,625,064,357	$1,960,977,600	120.67%
2022-23	$1,656,005,904	$1,942,411,459	117.29%
2023-24	$1,648,849,766	$1,934,216,359	117.31%
Compound Average Annual Percentage Change	0.96%	-0.52%	

Source: Pennsylvania State Tax Equalization Board.

TABLE 9
INDIANA AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2022 Market Value	2022 Assessed Value	2023 Market Value	2023 Assessed Value
School District	$1,656,005,904	$1,942,411,459	$1,648,849,765	$1,934,216,359
Armstrong Township	168,236,560	175,807,400	168,454,579	176,049,800
Indiana Borough	432,318,260	530,000,100	427,630,011	524,440,100
Shelocta Borough	5,386,221	6,482,100	5,386,221	6,482,100
White Township	1,050,064,863	1,230,121,859	1,047,378,954	1,227,244,359
Indiana County	4,008,101,410	4,773,280,221	3,992,799,425	4,759,565,489

Source: Pennsylvania State Tax Equalization Board.

TABLE 10
INDIANA AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	2019	2020	2021	2022	2023
Residential	$1,123,239,100	$1,124,230,800	$1,123,744,300	$1,122,451,200	$1,121,947,900
Trailers	32,987,100	33,177,200	32,986,900	32,504,700	32,374,400
Seasonal	302,100	302,100	302,100	302,100	302,100
Lots	18,874,800	18,237,500	17,590,800	17,730,459	17,861,959
Industrial	23,488,000	26,618,300	26,557,400	26,557,400	27,024,800
Commercial	664,579,000	624,038,200	638,944,500	621,318,100	613,398,500
Agriculture	103,753,700	103,680,300	104,040,200	104,691,400	104,230,400
Oil/Gas/Mineral	3,846,400	3,432,100	3,118,000	2,814,100	2,760,800
Land	14,324,800	13,975,700	13,693,400	14,042,000	14,315,500
Total	$1,985,395,000	$1,947,692,200	$1,960,977,600	$1,942,411,459	$1,934,216,359

Source: Pennsylvania State Tax Equalization Board.

TABLE 11
INDIANA AREA SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

Year	Gross Adjusted Levy	Current Collections (July-June)	Percent of Levy	Total Collections Amount	Total Collections as Percent of Total Taxes Levied
2019-20	$29,196,298	$27,791,887	95.19%	$29,024,639	99.41%
2020-21	29,185,749	27,644,698	94.72%	28,825,756	98.77%
2021-22	29,051,845	27,520,163	94.73%	28,587,004	98.40%
2022-23	28,468,158	27,031,752	94.95%	28,235,649	99.18%
2023-24 (est)	29,003,189	27,572,535	95.07%	28,772,535	99.20%

Source: School District officials.

The ten largest real property taxpayers, together with assessed values, are shown on Table 12. The aggregate assessed value of these ten taxpayers totals approximately 5.3 percent of total assessed value for 2023-24.

TABLE 12
INDIANA AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS

Owner	Property	2023-24 Assessed Value
Urban Outfitters, Inc.	Commercial Warehouse	$22,374,000
Townfair PA Station, LLC	Retail	18,584,200
Regency Indiana Enterprises	Retail	13,174,600
Walmart Stores, Inc.	Retail	8,681,400
S&T Bank	Banking	8,125,500
College Student Union Assoc.	Student Housing	7,625,000
IUP Hospitality, LLC	Housing	6,480,900
Indiana Joint Venture THF	Housing	6,125,200
Clairvaux Commons, Inc.	Housing	6,059,800
Philadelphia Square Apartments	Housing	6,030,800
Total		$103,261,400

Source: School District officials.

Other Taxes

Under Act 511, the School District collected an estimated $5,155,782 in other taxes in 2023-24. Among the taxes authorized by Act 511, the Earned Income and the Real Estate Transfer taxes are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was $19,872,071.

Real Estate Transfer. A tax of 0.5% of the value of real estate transfers yielded an estimated $494,201 in 2023-24, or less than one percent of total revenue.

Earned Income Tax. A tax of 0.75% is levied on the earned income of residents. In 2023-24 the current collected portion of this tax yielded an estimated $4,661,581 or 7.5 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 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") (34.83%) or the wealth based Market Value Aid Ratio ("MVAR") currently (53.59%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

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

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

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

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

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

DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the debt of the Indiana Area School District as of September 17, 2024, including the issuance of the Bonds.

TABLE 13
INDIANA AREA SCHOOL DISTRICT
DEBT STATEMENT
(As of September 17, 2024)*

NONELECTORAL DEBT	Gross Outstanding
General Obligation Bonds, Series of 2024 (last maturity 2038)	$5,600,000
General Obligation Bonds, Series of 2023 (last maturity 2036)	9,980,000
General Obligation Bonds, Series of 2022 (last maturity 2036)	9,545,000
General Obligation Notes, Series A of 2021 (last maturity 2035)	9,931,000
General Obligation Notes, Series of 2021 (last maturity 2027)	2,312,000
General Obligation Notes, Series of 2017 (last maturity 2026)	5,588,000
General Obligation Bonds, Series of 2016 (last maturity 2027)	150,000
TOTAL NONELECTORAL DEBT	$43,106,000
LEASE RENTAL DEBT	
State Public School Building Authority, Guaranteed School Building Revenue Bonds (Indiana County Technology Center Project), Series of 2012 (last maturity 2024)	$146,020
TOTAL LEASE RENTAL DEBT	$146,020
TOTAL PRINCIPAL OF DIRECT DEBT	$43,252,020

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

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total $43,252,020. After adjustment for available funds and estimated State aid, the local effort of direct debt will total $43,190,040.

TABLE 14
INDIANA AREA SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of September 17, 2024)*

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid[(1)]
DIRECT DEBT		
Nonelectoral Debt	$43,106,000	$43,106,000
Lease Rental Debt	146,020	84,040
TOTAL DIRECT DEBT	$43,252,020	$43,190,040
OVERLAPPING DEBT		
Indiana County, General Obligation[(2)]	$61,971,091	$61,971,091
Municipal Debt	4,455,882	4,455,882
TOTAL OVERLAPPING	$66,426,973	$66,426,973
TOTAL DIRECT AND OVERLAPPING	$109,678,993	$109,617,013
DEBT RATIOS		
Per Capita	$3,401.64	$3,399.72
Percent 2023-24 Assessed Value	5.67%	5.67%
Percent 2023-24 Market Value	6.65%	6.65%

*Includes the estimated Bonds offered through this Preliminary Official Statement.
[(1)]Gives effect to current appropriations for payment of debt service, and expected future State reimbursement of School District sinking fund payments based on current Aid Ratio. See "COMMONWEALTH AID TO SCHOOL DISTRICTS."
[(2)]Pro rata 41.3 percent of $51,620,802 principal outstanding.

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2021-22	$55,539,730
Total Revenues for 2022-23	58,939,990
Total Revenues for 2023-24 (est.)	61,893,727
Total	$176,373,448
Annual Arithmetic Average (Borrowing Base)	$58,791,149

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

	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral Debt and Lease Rental Debt Limit: 225% of Borrowing Base	$126,832,226	$43,252,020	$83,580,206

*Includes the estimated Bonds described herein. Does not reflect credits against indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth Aid.

Debt Service Requirements

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

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

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

TABLE 15
INDIANA AREA SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

Year	Other General Obligation Debt	Series of 2024 Principal	Series of 2024 Interest	Series of 2024 Subtotal	Total Requirements
2024-25	$4,149,035				
2025-26	4,084,623				
2026-27	4,084,182				
2027-28	3,715,460				
2028-29	3,712,418				
2029-30	3,710,093				
2030-31	3,708,368				
2031-32	3,704,484				
2032-33	3,707,233				
2033-34	3,706,414				
2034-35	3,706,453				
2035-36	3,707,620				
2036-37	3,707,474				
2037-38	0				
2038-39	0				
Total	$49,403,854				

*Totals may not add due to rounding.

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

2023-24 (est.) State Aid Received	$22,814,488
2023-24 (est.) Debt Service Requirements	3,343,835
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2023-24 (est.) Debt Service Requirements	6.82 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	times

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

Future Financing

Although the School District does not have any specific formulated plans for additional capital improvements to its facilities, it does continue to evaluate the need for repairs and upgrades, particularly the mechanical systems within its buildings, in order to ensure student safety and comfort, and to address energy conversation concerns. For this reason, it is not unreasonable to expect the School District may determine to borrow funds in an amount similar to the amount of the Bonds, for such purposes, within the next five years. The School District does not reasonably expect to undertake major renovations or additions to any of its facilities, necessitating significantly larger financing, in the foreseeable future

LABOR RELATIONS

School District Employees

There are approximately 350 employees of the School District, including 220 teachers, 20 administrators and 110 full-time support personnel including secretaries and maintenance staff.

The School District's teachers are represented by the Indiana Area Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on June 30, 2027. The support staff is represented by the American Federation of State, County and Municipal Employees (AFSCME) under a contract which expires June 30, 2026. The School District is currently engaged in contract negotiations.

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 33.9% for the fiscal year 2024-25.

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

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

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

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

Annual School District contributions have been as follows:

2020-21	$8,249,551
2021-22	8,544,714
2022-23	8,754,544
2023-24 (est.)	8,712,818
2024-25 (budgeted)	9,245,422

At June 30, 2023, the School District reported a liability of $73,668,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2022, the School District's proportion was 0.1657% which was a decrease of 0.0010% from its proportion measured as of June 30, 2021.

As of June 30, 2023, the PSERS plan was 61.60% funded, with an unfunded actuarial accrued liability of approximately $44.0 billion. PSERS' rate of return for fiscal year ended June 30, 2023 was 3.54%. The Fund had plan net assets of $72.8 billion at June 30, 2023. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District provides certain health care and life insurance benefits for its retirees (commonly referred to as "other post-employment benefits" or "OPEB"). The School District annually appropriates funds to meet its obligation to pay such benefits on a "pay-as-you-go" basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years.

For a full description of the School District's OPEB plan, see Appendix D- Audited Financial Statements – Notes 11 & 12.

LITIGATION

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

The School District is not a party to any current litigation which would materially adversely affect its financial affairs or operations.

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 EXEMPTION

State Tax Matters

In the opinion of Bond Counsel, the Bonds, and interest income therefrom, are free from taxation for purposes of personal, and corporate net, income taxes within the Commonwealth of Pennsylvania.

The 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, 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 individual alternative minimum tax.

Original Issue Discount

The Bonds that mature on _______ through and including ______ (collectively, the "Tax-Exempt Discount Bonds") are being 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 stated interest, which is excludable from gross income for federal income tax purposes.

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

Original Issue Premium

The Bonds that mature on _______ through and including __________ (collectively, the "Tax-Exempt Premium Bonds") are being sold to the public at an original issue premium ("OIP"). An amount equal to the excess of the issue price of a Tax-Exempt Premium Bond over its stated redemption price at maturity constitutes OIP on such Tax-Exempt Premium Bond. An initial purchaser of a Tax-Exempt Premium Bond must amortize any OIP over such Tax-Exempt Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, by amortizing the OIP to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As OIP is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Tax-Exempt Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Tax-Exempt Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Tax-Exempt Premium Bonds should consult with their tax advisors with respect to the determination and treatment of OIP for federal income tax purposes and with respect to the state and local tax consequences of owning a Tax-Exempt Premium Bond.

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

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 is a qualified issuer and the School District has 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.

Corporate Alternative Minimum Tax

The Inflation Reduction Act of 2022 imposes a new corporate alternative minimum tax equal to 15% of the "adjusted financial statement income" of "applicable corporations" as defined in Section 59(k) of the Code; generally, corporations (as defined for federal income tax purposes, other than S corporations, regulated investment companies, and real estate investment trusts) having "average annual adjusted financial statement income" of more than $1,000,000,000 over any preceding period of three tax years (ending with a tax year that ends after December 31, 2021). The new corporate alternative minimum tax would apply for tax years beginning after December 31, 2022. Interest on tax-exempt bonds, such as interest on the Bonds, would be included (a) in average annual adjusted financial statement income for the purpose of determining whether a corporation is an "applicable corporation" and (b) in the calculation of an applicable corporation's "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on corporations, regardless of the issue date of such tax-exempt bonds.

Collateral Tax Liabilities

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

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

The Internal Revenue Service (the "Service") regularly audits tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No prediction can be made whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service may treat the School District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until such time as the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, such as the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bondholder who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or to any Bondholder who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns.

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

BONDHOLDER CONSIDERATIONS

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

Cybersecurity

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

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

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District can not predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District maintains a comprehensive insurance policy and maintains adequate reserves that could be used in the event of extreme weather.

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the School District (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will agree to provide the following to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent:

(A) Annually, not later than **270 days** following the end of each fiscal year, beginning with the fiscal year ended June 30, 2024, the following financial information and operating information for the School District:

(1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units

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

(B) If not submitted as part of the annual financial information, then when and if available, audited financial statements for the School District;

(C) In a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
(7) modifications to rights of holders of the Bonds, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution, or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the School District;
(13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(14) appointment of a successor or additional trustee or the change of name of a trustee, if material; and
(15) incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and
(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties; and

(D) in a timely manner, notice of a failure of the School District to provide the required annual financial information specified above, on or before the date specified above.

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

The events listed in (C) above are those specified in the Rule, not all of which may be relevant to the Bonds. The School District may from time to time choose to file notice of the occurrence of other events, in addition to the events listed in (C) above, but the School District does not commit to provide notice of the occurrence of any events except those specifically listed in (C) above.

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

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

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

Existing Continuing Disclosure Filing History

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

Fiscal Year Ending	Filing Deadline [1]	Financial Statements Filing Date	Financial Statements EMMA ID [2]	Budget Filing Date	Budget EMMA ID [2]	Operating Data Filing Date	Operating Data EMMA ID [2]
6/30/2019	12/27/2019	12/19/2019	ES1022083	12/05/2019	ER985759	12/05/2019	ER985754
6/30/2020	12/27/2020	12/14/2020	P11104954	12/09/2020	P21086141	12/09/2020	P21086138
6/30/2021	12/27/2021	12/17/2021	P21160631	12/17/2021	P21160655	12/17/2021	P21160652
6/30/2022	12/27/2022	12/16/2022	P11244691	12/14/2022	P11243369	12/14/2022	P11243375
6/30/2023	12/27/2023	12/13/2023	P11296525	12/01/2023	P11294062	12/01/2023	P11294068

Notes

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

Based on the information above, the School District's annual financial and operating filing history over the past five (5) years can be summarized as follows:

For fiscal year ending June 30, 2019, the School District filed the annual financial statements, budget, and operating data timely.

For fiscal year ending June 30, 2020, the School District filed the annual financial statements, budget, and operating data timely.

For fiscal year ending June 30, 2021, the School District filed the annual financial statements, budget, and operating data timely.

For fiscal year ending June 30, 2022, the School District filed the annual financial statements, budget and operating data timely.

For fiscal year ending June 30, 2023, the School District filed the annual financial statements, budget and operating data timely.

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 financial 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 financial 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 underlying municipal Bond rating of "A" (Stable Outlook) to this issue of Bonds. S&P Global Ratings is expected to assign its municipal Bond rating of "__" to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds will be issued by ___. 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, 38th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agency.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased by the Underwriter for a purchase price of $__________, equal to the par value of the Bonds less an underwriters' discount of $__________, less a net original issue discount of $___________.

LEGAL OPINION

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

FINANCIAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the 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 Financial 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 Financial 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.

INDIANA AREA SCHOOL DISTRICT
Indiana County, Pennsylvania

By: ____________________________________
President, Board of School Directors

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APPENDIX A
Demographic and Economic Information
Relating to the Indiana Area School District

Population

Table A-1 which follows shows recent population trends for Indiana County and the State of Pennsylvania. Table A-2 shows 2020 age composition and average number of persons per household in Indiana County and for the State. Average household size was slightly lower than the statewide average.

TABLE A-1
RECENT POPULATION TRENDS

	2015	2020	Compound Average Annual Percentage Change 2015-2020
Indiana County	87,895	84,463	-0.79%
Pennsylvania	12,779,559	12,794,885	0.02%

Source: U.S. Census Bureau, 2020 Census and U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

TABLE A-2
AGE COMPOSITION

	0-17 Years	18-64 Years	65+ Years	Persons Per Household
Indiana County	19.0%	65.4%	15.7%	2.39
Pennsylvania	22.0	62.6	15.4	2.45

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

Employment

Overall employment data are not compiled for the School District or municipalities within it, but such data are compiled for the Indiana Micropolitan Statistical Area (the "MSA"). Table A-3 shows the NonFarm Jobs for the area.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT
INDIANA MICROPOLITAN STATISTICAL AREA
(Indiana County)

	Industry Employment				Net Change From:	
ESTABLISHMENT DATA	**July 2024**	**Jun 2024**	**May 2024**	**Jul 2023**	**Jun 2024**	**Jul 2023**
Total Nonfarm	28,300	28,600	29,700	28,600	-300	-300
Total Private	23,400	23,600	23,900	23,800	-200	-400
Goods Producing	3,800	4,000	3,900	4,100	-200	-300
Mining, Logging, and Construction	1,800	1,900	1,800	2,100	-100	-300
Manufacturing	2,000	2,100	2,100	2,000	-100	0
Service-Providing	24,500	24,600	25,800	24,500	-100	0
Trade, Transportation, and Utilities	6,600	6,600	6,700	6,600	0	0
Transportation, Warehousing & Utilities	1,400	1,400	1,500	1,400	0	0
Trade	5,200	5,200	5,200	5,200	0	0
Financial Activities	2,000	2,000	2,000	1,900	0	100
Professional and Business Services	1,800	1,800	1,800	1,700	0	100
Educational and Health Services	5,200	5,200	5,300	5,200	0	0
Leisure and Hospitality	2,200	2,200	2,400	2,500	0	-300
Other Services	1,600	1,600	1,600	1,600	0	0
Government	4,900	5,000	5,800	4,800	-100	100
State Government	2,400	2,400	3,000	2,300	0	100
Local Government	2,300	2,400	2,600	2,300	-100	0
Data benchmarked to March 2023	***Data changes of 100 may be due to rounding***					

Source: Workforce Information News Release: Indiana County Labor Market Area, Center for Workforce Information and Analysis.

Table A-4 shows recent trends in employment and unemployment for Indiana County and the State.

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

	2019	2020	2021	2022	2023	2024[(1)]	Compound Annual Average Percentage Rate
Indiana County							
Civilian Labor Force (000)	39.1	38.6	36.7	36.2	36.6	37.0	-1.10%
Employment (000)	37.2	35.1	34.2	34.4	35.3	35.8	-0.76%
Unemployment (000)	1.9	3.5	2.5	1.8	1.3	1.2	-8.78%
Unemployment Rate	4.8%	9.0%	6.8%	5.1%	3.5	3.1	
Pennsylvania							
Civilian Labor Force (000)	6,424.0	6,492.0	6,388.0	6,406.0	6,493.0	6,587.0	0.29%
Employment (000)	6,149.0	6,208.0	5,808.0	5,999.0	6,303.0	6,399.0	0.61%
Unemployment (000)	276.0	284.0	580.0	407.0	190.0	189.0	-7.82%
Unemployment Rate	4.3%	4.4%	9.10%	6.30%	2.90%	2.90%	

(1)As of May 2024.
Source: Pennsylvania State Employment Service.

The largest employers located within or near the School District include:

Name
State Government
Indiana Regional Medical Center
PA State System of Highter Education
Diamond Drugs Inc
Bayada Home Health Care Inc
Wal-Mart Associates Inc
S&T Bank
Indiana County
Indiana Area School District
Indiana Healthcare Physician Services

Source: Center for Workforce Information & Analysis – 4th Quarter 2023.

Income

The data on Table A-5 shows recent trends in per capita income for the School District, Indiana County and Pennsylvania over the 2010-2020 period. Per capita income in the School District and in the County is lower than average per capita income in the State.

TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME*

	2010	2020	Compound Average Annual Percentage Change 2010-2020
School District	$22,463	$35,384	9.51%
Indiana County	20,587	30,693	8.32%
Pennsylvania	27,049	35,518	5.60%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.
Source: U.S. Census Bureau, 2010 Census and U.S. Census Bureau, 2011-2020 American Community Survey 5-Year Estimates

Commercial Activity

Table A-6 shows retail sales for the years 2017 through 2021 for the County and the State.

TABLE A-6
TOTAL RETAIL SALES
(000)

	2019	2020	2021	2022	2023
Indiana County	1,626,598	1,701,799	1,801,312	1,927,636	2,085,522
Pennsylvania	244,709,540	251,185,116	274,685,600	297,770,327	310,912,244

Source: Sales and Marketing Management Magazine

Housing

According to Census figures there were 37,626 housing units in Indiana County in 2020, and 38,236 housing units in 2010. This represents a decrease of 610 housing units between 2010 and 2020.

Educational Facilities

Indiana University of Pennsylvania, located in the Borough of Indiana, is one of the universities comprising the State System of Higher Education, owned by the Commonwealth of Pennsylvania. The main campus, containing 62 major buildings located on a total of 300 acres, has a current undergraduate enrollment of approximately 11,250 full-time students and 900 part-time students and approximately 700 full-time students and 850 part-time students are enrolled in graduate programs. The University has a faculty of approximately 820 and in total, employs over 1,700 people, making it the largest employer located in the School District.

Agriculture

Armstrong Township and a portion of White Township are primarily agricultural. This section of the County is renowned as one of the richest Christmas tree producers in the United States. Other County agricultural products include dairy, corn, oats, hay and potatoes.

Medical

Indiana Regional Medical Center, located within the School District, is a general service hospital with 137 beds and employs approximately 784 full-time employees. In nearby Greensburg is Westmoreland Regional Hospital, a subsidiary of Excela Health with 356 beds plus 46 skilled care beds and approximately 1,604 employees. In nearby Latrobe is Latrobe Area Hospital with 213 beds. Medical facilities are also available in the Pittsburgh area some 40 miles to the west.

Transportation

U.S. Route 422, the Benjamin Franklin Highway, passing two miles south of the Borough of Indiana, crosses the County in an east-west direction. U.S. Route 119, the Buffalo-Pittsburgh Highway, is a north-south highway located two miles east of the Borough of Indiana. Pennsylvania Routes 286 and 954 serve the Borough of Indiana and surrounding areas. U.S. Route 22, the William Penn Highway, a major east-west highway traversing the Commonwealth of Pennsylvania, is situated approximately twelve miles south of the South District

Utilities

Electric: The electrical needs of the residents of the School District are served by the Pennsylvania Electric Company and the Southwestern Central Pennsylvania Rural Electrical Cooperative Corporation.

Gas: Peoples Natural Gas Company and T.W. Phillips Gas and Oil Company supply gas service for area customers.

Water: Water is available to most homes in Indiana Borough and White Township through the services of the Western Pennsylvania Water Company. Other areas, including Armstrong Township and Shelocta Borough, have on-site wells.

Sewer: Indiana Borough has its own municipal sewer system. The White Township Municipal Authority serves the developed sections of White Township, collecting sewage for treatment by Indiana Borough facilities.

Telephone: Verizon supplies telephone service to area subscribers.

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APPENDIX B
FORM OF BOND COUNSEL OPINION

<u>FORM OF OPINION OF BOND COUNSEL</u>

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 Indiana Area School District (Indiana County, Pennsylvania) (the "Local Government Unit") and do hereby undertake to advise you in connection with the issuance, sale and delivery of its $_____,000, aggregate principal amount, General Obligation Bonds, Series of 2024 (the "Bonds"), issued in fully registered form, dated and bearing interest from ____________, 2024, maturing on various annual dates ending August 15, 2038 and subject to redemption prior to maturity at the option of the Local Government Unit beginning February 15, 2030.

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"); and such other proceedings and law as we deemed necessary in order to render this opinion. We have reviewed the Federal Income Tax Certificate of an authorized officer of the Local Government Unit, along with other closing certificates of the Local Government Unit and other parties to the issuance and sale of the Bonds. Unless separately noted, we have relied upon, but have not independently verified, factual certifications made to us by the Local Government Unit, its officers and agents, and by said other parties, both in such certificates and otherwise during the course of our engagement.

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

We have not been engaged nor undertaken to review the adequacy of disclosure in the Official Statement nor in any other securities offering material produced in respect of the Bonds and, except as to matters set forth in this opinion and described as such in said Official Statement, we express no opinion or belief with respect thereto. These proceedings demonstrate that, in the absence of any meritoriously-based action in a governmental or judicial forum affecting the validity of the Bonds, the same have been delivered upon full payment.

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

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

   (a) The Bonds are issued for a valid purpose under the School Code.

(b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.

(c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.

(d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.

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

3. Presently included among the general revenues of the Local Government Unit available for the payment of the Bonds are ad valorem real estate taxes, whose levy upon all taxable real property situate within the corporate limits of the Local Government Unit is subject to the limitations of 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 individual alternative minimum tax. However, interest on the Bonds is included in calculations of both: (a) average annual “adjusted financial statement income” for the purpose of determining whether a corporation is an “applicable corporation,” as defined in Section 59(k) of the Tax Code; and (b) the amount of current “adjusted financial statement income” of such an applicable corporation, which is subject to the alternative minimum tax imposed by Section 55 of the Tax Code, for tax years beginning after December 31, 2022. Due to the designation of the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Tax Code, certain financial institutions may be able to deduct 80% of the interest expense incurred in purchasing or carrying the Bonds. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.

8. The 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
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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APPENDIX D
AUDITED FINANCIAL STATEMENTS

Indiana Area School District
Indiana, Pennsylvania

Single Audit as required by the Uniform Guidance

For the Year Ended June 30, 2023

Table of Contents

KOTZAN CPA & ASSOCIATES, P.C. MEMBER AICPA • PICPA
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS
Brenda A. Pawlowski, CPA, CFE
Kimberly A. Dorchak, CPA, CGFM

List of Report Distribution

December 12, 2023

To the Members of the Board
Indiana Area School District
Indiana, Pennsylvania 15701

Board Members:

Not later than thirty days after receipt of the audit report, Indiana Area School District must distribute the audit report as follows:

One (1) copy to:	Commonwealth of Pennsylvania – Bureau of Audits (submitted electronically)
One (1) copy to:	Single Audit Clearinghouse (submitted electronically)

Sincerely,

Kotzan CPA & Associates, P.C.

Kotzan CPA & Associates, P.C.

Budfield Street Professional Building • 334 Budfield Street • Suite 180 • Johnstown, PA 15904
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KOTZAN CPA & ASSOCIATES, P.C. MEMBER AICPA • PICPA
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS
Brenda A. Pawlowski, CPA, CFE
Kimberly A. Dorchak, CPA, CGFM

Independent Auditors' Report

To the Members of the Board
Indiana Area School District
Indiana, Pennsylvania 15701

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indiana Area School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

As discussed in Note 21 to the financial statements, Indiana Area School District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. This statement requires recognition of certain right-to-use subscription assets and corresponding subscription liabilities for arrangements that were previously recognized as outflows of resources based on the payment provisions of the arrangement. Our opinion is not modified with respect to this matter.

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.

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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 Indiana Area School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 Indiana Area School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indiana Area School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and OPEB information, and budgetary comparison information on pages 6-16, pages 63-65, and page 66, respectively, 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 Indiana Area School District's basic financial statements. The accompanying schedule of expenditures of federal awards and certain state grants 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* (Uniform Guidance) and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and certain state grants is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and certain state grants is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of Indiana Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Indiana Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana Area School District's internal control over financial reporting and compliance.

Kotzan CPA & Associates, P.C.

Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
December 12, 2023

The discussion and analysis of Indiana Area School District’s financial performance provides an overall review of the School District’s financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District’s financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District’s financial performance.

This section of the Indiana Area School District annual financial report provides a discussion and analysis of the School District’s financial performance during the fiscal year ended June 30, 2023. This discussion and analysis should be read in conjunction with the School District’s accompanying financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

General Fund expenditures were $60,027,609, which was an increase over last year of $2,676,970 or 4.7%. Salary and benefit costs, which comprise almost three-fourths of total expenditures, increased by $572,422 or 1.3%. Included in 2022-23 expenditures is a transfer to the Capital Reserve Fund in the amount of $1,467,039. General Fund revenue of $60,611,348 was an increase of $3,267,367 over last year. Local revenue increased by $537,852, mainly because of strong earned income tax collections. State revenue increased by $1,920,400, due to increases in Basic Ed and Special Ed funding. Federal revenue was consistent with the previous year, but other revenue increased by $836,150 because of insurance payments related to the Eisenhower Elementary School fire claim.

The General Fund Balance ended 2022-2023 with a balance of $8,772,682, which is an increase from the prior year of $583,739 and equates to 14% of 2022-2023 budgeted expenditures.

USING THE ANNUAL FINANCIAL REPORT

The annual financial report includes the Management’s Discussion and Analysis and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand Indiana Area School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements – the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the School District’s overall financial status.

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

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

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
Indiana Area School District
Financial Report

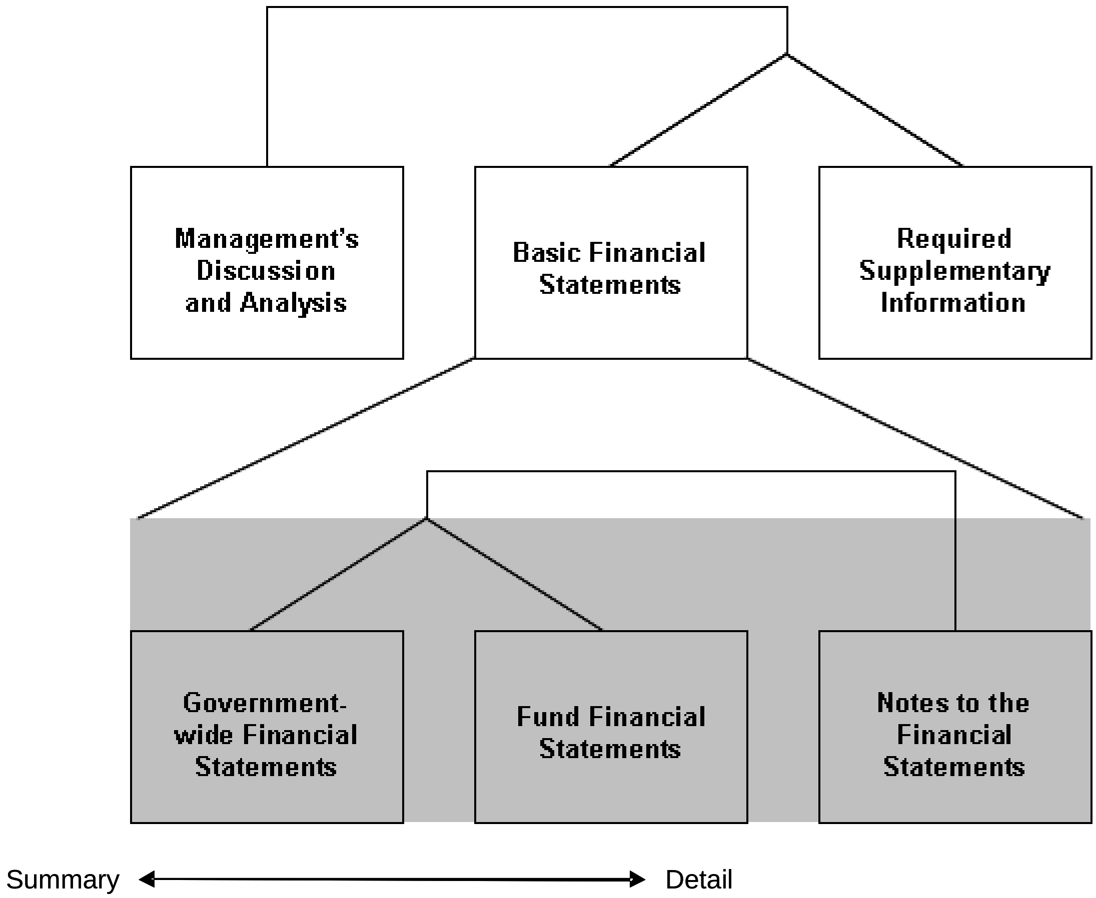

Figure A-2 summarizes the major features of the School District's financial statements. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	Activities of the School District that are not proprietary or fiduciary, such as general operating, special revenue, capital projects and debt service	Activities the School District operates similar to private businesses, such as food services	Instances in which the School District administers resources on behalf of someone else such as student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses, and changes in fund net position (deficit) • Statement of cash flows	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities and deferred inflows both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, and short-term and long-term	All assets, deferred outflows, liabilities and deferred inflows, both short-term and long-term; funds do not currently contain capital assets, although they can
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 the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Statements

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

The Government-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets and deferred outflows and liabilities and deferred inflows – are one way of measuring the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating. To assess the School District's overall health, non-financial factors, such as changes in the School District's property tax base and the condition of existing school facilities should be considered.

In the Government-wide financial statements, the School District's activities are divided into two categories as follows:

- ***Governmental Activities:*** Most of the School District's basic services are included here, such as regular and special education, maintenance and operation of plant services, transportation services and administrative services. Property taxes, along with state formula aid finance most of these activities.

- ***Business-type Activities:*** The School District charges fees to cover the cost of certain services such as Food Services programs.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds. These statements focus on the School District's most significant or "major" funds – not the School District as a whole. Funds are accounting components the School District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The School District may establish other funds to control and manage money for particular purposes, such as repaying its long-term debts.

The School District has three types of funds as follows:

Governmental Funds: Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets can readily be converted into cash inflows and outflows and (2) balances left at year-end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the Government-wide statements, a reconciliation between the two types of statements is provided to explain the relationship (or differences) between them.

Proprietary Funds: Services for which the School District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the Government-wide financial statements. The School District's *Enterprise Funds* (one type of Proprietary Fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The School District currently has one Enterprise Fund, the Food Service Fund.

Fiduciary Funds: The School District is the trustee, or *fiduciary*, for assets that belong to others, such as student activity funds. The School 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 School District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's total net position was a deficit of ($51,642,126) at June 30, 2023.

Figure A-3
Fiscal Years ended June 30, 2023 and 2022
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	$ 37,689,812	$ 26,406,624	$ 1,087,106	$ 515,319	$ 38,776,918	$ 26,921,943
Noncurrent assets	27,712,839	27,685,403	99,769	133,971	27,812,608	27,819,374
Total assets	**$ 65,402,651**	**$ 54,092,027**	**$ 1,186,875**	**$ 649,290**	**$ 66,589,526**	**$ 54,741,317**
Deferred Outflows of Resources	**$ 13,821,151**	**$ 14,916,443**	**$ 0**	**$ 0**	**$ 13,821,151**	**$ 14,916,443**
Current liabilities	$ 12,229,006	$ 10,379,782	$ 182,482	$ (3,625)	$ 12,411,488	$ 10,376,157
Long-term liabilities	115,144,595	104,596,537	0	0	115,144,595	104,596,537
Total liabilities	**$ 127,373,601**	**$ 114,976,319**	**$ 182,482**	**$ (3,625)**	**$ 127,556,083**	**$ 114,972,694**
Deferred Inflows of Resources	**$ 4,496,720**	**$ 14,057,799**	**$ 0**	**$ 0**	**$ 4,496,720**	**$ 14,057,799**
Net position invested in capital assets, net of related debt	$ 8,349,828	$ 7,220,052	$ 99,769	$ 133,971	$ 8,449,597	$ 7,354,023
Restricted for capital projects	4,597,810	3,925,248	0	0	4,597,810	3,925,248
Restricted - other	52,733	59,286	0	0	52,733	59,286
Unrestricted	(65,646,890)	(71,230,234)	904,624	518,944	(64,742,266)	(70,711,290)
Total net position	**$ (52,646,519)**	**$ (60,025,648)**	**$ 1,004,393**	**$ 652,915**	**$ (51,642,126)**	**$ (59,372,733)**

Most of the School District's net position is invested in capital assets (buildings, land, and equipment). The restricted balances are amounts set aside to fund future purchases or capital projects as planned by the School District or restricted by donors. The unrestricted deficit is the result of the District's proportionate share of the PSERS pension and OPEB liabilities at June 30, 2023 which amounted to $73,668,000 and $10,024,474, respectively.

Current assets increased largely due to the increase in cash and investments of nearly $12.2 million. Capital assets remained relatively consistent with the prior year as 2022-23 capital additions largely equated to depreciation expense at $2.3 million. Liabilities increased $12.6 million due to 1) the increase in bonds/notes payable of $7.3 million with the issuance of the Series of 2022 bonds; 2) the increase in payroll liabilities of $2.7 million as both the first and second quarters of PSERS retirement contributions were due at June 30, 2023; and 3) the increase in the net pension liability of $5.2 million.

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

Figure A-4 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues for the year.

Figure A-4
Fiscal Years ended June 30, 2023 and 2022
Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Charges for services	$ 405,586	$ 320,288	$ 557,740	$ 193,388	$ 963,326	$ 513,676
Operating grants and contributions	12,554,473	11,948,421	1,425,583	1,695,126	13,980,056	13,643,547
Taxes	33,619,173	33,580,192	0	0	33,619,173	33,580,192
Grants, subsidies and contributions, unrestricted	12,506,134	11,266,587	0	0	12,506,134	11,266,587
Cap Grants and contributions	986,744	67,827	0	0	986,744	67,827
Other	771,117	30,420	13,697	43	784,814	30,463
Total revenues	60,843,227	57,213,735	1,997,020	1,888,557	62,840,247	59,102,292
Expenses						
Instruction	$ 36,119,742	$ 33,978,308	$ 0	$ 0	$ 36,119,742	$ 33,978,308
Support services	15,332,895	14,557,810	0	0	15,332,895	14,557,810
Student activities	1,242,979	998,327	0	0	1,242,979	998,327
Interest on long-term debt	768,482	596,215	0	0	768,482	596,215
Food services	0	0	1,645,542	1,488,646	1,645,542	1,488,646
Total expenses	53,464,098	50,130,660	1,645,542	1,488,646	55,109,640	51,619,306
Increase (decrease) in net position	$ 7,379,129	$ 7,083,075	$ 351,478	$ 399,911	$ 7,730,607	$ 7,482,986

Revenues increased approximately $3.7 million over prior year. The District saw increases in state subsidies of $1.9 million in 2022-23. Revenues were also driven up by $917,000 in insurance proceeds from the Eisenhower Elementary School fire claim, as well as in increase in investment earnings of $843,000 over prior year. District-wide expenses increased $3.5 million with increases in all categories from instruction to interest expense to food service. Increased expenses result from the rising cost of employee benefits, including retirement and other post-employment benefits, in combination with inflationary cost increases in everything from food to transportation over the last year.

Figure A-5 shows the School District's four main functions – instruction, support services, student activities, and debt service as well as each program's net cost (total cost less revenues generated by the activities). Also presented are the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Figure A-5
Fiscal Years ended June 30, 2023 and 2022
Governmental Activities

Functions/Programs	**Total Cost of Services**		**Net Cost of Services**	
	2023	2022	2023	2022
Instruction	$ 36,119,742	$ 33,978,308	$ 24,727,181	$ 22,866,753
Support services	15,332,895	14,557,810	12,881,106	13,429,210
Student activities	1,242,979	998,327	1,140,526	901,946
Interest on long-term debt	768,482	596,215	768,482	596,215
Total governmental activities	$ 53,464,098	$ 50,130,660	39,517,295	37,794,124
Less:				
Unrestricted grants, subsidies			12,506,134	11,266,587
Total needs from local taxes and other revenues			$ 27,011,161	$ 26,527,537

Figure A-6 reflects the activities of the Food Service program, the only Business-type activities of the School District.

Figure A-6
Fiscal Years ended June 30, 2023 and 2022
Business-type Activities

Functions/Programs	**Total Cost of Services**		**Net Cost of (Income from) Services**	
	2023	2022	2023	2022
Food services	$ 1,645,542	$ 1,488,646	$ (337,781)	$ (399,868)
Total business-type activities	$ 1,645,542	$ 1,488,646	$ (337,781)	$ (399,868)

The Statement of Revenues, Expenses and Changes in Net Position for this Proprietary Fund will further detail the actual results of operations. Food Service continued to generate a profit in 2022-23, comparable to the prior year. As the COVID eligibility waivers expired after the 2021-22 school year, the District recognized an increase in sales revenue of $364,352 in 2022-23. However, this increase was offset by the corresponding decrease in federal nutrition subsidies in 2022-23. While food service expenses increased $156,896 with increased meal counts and food prices in 2022-23, state subsidies also increased $103,375, which helped to alleviate the increase in costs.

THE SCHOOL DISTRICT FUNDS

At June 30, 2023, the School District's Governmental Funds reported a combined fund balance of $27,604,577, which is an increase of $9,659,737 over last year. An analysis of this change is detailed in the following paragraphs:

<u>General Fund</u>

The General Fund balance increased by $583,739. When the 2022-2023 budget was adopted, a deficit of $3,377,475 was projected. By spending $1,341,316 less than budgeted while receiving $2,619,898 more revenue than projected, the School District was able to eliminate all deficit and increase the fund balance by $583,739. The District was very conservative in budgeting revenues, with actual revenues coming in much higher than budgeted in the areas of real estate, real estate transfer, earned income taxes, interest earnings and state subsidies. These higher tax revenues combined with strict spending helped close the budget deficit.

<u>Capital Reserve Fund</u>

The Capital Reserve Fund balance increased by $672,562. The reason for this increase was capital expenditures of $840,209, while revenue for the year was interest income of $45,731 and a transfer from General Fund of $1,467,039.

<u>Capital Projects</u>

The Capital Projects Fund balance was $14,234,085 at June 30, 2023. In July of 2022 the Board issued another round of bonds in preparation of the upcoming Eisenhower Elementary School project. The proceeds from these bonds totaled $9,776,445. Interest earnings for the year totaled $269,868. With expenditures of $1,642,877, the fund balance increased $8,403,436.

<u>Proprietary Fund</u>

The Proprietary Fund Type is used to report the results of operations of the Food Service Program. This year, the results of the Food Service Program before contributions and transfers resulted in a net gain of $351,478. The net position balance is $1,004,393.

In analyzing food and labor costs, which represent most of the Food Service Program costs, it appears that the School District is operating within industry standards. Increasing prices may be required to maintain breakeven financial status annually.

<u>General Fund Budget</u>

Budget transfers are required by state law and have been required since the <u>Public School Code</u> was adopted in 1949. Transfers are permitted from one class of expenditures to another without limit, so long as total expenditures of the School District do not exceed the original budget.

Over the years, there have been a number of different interpretations on how funds should be transferred and when. Presently, transfers are permitted to be made after the year-end audit adjustments are completed and are not required in connection with Federal program funds. To avoid confusion, we do transfers to cover all account categories regardless of whether or not Federal funds are involved and all transfers are done after the audit is complete.

The budget transfer practice we use lends itself to greater management control. Whenever certain classes of expenditures exceed original budget appropriations, it is easier to manage if original budget figures remain intact. Whenever funds are transferred several times per year, it tends to mask areas where close scrutiny should be exercised, generally weakening management control.

The administration authorizes expenditures of budget categories to be exceeded whenever expenditures vital to the program are required which may not have been contemplated at the time the budget was originally adopted. Examples of these types of expenditures are the addition of employees due to shifts in class sizes, increased textbook orders due to enrollment increases, purchases of equipment vital to the program unforeseen at budget time, emergency maintenance and repair requirements and other expenditures of this nature.

The administration realizes that a certain amount of flexibility is necessary in this regard to effectively deliver the educational program. However, prudent management control must be exercised to avoid adverse financial consequences.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the School District has investments of $27,812,608 in a broad range of capital assets, including land, school buildings, administrative offices, athletic fields, a maintenance building, fixtures and equipment. See Figure A-7. This is a decrease over prior year as depreciation expense exceeded capital additions in the current year. More detailed information about capital assets can be found in Note 8 to the financial statements. Total District depreciation expense for the year amounted to $2,365,840.

Figure A-7
Capital Assets – Net of Depreciation

	Governmental Activities		Business Activities		Totals	
	2023	2022	2023	2022	2023	2022
Government activities						
Land	$ 1,202,315	$ 1,202,315	$ 0	$ 0	$ 1,202,315	$ 1,202,315
Construction in progress	2,540,990	479,470	0	0	2,540,990	479,470
Non-depreciable	3,743,305	1,681,785	0	0	3,743,305	1,681,785
Depreciable						
Land and site improvements	2,566,185	2,566,185	0	0	2,566,185	2,566,185
Building and building improvements	80,767,415	80,471,256	0	0	80,767,415	80,471,256
Machinery and equipment	709,814	680,483	512,128	512,128	1,221,942	1,192,611
Depreciable capital assets	84,043,414	83,717,924	512,128	512,128	84,555,542	84,230,052
Accumulated depreciation	(60,073,880)	(57,714,306)	(412,359)	(378,157)	(60,486,239)	(58,092,463)
Net book value	23,969,534	26,003,618	99,769	133,971	24,069,303	26,137,589
Total	$ 27,712,839	$ 27,685,403	$ 99,769	$ 133,971	$ 27,812,608	$ 27,819,374

Debt Administration

As of June 30, 2023, the School District had $33,144,000 in general obligation bonds and notes outstanding. This is a net increase of $ 6,848,000 as shown in Figure A-8.

Figure A-8
Outstanding Debt

General Obligation Notes/Bonds	2023	2022
General Obligation Bonds Series of 2016	160,000	165,000
General Obligation Note Series of 2017	9,836,000	9,874,000
General Obligation Note Series of 2021	3,595,000	6,258,000
General Obligation Note Series of 2021A	9,998,000	9,999,000
General Obligation Bonds Series of 2022	9,555,000	0
Total	**$ 33,144,000**	**$ 26,296,000**

ECONOMIC FACTORS IMPACTING THE FUTURE

At the time these financial statements were prepared, the School District was aware of the following issues that could have significant future fiscal impact:

- The increases and sustained contribution rate to fund the Public School Employees Retirement System is one of the most significant economic factor facing the School District. The rate is projected to increase gradually from 34% in the 2023-2024 fiscal year to 38.35% for 2030-2031, and remain near that rate until 2035-2036. The 2024-2025 rate is projected to be 34.73%. The Commonwealth of Pennsylvania reimburses 50% of the School District's contribution, which raises a concern over the amount of state funding that will be available for other purposes.
- The largest employer within the District, the Indiana University of Pennsylvania, has been seeing decreasing enrollment over the past couple of years. Enrollment has leveled off recently, with a slight increase but it is not expected to increase significantly in the near future. This trend could lead to potential layoffs and a decrease in the need for student housing and other services that support the university and students.
- The District has been able to minimize the overall increase in healthcare cost over the past couple of years through attrition and plan changes. The COVID19 pandemic has been having a significant impact on healthcare cost over the past two years and its complete impact is still unknown. The District could be facing a 10%+ increase in healthcare costs for the 2024-2025 school year.
- A $26 million dollar construction project at Eisenhower Elementary was approved by the Board in September 2023. Financing for the project will include proceeds leftover from the 2016 Bonds, the bonds issued in July 2022 and a new bond issuance in October 2023. If additional funds are necessary to complete the project, funds will either be used from the District's Capital Reserve Fund or additional bonds will be issued in the future.

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

The financial report is designed to provide the School District's citizens, taxpayers, parents, students, investors and creditors with a general overview of the School District's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jared Cronauer, Business Manager, Indiana Area School District, 501 East Pike, Indiana, PA 15701.

BASIC FINANCIAL STATEMENTS

Indiana Area School District
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and equivalents	$ 14,570,844	$ 1,044,430	$ 15,615,274
Investments	17,412,375	0	17,412,375
Taxes receivable	2,255,560	0	2,255,560
Intergovernmental receivables	3,020,945	24,082	3,045,027
Other receivables	320,738	2,091	322,829
Inventories	0	16,503	16,503
Prepaid expenses	109,350	0	109,350
Total current assets	37,689,812	1,087,106	38,776,918
Noncurrent assets:			
Land	1,202,315	0	1,202,315
Construction in progress	2,540,990	0	2,540,990
Depreciable capital assets, net	23,969,534	99,769	24,069,303
Total noncurrent assets	27,712,839	99,769	27,812,608
Total assets	65,402,651	1,186,875	66,589,526
Deferred Outflows of Resources			
Defined benefit pension plan	10,877,780	0	10,877,780
Other post-employment benefits	2,943,371	0	2,943,371
Total deferred outflows of resources	13,821,151	0	13,821,151
Total assets and deferred outflows of resources	$ 79,223,802	$ 1,186,875	$ 80,410,677

See accompanying notes to the basic financial statements.

Indiana Area School District
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Internal balances	$ (51,675)	$ 51,675	$ 0
Accounts payable	776,839	47,310	824,149
Accrued salaries and wages	3,832,575	0	3,832,575
Payroll deductions and withholdings	4,548,756	0	4,548,756
Accrued interest payable	289,675	0	289,675
Unearned revenues	8,436	83,497	91,933
Current portion of long-term liabilities	2,824,400	0	2,824,400
Total current liabilities	12,229,006	182,482	12,411,488
Noncurrent liabilities:			
Bonds and notes payable, net	30,815,096	0	30,815,096
Long-term portion of compensated absences	637,025	0	637,025
Net other post-employment benefits (OPEB)	10,024,474	0	10,024,474
Net pension liability	73,668,000	0	73,668,000
Total noncurrent liabilities	115,144,595	0	115,144,595
Total liabilities	127,373,601	182,482	127,556,083
Deferred Inflows of Resources			
Defined benefit pension plan	2,854,000	0	2,854,000
Net other post-employment benefits (OPEB)	1,642,720	0	1,642,720
Total deferred inflows of resources	4,496,720	0	4,496,720
Net Position			
Invested in capital assets, net of debt	8,349,828	99,769	8,449,597
Restricted for capital projects	4,597,810	0	4,597,810
Restricted - other	52,733	0	52,733
Unrestricted	(65,646,890)	904,624	(64,742,266)
Total net position	(52,646,519)	1,004,393	(51,642,126)
Total liabilities, deferred inflows of resources and net position	$ 79,223,802	$ 1,186,875	$ 80,410,677

See accompanying notes to the basic financial statements.

Indiana Area School District
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	$ 36,119,742	$ 291,673	$ 11,100,888	$ 0	$ (24,727,181)	$ 0	$ (24,727,181)
Instructional student support	3,064,904	0	276,834	0	(2,788,070)	0	(2,788,070)
Administration and financial support services	5,332,154	11,460	172,605	0	(5,148,089)	0	(5,148,089)
Operations and maintenance of plant services	4,298,640	0	17,084	986,744	(3,294,812)	0	(3,294,812)
Pupil transportation	2,637,197	0	987,062	0	(1,650,135)	0	(1,650,135)
Student activities	1,242,979	102,453	0	0	(1,140,526)	0	(1,140,526)
Interest on long-term debt	768,482	0	0	0	(768,482)	0	(768,482)
Total governmental activities	53,464,098	405,586	12,554,473	986,744	(39,517,295)	0	(39,517,295)
Business-Type Activities:							
Food service	1,645,542	557,740	1,425,583	0	0	337,781	337,781
Total primary government	$ 55,109,640	$ 963,326	$ 13,980,056	$ 986,744	(39,517,295)	337,781	(39,179,514)
General Revenues:							
Taxes levied					33,619,173	0	33,619,173
Grants, subsidies and contributions, not restricted					12,506,134	0	12,506,134
Investment earnings					728,456	13,697	742,153
Miscellaneous					42,661	0	42,661
Total general revenues					46,896,424	13,697	46,910,121
Change in net position					7,379,129	351,478	7,730,607
Net position beginning of year					(60,025,648)	652,915	(59,372,733)
Net position end of year					$ (52,646,519)	$ 1,004,393	$ (51,642,126)

See accompanying notes to the basic financial statements.

Indiana Area School District
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Major Fund Capital Projects Fund	Major Fund Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 6,344,994	$ 8,225,850	$ 0	$ 14,570,844
Investments	7,435,110	9,977,265	0	17,412,375
Taxes receivable	2,255,560	0	0	2,255,560
Due from other funds	585,497	1,467,040	0	2,052,537
Due from other governments	3,020,945	0	0	3,020,945
Other receivables	320,738	0	0	320,738
Prepaid expenses	109,350	0	0	109,350
Total assets	20,072,194	19,670,155	0	39,742,349
Deferred Outflows of Resources	0	0	0	0
Total assets and deferred outflows of resources	$20,072,194	$ 19,670,155	$ 0	$ 39,742,349
Liabilities				
Due to other funds	$ 1,467,040	$ 533,822	$ 0	$ 2,000,862
Accounts payable	472,401	304,438	0	776,839
Accrued salaries and benefits	3,832,575	0	0	3,832,575
Payroll deductions and withholding	4,548,756	0	0	4,548,756
Unearned revenue	8,436	0	0	8,436
Total liabilities	10,329,208	838,260	0	11,167,468
Deferred Inflows of Resources				
Delinquent taxes receivable	970,304	0	0	970,304
Total deferred inflows of resources	970,304	0	0	970,304
Fund Balance				
Nonspendable	109,350	0	0	109,350
Restricted	52,733	18,831,895	0	18,884,628
Committed	750,000	0	0	750,000
Assigned	22,037	0	0	22,037
Unassigned	7,838,562	0	0	7,838,562
Total fund balance	8,772,682	18,831,895	0	27,604,577
Total liabilities, deferred inflows of resources, and fund balance	$20,072,194	$ 19,670,155	$ 0	$ 39,742,349

See accompanying notes to the basic financial statements

Indiana Area School District
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2023

Total fund balance – governmental funds		$ 27,604,577
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 the governmental funds. The cost of assets is $87,786,719 and the accumulated depreciation is $60,073,880.		27,712,839
Property taxes receivable will be collected in the future, but are not available soon enough to pay for current period's expenditures, and therefore, are recorded as deferred inflows of resources in the funds.		970,304
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds/notes payable	$(33,144,000)	
Unamortized bond discounts	10,655	
Unamortized bond premiums	(463,751)	
Accrued interest payable	(289,675)	
Compensated absences	(679,425)	
Net OPEB obligation	(10,024,474)	
Net pension liability	(73,668,000)	(118,258,670)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to pensions	$10,877,780	
Deferred inflows related to pensions	(2,854,000)	
Deferred outflows related to OPEB	2,943,371	
Deferred inflows related to OPEB	(1,642,720)	9,324,431
Net position of governmental activities		$ (52,646,519)

See accompanying notes to the basic financial statements.

Indiana Area School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Major Fund Capital Projects Fund	Major Fund Debt Service Fund	Total Governmental Funds
Revenues				
Local sources	$ 35,505,382	$ 315,599	$ 0	$ 35,820,981
State sources	21,637,318	0	0	21,637,318
Federal sources	2,543,497	0	0	2,543,497
Total revenues	59,686,197	315,599	0	60,001,796
Expenditures				
Instruction	38,549,476	0	0	38,549,476
Support services	15,471,596	109,352	220,594	15,801,542
Non-instructional services	1,195,662	0	0	1,195,662
Capital outlay	0	2,373,734	0	2,373,734
Debt service (principal and interest)	0	0	3,343,835	3,343,835
Total expenditures	55,216,734	2,483,086	3,564,429	61,264,249
Excess of revenues over (under) expenditures	4,469,463	(2,167,487)	(3,564,429)	(1,262,453)
Other financing sources (uses)				
Interfund transfers	(4,810,875)	11,243,485	(6,432,610)	0
Bond proceeds	0	0	9,555,000	9,555,000
Bond premiums	0	0	442,039	442,039
Sale of capital assets	8,201	0	0	8,201
Insurance recoveries	916,950	0	0	916,950
Total other financing sources (uses)	(3,885,724)	11,243,485	3,564,429	10,922,190
Net change in fund balance	583,739	9,075,998	0	9,659,737
Fund balance beginning of year	8,188,943	9,755,897	0	17,944,840
Fund balance end of year	$ 8,772,682	$18,831,895	$ 0	$ 27,604,577

See accompanying notes to the basic financial statements.

Indiana Area School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Total net change in fund balance – governmental funds		$ 9,659,737
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays, net loss on disposal	$ 2,393,276	
Depreciation expense	(2,365,840)	27,436
Because some property taxes will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources from tax revenues decreased by this amount this year.		(11,926)
Interest on long-term debt is recognized in the governmental funds when it is due. In the statement of activities, expense is recognized as interest accrues. Accrued interest expense increased by this amount this year.		(131,647)
In the governmental funds, compensated absences are measured by the amounts used. The statement of activities measures by the amount earned. The liability for compensated absences increased by this amount this year.		(141,487)
Governmental funds report District pension contributions as expenditures in the year required to be made. However, pension expense, which is the change in the net pension liability, adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.		
District pension contributions	$ 8,644,780	
Pension expense	(3,768,440)	4,876,340
Governmental funds report District payments for other post-employment benefits (OPEB) in the year such benefits are used. However, OPEB expense, which is the change in the net OPEB liability, adjusted for changes in deferred outflows and inflows of resources related to OPEB, is reported in the statement of activities.		
District OPEB benefit payments	$ 1,106,656	
OPEB expense	(743,160)	363,496

Indiana Area School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Bond proceeds/principal payments on long-term debt provide/consume current financial resources of governmental funds, respectively. However, they respectively increase/reduce long-term liabilities on the statement of net position. Further, the effect of bond discounts and premiums are reported in the funds in the year of issue but are deferred and amortized in the statement of activities. The effect is shown below:

Bond proceeds	$ (9,555,000)	
Bond premiums	(442,039)	
Debt principal payments	2,707,000	
Amortization of discounts	(3,095)	
Accretion of bond premium	30,314	(7,262,820)
Change in net position of governmental activities		$ 7,379,129

See accompanying notes to the basic financial statements.

Indiana Area School District
Statement of Net Position
Proprietary Funds
June 30, 2023

	Major Fund Food Service
Assets	
Current assets:	
Cash and cash equivalents	$ 1,044,430
Due from other governments	24,082
Other receivables	2,091
Inventory	16,503
Total current assets	1,087,106
Noncurrent assets:	
Machinery and equipment, net	99,769
Total noncurrent assets	99,769
Total assets	1,186,875
Deferred Outflows of Resources	0
Total assets and deferred outflows of resources	$ 1,186,875
Liabilities	
Current liabilities:	
Due to other funds	$ 51,675
Accounts payable	47,310
Unearned revenues	83,497
Total current liabilities	182,482
Total liabilities	182,482
Deferred Inflows of Resources	0
Net Position	
Invested in capital assets	99,769
Unrestricted	904,624
Total net position	1,004,393
Total liabilities, deferred inflows of resources and net position	$ 1,186,875

See accompanying notes to the basic financial statements.

Indiana Area School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Major Fund Food Service
Operating revenues	
Food service revenue	$ 557,740
Total operating revenues	557,740
Operating expenses	
Salaries	132,451
Employee benefits	158,421
Purchased property services	945
Other purchased service	1,279,609
Supplies	33,807
Depreciation	34,202
Dues and fees	6,107
Total operating expenses	1,645,542
Operating income (loss)	(1,087,802)
Nonoperating revenues (expenses)	
Earnings on investments	13,697
State sources	173,870
Federal sources	1,251,713
Total nonoperating revenues (expenses)	1,439,280
Change in net position	351,478
Total net position, beginning of year	652,915
Total net position, end of year	$ 1,004,393

See accompanying notes to the basic financial statements.

Indiana Area School District
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Major Fund Food Service
Cash flows from operating activities	
Cash received from users	$ 555,225
Cash payments to employees for services	(132,451)
Cash payments to suppliers for goods and services	(1,438,642)
Net cash provided by (used for) operating activities	(1,015,868)
Cash flows from non-capital financing activities	
State sources	195,755
Federal sources	1,386,243
Net cash provided by (used for) non-capital financing activities	1,581,998
Cash flows from investing activities	
Earnings on investments	13,697
Net cash provided by (used for) investing activities	13,697
Net increase (decrease) in cash and cash equivalents	579,827
Cash and cash equivalents, beginning of year	464,603
Cash and cash equivalents, end of year	$ 1,044,430
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	$ (1,087,802)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	34,202
(Increase) decrease in other receivables	(1,708)
(Increase) decrease in inventories	(7,269)
Increase (decrease) in accounts payable	47,517
Increase (decrease) in unearned revenue	(808)
Total adjustments	71,934
Net cash provided by (used for) operating activities	$ (1,015,868)

See accompanying notes to the basic financial statements.

Indiana Area School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

		Custodial Fund
Assets		
Cash and cash equivalents	$	144,998
Investments		10,000
Total assets		154,998
Deferred Outflows of Resources		0
Total assets and deferred outflows of resources	$	154,998
Liabilities	$	0
Total liabilities		0
Deferred Inflows of Resources		0
Net Position		
Restricted for student organizations		154,998
Total liabilities, deferred inflows of resources and net position	$	154,998

See accompanying notes to the basic financial statements.

Indiana Area School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Fund
Additions:	
Interest income	$ 2,583
Gifts and contributions	22,561
Fundraising	233,878
Total additions	259,022
Deductions:	
Events and supplies	229,598
Total deductions	229,598
Change in net position	29,424
Net position, beginning of year	125,574
Net position, end of year	$ 154,998

See accompanying notes to the basic financial statements

Indiana Area School District
Notes to Financial Statements
June 30, 2023

1. Description of School District and Reporting Entity

The Indiana Area School District is a Local Education Agency of the second class, governed by a nine-member publicly elected board, located in the Commonwealth of Pennsylvania. The District has approximately 2,700 enrolled students and operates four elementary schools, one junior high school and one senior high school. The District also participates in a local area vocational/technical school with various other districts.

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

Component units are legally separate organizations for which the School District is financially accountable or other organizations whose nature and significant relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (1) either the School District's ability to impose its will on the organization or (2) there is potential for the organization to provide a financial benefit to or impose a financial burden on the School District. The School District has no component units.

2. Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of these accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

<u>Government-wide Financial Statements</u>

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

Fund financial statements are also provided in the report for all governmental funds, proprietary funds, and the fiduciary funds of the School District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the School District's major governmental funds:

General Fund – The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – Accounts for financial resources restricted for the acquisition, construction, renovation and deferred maintenance of major capital facilities or equipment, and for debt service.

Debt Service Fund – Accounts for resources accumulated to provide for payment of general long-term debt principal and interest.

Proprietary Funds

Proprietary funds focus on the determination of net position, changes in net position and cash flows and are classified as either internal service or enterprise funds. Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District. There are no internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The following is the School District's major enterprise fund:

Food Service Fund – This fund accounts for the financial transactions related to the food service operation of the School District.

Fiduciary Fund

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. The School District has no private purpose trust funds. The custodial funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. The School District's custodial fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

C. Measurement Focus

Government-wide Financial Statements

Government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements

Fund financial statements are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. 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.

Proprietary Fund types distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Food Service fund are charges for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures. Unearned revenues are addressed in Note 2M, and deferred inflows and outflows of resources in Note 2N.

Revenues - Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

Expenses/Expenditures

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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Data

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The School District is required to adopt a proposed budget at least thirty (30) days prior to adoption of the annual budget. The proposed budget shall be printed or otherwise made available for public inspection to all persons and shall be made available for duplication to any person, on request, at least twenty (20) days prior to the date set for the adoption of the budget. Final action shall not be taken on the proposed budget until after ten (10) days of public notice.

The Board of Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the board is required. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2023.

Fund balances in Budgetary Funds may be appropriated based on resolutions passed by the Board of Education, which authorized the School District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order contract, or other form of commitment, an encumbrance is recorded.

Included in the General Fund budget are program budgets as prescribed by the State and Federal agencies funding the program. These budgets are approved on a program by program basis by the State or Federal funding agency.

Budgets are not legally required for capital improvements reported in the Special Revenue Funds. However, the Board formally adopts an internal budget. Additionally, transactions not included on the adopted budget are approved by the Board prior to commitment, thereby achieving further budgetary control.

An Enterprise fund budget is not adopted; however, a formal budget is prepared and approved by management and expenditures are controlled on the basis of this budget.

F. Investment Valuation

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

The District’s investments include long-term, non-negotiable certificates of deposit with various financial institutions. Similar to checking and savings accounts, non-negotiable certificates of deposit are not subject to fair value or the aforementioned fair value disclosures. The District’s investments further include highly liquid money market funds and fixed income securities measured at fair value using Level 1 inputs, further discussed in Note 3.

Although included in cash and cash equivalents on the District’s financial statements, the District also invests in pooled funds with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT). These funds represent investments held in 2a7-like pools. Portfolio securities are valued at amortized cost, which approximates market value. PSDLAF and PLGIT act like money market mutual funds in that their objective is to maintain a stable net asset value of $1.00 per share. The District reports these funds at the pool’s share price. These funds are further discussed in Note 3.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. Prepaid expenses consist of curriculum at June 30, 2023.

H. Inventory

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

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased. Due to immateriality, an inventory balance is not reported for the governmental funds.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2023. The inventory consisted of purchased commodities and supplies, valued at cost using the first-in, first-out (FIFO) method. The School District receives cash in lieu of government donated commodities.

I. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets used by the proprietary fund are reported in both the business-type activities column on the government-wide statement of net position and in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of ten thousand dollars ($10,000). The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Site improvements	15 - 20 years

J. Original Issue Discounts and Premiums

Bond premiums and discounts are reported as direct adjustments to the face amount of the bond and are deferred and amortized over the life of the bond using the straight-line method of amortization.

K. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are determined to be collectible, and no allowance has been established.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

M. Unearned Revenues

The District reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

N. Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in this year's financial statements include those related to the District's cost-sharing, multi-employer defined benefit pension plan, as well as those related to the District's other post-employment benefits (OPEB). Depending on the nature of the deferred outflow, they may be amortized to expense over 5 years, or over the average remaining service lives of employees. See further detail on deferred outflows of resources related to the pension plan at Note 10, and to OPEB at Notes 11 and 12.

No deferred outflows of resources affect the fund financial statements in the current year.

Deferred Inflows of Resources

The District's statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The deferred inflows of resources reported on the District's statement of net position include those related to the District's cost-sharing, multi-employer defined benefit pension plan, as well as those related to the District's other post-employment benefits (OPEB). Depending on the nature of the deferred inflow, they may be amortized to expense over 5 years, or over the average remaining service lives of employees. See further detail on deferred inflows of resources related to the pension plan at Note 10, and to OPEB at Notes 11 and 12.

In the District's governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet as a deferred inflow of resources ($970,304).

O. Fund Balance Classification

GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable Fund Balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid items) or (b) are legally or contractually required to be maintained intact.

- Restricted Fund Balance: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed Fund Balance: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the School Board. These amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of formal action (i.e. resolution) that was employed when the funds were initially committed.

- Assigned Fund Balance: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or by an official body to which the School Board delegates the authority. Assigned fund balance is established by the School Board.

- Unassigned Fund Balance: This classification includes amounts that are available for any purpose. Positive amounts are reported only in the general fund.

As of June 30, 2023, fund balance components consist of the following:

	General Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable:			
Prepaid expenses	$ 109,350	$ 0	$ 109,350
Restricted:			
Escrow - Legal Settlement	3,456	0	3,456
Senior High - Commons Café	5,253	0	5,253
Ben Franklin Outdoor Classroom	7,736	0	7,736
Senior High Programs	5,669	0	5,669
Junior High Programs	4,058	0	4,058
Elementary Programs	6,164	0	6,164
School supplies and equipment	20,397	0	20,397
Capital Projects	0	18,831,895	18,831,895
Committed:			
Retirement and health care	750,000	0	750,000
Assigned:			
Future capital costs	22,037	0	22,037
Unassigned	7,838,562	0	7,838,562
Total Fund Balance	$ 8,772,682	$ 18,831,895	$ 27,604,577

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

P. Net Position

Net position represents assets and deferred outflows of resources, net of liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The government-wide statement of net position reports $4,650,543 of restricted net position, of which $4,597,810 is restricted by enabling legislation for capital projects and $52,733 has been restricted by donors as detailed in Note 2O.

Q. Estimates

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

R. Multi-Employer Benefit Plans

Pension Plan

Substantially all full-time and part-time employees of the District participate in a cost-sharing, multi-employer defined pension plan. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires cost-sharing employers such as the District to recognize a liability for their proportionate share of the collective net pension liability. The standard further requires the District to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows and inflows of resources related to pensions.

Other Post-Employment Benefits (OPEB)

The Public School Employees Retirement System (PSERS) provides a health insurance premium assistance program, which is a governmental cost-sharing, multiple employer OPEB plan for all eligible District retirees who qualify and elect to participate. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires cost-sharing employers such as the District to recognize a liability for their proportionate share of the collective net OPEB liability. The Standard further requires the District to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows and inflows of resources related to OPEB.

For purposes of measuring the aforementioned net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pension 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, and investments are reported at fair value.

3. Cash and Cash Equivalents and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

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

Deposits in savings or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided certain requirements are met.

Repurchase agreements with respect to U. S. Treasury bills or obligations.

Local Government Investment Pools (LGIPs) which include, but are not limited to, the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT).

Under Pennsylvania Act 10 of 2016, effective May 24, 2016, all Pennsylvania local governments, including school districts, have additional investment options including commercial paper, bankers' acceptances, and negotiable certificates of deposit. These additional investments are subject to maturity terms and credit rating requirements, as defined in the Act. However, due to the collateralization requirements of the Code and because negotiable certificates of deposit do not exist in the current investment market in a collateralized form to satisfy the requirements, they are not an investment lawfully available to school districts at this time.

The deposit and investment policy of the school district adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of checking and savings accounts at a local financial institution and cash on hand of $400. The market values of deposits are equal to the cost of the deposits. Cash and cash equivalents also include pooled funds with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT).

PSDLAF was established to enable school districts to pool funds for investment in instruments authorized by Section 440.1 of the Pennsylvania School Code of 1949, as amended. PLGIT insures that it will not place deposits with any single issuing institution if the largest participant's pro rata share of such deposits exceeds the insurance limit unless such deposits are collateralized as prescribed by Act 72 of the Commonwealth of Pennsylvania. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, PSDLAF funds meet the requirements of investments held in 2a7-like pools, and accordingly, portfolio securities are valued at amortized cost, which approximates market value. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like money market mutual funds, in that, their objective is to maintain a stable net assets value of $1.00 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. Investments in PSDLAF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of principal or interest.

Also in accordance with GASB Statement No. 79, PLGIT "liquid portfolios" meet the requirements of investments held in 2a7-like pools, and accordingly, portfolio securities are valued at amortized cost, which approximates market value. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT portfolios act like money market mutual funds, in that, their objective is to maintain a stable net asset value of $1.00 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. Investments in certain PLGIT portfolios are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of principal or interest. However, other portfolios, although liquid, impose penalties for withdrawals prior to initial holding periods of 30 days or for exceeding limits on the number of withdrawals per month. Another has 7-day wait times, in the case of premature redemptions, in addition to a premature redemption penalty.

The District's investments, as reported on the financial statements, include long-term, non-negotiable certificates of deposit with various financial institutions. These investments are stated at cost, including accrued interest which approximates market value. The District's investments further include highly liquid money market funds and fixed income securities measured at fair value using Level 1 inputs.

Cash

Custodial Credit Risk – Deposits

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 policy for custodial credit risk, however the District's deposits in excess of the FDIC limit are collateralized in accordance with the Pennsylvania Security for Public Deposit Act. As of June 30, 2023, $5,987,205 of the District's bank balance of $15,237,205 was exposed to custodial risk as:

Uninsured and uncollateralized	$ 0
Collateralized with securities held by the pledging financial institution	0
Uninsured and collateral held by the pledging bank's trust department not in the District's name	5,987,205
Total	$ 5,987,205

Reconciliation to Financial Statements

Uninsured amount above		$ 5,987,205
Plus:	Insured amount	9,250,000
Less:	Outstanding checks	(1,584,128)
Carrying amount - bank balances		13,653,077
Plus:	Cash on hand	400
Plus:	Deposits in investment pool considered cash equivalents	11,116,795
Less:	Certificates of deposit considered investments	(9,010,000)
	Total cash per financial statements	$ 15,760,272

Investments

As of June 30, 2023, the District had the following investments and maturities:

Investment	Maturity	Value
Certificates of Deposit	5 - 12 months	$ 9,010,000
Treasury Bills	6 months	1,465,927
PA School District Liquid Asset Fund	N/A	5,044,449
PA Local Government Investment Trust	N/A	6,072,346
Money Market Fund	N/A	472,583
Fixed Income - Municipal Bonds	12 - 48 months	6,473,865
Total		$ 28,539,170

Interest Rate Risk

In order to manage its interest rate risk, the School District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In addition, currently the School District's excess funds are deposited into checking accounts with rates of return adjustable to the applicable federal funds rate (FFR).

Credit Risk

State law limits investments to those authorized by state statutes. However, the District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the District's investments were rated as:

Investment	Standard & Poor's
PA School District Liquid Asset Fund	AAAm
PA Local Government Investment Trust	AAAm
Various Municipal Bonds	AAA-A

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's investment policy minimizes credit risk by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the School District does business.

Custodial Credit Risk

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

Reconciliation to Financial Statements

Total investments above		$ 28,539,170
Less:	Deposits in investment pool considered cash equivalents	(11,116,795)
	Total investments per financial statements	$ 17,422,375

4. Real Estate Taxes

Real estate taxes for the School District are collected from the Boroughs of Indiana and Shelocta and the Townships of Armstrong and White. The tax on real estate for public school purposes for fiscal 2023 was 15.36 mills ($15.36 per $1,000 of assessed valuation) as levied by the Board. Assessed valuations of property ($1,942,606,659) are determined by Indiana County, and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

July 15	- Levy Date
July 15 - September 15	- 2% Discount Period
September 16 - November 15	- Face Payment Period
November 16 – December 31	- 10% Penalty Period
January 15	- Lien Date

5. Taxes Receivable

The elected tax collectors are required to return any uncollected taxes to the county's tax claim bureau by January 15. It has been determined the amount of outstanding taxes as of June 30, 2023 is $2,255,560. The School District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable. An allowance for uncollectible taxes was not established by the administration. A portion of the amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance recorded as a deferred inflow of resources in the fund financial statements.

Uncollected taxes for the year ended June 30, 2023:

Delinquent Earned Income Taxes	$ 10,218
Delinquent Real Estate Taxes	289,346
Earned Income Taxes	949,948
Realty Transfer Taxes	35,744
Uncollected Taxes Recognized as Revenue (received within 60 days)	1,285,256
Real Estate Taxes – Deferred Inflow of Resources	970,304
Total Taxes Receivable	$ 2,255,560

6. Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On the fund financial statements, general fund unearned revenues of $8,436 represent unearned grant revenues at June 30, 2023. Unearned revenues of $83,497 in the Proprietary Fund represent unearned grant revenues of $58,097 and credits on student cafeteria accounts of $25,400 at June 30, 2023.

7. Due From Other Governments

Amounts due from other governments represent receivables for revenues earned by the School District or collections made by another governmental unit on behalf of the School District. At June 30, 2023, the following amounts are due from other governmental units:

Due From	General Fund	Proprietary Fund
Federal	$ 637,830	$ 20,236
State	2,203,929	3,846
Local	179,186	0
	$ 3,020,945	$ 24,082

8. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 1,202,315	$ 0	$ 0	$ 0	$ 1,202,315
Construction in progress	479,470	2,092,967	0	(31,447)	2,540,990
Total capital assets, not being depreciated	1,681,785	2,092,967	0	(31,447)	3,743,305
Capital assets, being depreciated:					
Buildings and improvements	80,471,256	264,712	0	31,447	80,767,415
Furniture and equipment	680,483	45,329	(15,998)	0	709,814
Site improvements	2,566,185	0	0	0	2,566,185
Total capital assets, being depreciated	83,717,924	310,041	(15,998)	31,447	84,043,414
Less accumulated depreciation:					
Buildings and improvements	56,186,225	2,226,624	0	0	58,412,849
Furniture and equipment	440,847	34,233	(6,266)	0	468,814
Site improvements	1,087,234	104,983	0	0	1,192,217
Total accumulated depreciation	57,714,306	2,365,840	(6,266)	0	60,073,880
Total capital assets, being depreciated, net	26,003,618	(2,055,799)	(9,732)	31,447	23,969,534
Governmental activities capital assets, net	$ 27,685,403	$ 37,168	$ (9,732)	$ 0	$ 27,712,839
Business-Type Activities					
Capital assets, being depreciated:					
Equipment	$ 512,128	$ 0	$ 0	$ 0	$ 512,128
Total capital assets, being depreciated	512,128	0	0	0	512,128
Less accumulated depreciation:					
Equipment	378,157	34,202	0	0	412,359
Total accumulated depreciation	378,157	34,202	0	0	412,359
Business-type activities capital assets, net	$ 133,971	$ (34,202)	$ 0	$ 0	$ 99,769

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Instruction	$ 1,632,430
Instruction support	141,950
Administration and finance	236,584
Operation and maintenance of plant	189,267
Pupil transportation	118,292
Student activities	47,317
Total depreciation expense - governmental activities	$ 2,365,840

9. Defined Benefit Pension Plan

Plan Description

The District contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by Pennsylvania Public School Employee's Retirement System (PSERS). Benefit provisions of the plan are established under the provisions of the Pennsylvania Public School Employees' Retirement Code (the Code) and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member's accumulated contribution upon termination of a member's employment in the public-school sector. The members eligible to participate in the plan include all full-time employees, part-time hourly employees who render at least 500 hours of service in the school year, and part-time per diem employees who render at least 80 days of service in the school year. PSERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained at www.psers.pa.gov.

Funding Policy

The contribution policy is set by the Code and requires contributions by active members, employers, and the Commonwealth.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who became new members on or after July 1, 2011.

Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Benefits are generally equal to 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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan 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).

> Class T-G and Class T-H members who qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 97 with a minimum 35 years of service.
>
> Defined benefits for T-G and T-H are 1.25% or 1.00% depending upon membership class, of the member's final average salary (as defined by the Code) multiplied by the number of years of credited service. A member's right to a defined benefit is vested in 10 years.

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.

Contributions

Member Contributions:

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

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

Members who joined PSERS after June 30, 2001 and before July 1, 2011, contribute at 7.5% (automatic Membership Class T-D). For all new hires and for new members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined PSERS after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Members who joined PSERS after June 30, 2019, are defaulted into Membership Class T-G rate of 8.25% (base rate) of the member's qualifying compensation. Members may elect Class T-H which has a rate of 7.50%. Each of these classes are a hybrid of defined benefit and defined contribution plans. Members may also elect Class DC, which is a defined contribution plan with a rate of 7.50%.

Employer Contributions:

The contribution required of participating employers is based on an actuarial valuation and is expressed as a percentage of annual covered payroll during the period for which the amount is determined. Before July 1, 1995, the school district and the Commonwealth shared the employer contribution rate equally. Since July 1, 1995, the school districts are required to pay the entire employer contribution rate and are reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the market value/personal income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total employer rate.

The District's contractually required contribution rate, 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. For the fiscal year ended June 30, 2023, the rate of the employer's contribution was 35.26 percent of covered payroll. The 35.26 percent rate is composed of a pension contribution rate of 34.31 percent for pension defined benefits, 0.75 percent for healthcare insurance premium assistance, and 0.20 percent for the Act 5 defined contribution plan. Indiana Area School District's contributions to PSERS for the year ending June 30, 2023 were $8,884,143. These contributions include $50,392 to the defined contribution plan for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $73,668,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS' total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.1657%, which was a decrease of 0.0010% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $3,768,440. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 33,000	$ 637,000
Changes in assumptions	2,200,000	0
Net difference between projected and actual investment earnings	0	1,250,000
Changes in proportions	0	967,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	8,644,780	0
	$ 10,877,780	$ 2,854,000

$8,644,780, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts, reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in the pension expense as follows:

Year Ended June 30:	
2024	$ (454,000)
2025	123,000
2026	(2,035,000)
2027	1,745,000
	$ (621,000)

Actuarial Assumptions

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

- The Investment Rate of Return was 7.00%.
- The inflation assumption was 2.75%.
- Salary growth at an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022 and 2021.

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

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

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

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

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 95,285,000	$ 73,668,000	$ 55,443,000

Pension Plan Fiduciary Net Position

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

11. Post-employment Benefit Plans – PSERS Health Insurance Premium Assistance Program

Plan Description

PSERS provides Premium Assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB), for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24.5 or more years of service, or
- Are a disability retiree; or
- Have 15 or more years of service and retired after reaching superannuation age; and

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

- Attain Medicare eligibility with 24.5 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.

Benefits Provided

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

Employer Contributions

The school district's contractually required rate for the fiscal year ended June 30, 2023 was 0.75% 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 $188,971 for the year ended June 30, 2023.

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

At June 30, 2023 the District reported a liability of $3,045,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the PSERS' total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.1654%, which was a decrease of 0.0010% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of $30,597. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 28,000	$ 16,000
Changes in assumptions	338,000	719,000
Net difference between projected and actual investment earnings	8,000	0
Changes in proportions	0	167,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	188,971	0
	$ 562,971	$ 902,000

$188,971 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 in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	$ (134,000)
2025	(102,000)
2026	(101,000)
2027	(97,000)
2028	(94,000)
Thereafter	0
	$ (528,000)

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.09% - S&P 20-Year Municipal Bond Rate.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participate 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, 2021 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, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 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-2020 Mortality Improvement Scale.

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.5%
	100.0%	

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

Discount Rate

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

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09%) or 1 percentage point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	$ 3,443,000	$ 3,045,000	$ 2,711,000

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

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

The following presents the District's net OPEB liability for June 30, 2022, calculated using current healthcare cost trends as well as what the District's net OPEB liability would be if the healthcare cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District net OPEB liability	$ 3,044,000	$ 3,045,000	$ 3,045,000

OPEB Plan Fiduciary Net Position

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

12. Post-employment Benefit Plan – District Specific Plan

Plan Description

The District School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the "Plan") that is used to provide continuation of medical, dental and vision benefits to employees who retire from the District. Plan provisions are established based on bargaining agreements negotiated by the District. The plan is unfunded and no financial report is prepared.

Eligibility

Age and service requirements for retirement vary by group as shown below. No benefits are provided upon termination of employment if retirement conditions are not met at termination. No benefits are provided to surviving dependents upon death if employee has not retired.

Teachers:	Eligibility for PSERS superannuation retirement, including at least 20 years with the Indiana Area School District
Administrators:	Eligibility for PSERS superannuation retirement
Support Staff:	Eligibility for PSERS superannuation retirement
Confidential Group:	Eligibility for PSERS superannuation retirement

Duration of Healthcare Benefits

Teachers:	Retirees receive coverage for the lesser of 5 years or until age 65 or qualification for Medicare. Spouse coverage ceases with the cessation of retiree coverage, or upon spouse's attainment of age 65 if earlier. Retiring teachers may extend coverage at the rate of one year for each block of 30, 35, 40 or 45 unused sick days relinquished upon retirement, depending on years of service and hire date. Note that, for purposes of purchasing additional years of retiree health care, the years of service are frozen as of July 1, 2014.

Administrators:	Retirees receive coverage until the earlier of age 65 or qualification for Medicare. Spouse coverage ceases with the cessation of retiree coverage, or upon spouse's attainment of age 65 if earlier. Non-Act 93 Administrators are the only group that is eligible for post-retirement dental and vision coverages. Any other retiree enrolled in either dental or vision coverage must contribute 100% of the premium rate.
Support Staff:	Retiring support staff may obtain coverage at the rate of one year for each block of 40 unused sick days relinquished upon retirement, until the earlier of age 65 or qualification for Medicare. Retirees are eligible for single coverage only. New employees remain eligible to purchase retiree medical benefits at retirement.
Confidential Group:	Retirees may purchase one year of healthcare coverage for each block of 40 unused sick days. Under the current contract, no new employees in this group are eligible to purchase retiree medical benefits with unused sick time.

Participant Contributions

Teachers and Act 93 Administrators:	While within the initial 5 year time period, retirees are required to contribute the $100 PSERS premium assistance amount in order to maintain coverage. After the 5 year period has expired and during the period in which unused sick time is being used, retirees are not required to contribute.
Non-Act 93 Administrators:	Under the District incentive the retiree contributes the PSERS premium assistance amount and the spouse makes no contribution.
Support Staff:	None
Confidential Group:	None

The number of participants as of July 1, 2021, the effective date of the most recent OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	District
Active employees	278
Retired employees	54
Spouses of retired employees	23
Total	355

Funding Policy

The contribution requirements of the plan members and the District are established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund.

Net OPEB Liability

The District's net OPEB liability of $6,979,474 was measured as of June 30, 2021 and was rolled forward using actuarial assumptions to the valuation date of June 30, 2022.

Actuarial Assumptions and Other Inputs

- Cost method – Entry age normal as level percentage of pay
- Discount Rate – 3.54% based on the Bond Buyers 20 – Bond Index.
- Healthcare Cost Trend Rates – 6.50% for 2024, decreasing to an ultimate rate of 4.50% by 2032.
- Inflation Rate of 3.00% and Salary Increases of 2.50%.
- Mortality rates are assumed using the Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2021.

Changes in the District's net OPEB liability for the plan for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) was as follows:

Balance at July 1, 2022	$ 8,079,523
Service cost	316,982
Interest	174,518
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions	(699,785)
Benefit payments	(891,764)
Net changes	(1,100,049)
Balance at June 30, 2023	$ 6,979,474

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

The following presents the net OPEB liability, calculated using the valuation discount rate of 3.54%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate.

	1% Decrease 2.54%	Current Rate 3.54%	1% Increase 4.54%
District's net OPEB liability	$ 7,472,436	$ 6,979,474	$ 6,519,776

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

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate.

	1% Decrease	Current Rate	1% Increase
District's net OPEB liability	$ 6,375,834	$ 6,979,474	$ 7,689,529

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

For the year ended June 30, 2023, the District recognized OPEB expense of $712,563. At June 30, 2023, the District reported deferred outflows and inflows related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 1,083,159	$ 70,649
Changes in assumptions	379,556	670,071
Benefit payments subsequent to the measurement date	917,685	0
	$ 2,380,400	$ 740,720

The $917,685 amount reported as deferred outflows of resources resulting from the District's benefit payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2024	$ 221,063
2025	221,063
2026	221,063
2027	221,058
2028	9,319
Thereafter	(171,571)
	$ 721,995

Economic/demographic (gains)/losses and assumption changes are recognized over the average remaining service life for all active and inactive members.

13. Compensated Absences

Employees of the School District are entitled to paid vacation and paid sick leave depending on length of service with the Pennsylvania Public School Employees' Retirement System and the School District. Unused vacation amounts are believed nominal; sick leave is granted as appropriate (medical evidence required) with budgetary provision being made annually for the estimated cost of substitute personnel. Contractual provisions with teachers require payment at the time of retirement, an amount computed by multiplying the number of such employee's unused accumulated sick days by the dollar amount of $100 per day. Contractual provisions with support personnel require payment at the time of retirement, an amount computed by multiplying the number of such employee's unused accumulated sick days by $50 per day. Similarly computed, the rate for administrative staff ranges from $50-$100 per day. Employees may elect at time of retirement to receive health insurance coverage, in lieu of cash payments. Employees may not receive the cash compensation for sick days used for additional insurance coverage.

The School District has accrued $679,425 for accumulated sick leave for employees that have met the required length of service and are entitled to receive the benefits described above as of June 30, 2023. The current portion of the liability has been estimated at $42,400 with the long-term portion at $637,025 at June 30, 2023.

14. Long-Term Obligations

During the fiscal year ended June 30, 2023, general long-term obligations changed as follows:

	Bonds/Notes Payable	Compensated Absences	Total General Long-Term Obligations
Beginning of the year	$ 26,296,000	$ 537,938	$ 26,833,938
Additions	9,555,000	0	9,555,000
Principal retirement	(2,707,000)	0	(2,707,000)
Changes in compensated absences	0	141,487	141,487
End of year	33,144,000	679,425	33,823,425
Less: Current portion	(2,782,000)	(42,400)	(2,824,400)
Less: Original issue discount, net	(10,655)	0	(10,655)
Add: Original issue premium, net	463,751	0	463,751
Long-term liabilities	$ 30,815,096	$ 637,025	$ 31,452,121

The future annual payments required to amortize all outstanding debt and obligations, except for compensated absences, as of June 30, 2023, including total interest payments are as follows:

Year Ended	General Obligation Bonds and Notes		
June 30,	Interest	Principal	Total
2024	$ 792,215	$ 2,782,000	$ 3,574,215
2025	737,696	2,836,000	3,573,696
2026	674,560	2,983,000	3,657,560
2027	609,370	3,048,000	3,657,370
2028	561,523	2,469,000	3,030,523
2029-2033	1,990,506	10,883,000	12,873,506
2034-2036	434,744	8,143,000	8,577,744
	$ 5,800,614	$ 33,144,000	$ 38,944,614

General Obligation Bond, Series of 2022

The District issued General Obligation Bonds, Series of 2022, dated August 16, 2022, in the principal amount of $9,555,000. The proceeds were used to finance capital improvements at the Eisenhower Elementary School, and to pay all costs incidental to the issuance of the bonds. The bonds bear interest at a fixed rate of 4% with annual maturities from August 2023 through August 2036. The balance outstanding at June 30, 2023 was $9,555,000.

General Obligation Note, Series A of 2021

The District issued General Obligation Note, Series A of 2021, dated November 17, 2021, in the principal amount of $9,999,000. The proceeds were used to partially refund the Series 2016 General Obligation Bonds ($9,740,000), and to pay all costs incidental to the issuance of this note. The present value of the net economic gain realized by the District as a result of this refunding was $1,309,188. The note bears interest at a fixed rate of 1.75% with principal payments commencing August 2022 and maturing August 2035. The balance outstanding at June 30, 2023 was $9,998,000.

General Obligation Note, Series of 2021

The District issued General Obligation Note, Series 2021, dated February 16, 2021, in the principal amount of $8,897,000. The proceeds were used to refund the Series of 2012 and 2013 General Obligation Bonds, as well as the General Obligation Note, Series A of 2015. The present value of the net economic gain the District realized as a result of this refunding was $246,976. The note bears interest at a fixed rate of .94% with principal payments commencing in September 2021 and maturing September 2027. The balance outstanding at June 30, 2023 was $3,595,000.

General Obligation Note, Series of 2017

The District issued General Obligation Note, Series of 2017, dated December 18, 2017, in the principal amount of $9,920,000. The proceeds were used to refund portions of the Series of 2012 ($6,615,000) and Series 2013 ($3,125,000) General Obligation Bonds and to pay all costs incidental to the issuance of this note. The present value of the net economic gain the District realized as a result of refunding the Series of 2012 and Series of 2013 bonds was $197,631. The note bears interest at a fixed rate of 2.240%, with principal payments commencing September 2018 and maturing September 2026. The balance outstanding at June 30, 2023 was $9,836,000.

General Obligation Bonds, Series of 2016

The District issued General Obligation Bonds, Series of 2016, dated December 20, 2016, in the principal amount of $9,925,000 for the purpose of financing the elementary school construction project. These bonds were partially refunded ($9,740,000) in November 2021 with the issuance of General Obligation Note, Series A of 2021. The remaining bonds bear interest rates ranging from 2.5% to 3.0% with annual maturities from August 2022 through August 2027. The balance outstanding at June 30, 2023 was $160,000.

State Public School Building Authority Debt: Indiana County Technology Center

On February 15, 2012, the State Public School Building Authority issued Guaranteed School Building Revenue Bonds (Indiana County Technology Center Project), Series of 2012 in the amount of $3,810,000. The proceeds of the bonds were used to refund the Authority’s outstanding School Building Revenue Bonds (Indiana County Technology Center Project), Series of 2004, and to pay related costs and expenses, including the costs of issuing the bonds. The bonds were issued pursuant to the State Public School Building Authority Act of 1947 and secured by a Trust Indenture entered into between the State Public School Building Authority (the Authority) and a financial institution as Trustee.

The Indiana County Technology Center's participating member districts, including Indiana Area School District, are required to pay their proportionate shares of incurred debt under the Articles of Agreement for the Establishment and Operation of the Indiana County Technology Center, dated March 1978. Pursuant to this agreement, the member districts have agreed to a formula for the allocations of each district's share of the debt service payments.

The Indiana County Technology Center's financing translates into an ongoing obligation of the participating districts for credit purposes; however, for purposes of the Local Governmental Unit Debt Act, this borrowing is not considered general obligation debt of the school districts. Therefore, the future obligations of debt service are not recorded as a liability on Indiana Area School District's financial statements. The District's share of the outstanding balance of the Indiana County Technology Center debt at June 30, 2023 is $263,704.

Accumulated Compensated Absences

In accordance with accounting principles generally accepted in the United States of America, the District accrues liabilities for compensated absences. The District's policy on compensated absences is discussed in Note 13. Due to the nature of the obligation for accrued separation benefits, annual requirements to amortize such obligations are not determinable and have not been presented.

General obligation bonds and notes issued for governmental activity purposes are liquidated by the debt service fund. The Technology Center debt is liquidated by the general fund. Compensated absences liabilities for governmental activities will be paid by the general fund.

15. Interfund Transactions

The following is a summary of interfund receivables and payables at June 30, 2023:

	Receivables	Payables
General Fund (Major Fund)	$ 585,497	$ 1,467,040
Enterprise Fund - Food Service (Major Fund)	0	51,675
Capital Projects Fund (Major Fund)	1,467,040	533,822
	$ 2,052,537	$ 2,052,537

The interfund balances result primarily from approved transfers and cost reimbursements due between the General Fund and the Food Service and the Capital Projects/Reserve Funds at June 30, 2023.

Interfund transactions during the year ended June 30, 2023 consisted of the following:

	Transfer In	Transfer Out
General Fund (Major Fund)	$ 0	$ 4,810,875
Debt Service Fund (Major Fund)	3,343,835	9,776,445
Capital Projects Fund (Major Fund)	11,243,485	0
	$ 14,587,320	$ 14,587,320

The School District pays its debt service out of the Debt Service Fund. Therefore, the General Fund transfers amounts each year to pay the annual debt service. Further, the School District typically transfers funds each year from the General Fund to the Capital Projects (Reserve) Fund for future capital improvements. In fiscal year 2022-23, the Series of 2022 bond proceeds were transferred from the Debt Service Fund to the Capital Projects Fund to finance Eisenhower Elementary School renovations.

16. Contingent Liabilities

<u>Grant Programs</u>

The School District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

17. Self-Insurance – Medical Insurance

The School District is participating in the insurance consortium with the Armstrong-Indiana Insurance Trust to provide for the medical care for eligible employees and their dependents. The consortium, which administers the plan, monitors the District's deposit in the Trust to be held for the benefits described above and Crown Benefits, the plan administrator, processes and pays the claims. The consortium limits its liability by stop-loss insurance coverage. Indiana Area School District's liability at June 30, 2023, for unpaid claims incurred prior to fiscal year end is not readily determinable. No liability has been recorded for these claims at June 30, 2023, as the District recognizes medical claim expenses as claims are paid.

18. Related Party Transactions

<u>Jointly Governed Organization</u>

The District is a participating member of the Armstrong Indiana (ARIN) Intermediate Unit 28. ARIN is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve ARIN's operating budget. ARIN is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest in, or financial responsibility to, ARIN. The District contracts for various services provided by ARIN, including special education services, curriculum development and certain internal service functions. ARIN also acts a conduit for certain federal programs. The total of services provided to Indiana Area School District for the year ended June 30, 2023 for ARIN programs amounted to $625,552. At June 30, 2023, the District had a balance due to ARIN of $51,900 for services.

<u>Joint Venture</u>

The School District is a participating member of the Indiana County Technology Center (ICTC). The ICTC is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the ICTC's annual operating budget. Each participating district pays a pro-rata share of the ICTC's operating costs based on the number of students attending the ICTC for each district. Indiana Area School District's share of the ICTC operating costs for 2022-23 was $1,037,481.

Upon dissolution of the ICTC, the net position will be shared on a pro-rata basis of each participating district's current market value of taxable real property, as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in the ICTC, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, except a residual interest in the net position upon dissolution that should not be reflected in the financial statements. Complete financial statements for the ICTC can be obtained from the ICTC's administrative office at 441 Hamill Road, Indiana, PA.

The District's tuition expense for its students attending the ICTC for fiscal 2023 was $1,037,481. The District had no balances due to or from ICTC at June 30, 2023. (See Note 14 for additional information on State Public School Building Authority Debt for the ICTC).

19. Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years. During the year ended June 30, 2023 and the two previous fiscal years, no settlements exceeded insurance coverage.

20. Economic Dependency

Indiana Area School District receives approximately 36.3% of its revenue from the State of Pennsylvania in the form of state subsidies. Changes in funding levels by the State could have a material effect on future operations of the District.

21. Change in Accounting Principle

For the year ended June 30, 2023, the District adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The standard defines a SBITA as a contract that conveys control of the right to use another party's (vendor) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange transaction. It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability and requires note disclosures regarding SBITAs. The implementation of GASB Statement No. 96 had no impact on the financial statements of the District for the year ended June 30, 2023.

22. Subsequent Event

The District issued General Obligation Bonds, Series of 2023, dated October 18, 2023, in the principal amount of $9,985,000. The proceeds will be used for various capital improvements at the Eisenhower Elementary School, as well as to pay all costs incidental to the issuance of the bonds. The bonds bear interest at rates ranging from 4.0% - 5.0% with annual principal maturities from August 2024 through August 2036.

Indiana Area School District
Required Supplementary Information – Pension Schedules
June 30, 2023

Schedule of Proportionate Share of the Net Pension Liability

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability	0.1657%	0.1667%	0.1669%	0.1717%	0.1773%	0.1818%	0.1840%	0.1837%	0.1897%	0.1836%
District's proportionate share of net pension liability	$73,668,000	$68,442,000	$82,180,000	$80,326,000	$85,113,000	$89,788,000	$91,185,000	$79,570,000	$75,085,000	$75,159,000
District's covered-employee payroll*	$24,318,607	$23,594,314	$23,406,216	$23,685,813	$23,870,474	$24,208,069	$23,828,227	$23,633,183	$24,212,302	$23,563,963
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	302.93%	290.07%	351.10%	339.13%	356.56%	370.90%	382.68%	336.67%	310.11%	318.96%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.49%

*The District's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2022 and prior).

Schedule of District Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 8,644,780	$ 8,225,440	$ 7,881,855	$ 7,776,546	$ 7,697,638	$ 7,458,708	$ 6,973,400	$ 5,860,701	$ 4,741,660	$ 3,779,861
Contributions in relation to the contractually required contributions	(8,644,780)	(8,225,440)	(7,881,855)	(7,776,546)	(7,697,638)	(7,458,708)	(6,973,400)	(5,860,701)	(4,741,660)	(3,779,861)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered-employee payroll	$25,196,095	$24,318,607	$23,594,314	$23,406,216	$23,685,813	$23,870,474	$24,208,069	$23,828,227	$23,633,183	$24,212,302
Contributions as a percentage of covered employee payroll	34.31%	33.82%	33.41%	33.22%	32.50%	31.25%	28.81%	24.49%	20.01%	15.61%

See accompanying notes to the basic financial statements.

Indiana Area School District
Required Supplementary Information-OPEB Schedules
PSERS Health Insurance Premium Assistance Program
June 30, 2023

Schedule of Proportionate Share of the Net OPEB Liability

	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability	0.1654%	0.1664%	0.1669%	0.1717%	0.1773%	0.1818%	0.1840%
District's proportionate share of of net OPEB liability	$ 3,045,000	$ 3,945,000	$ 3,604,000	$ 3,652,000	$ 3,697,000	$ 3,704,000	$ 3,963,000
District's covered-employee payroll*	$ 24,318,607	$ 23,594,314	$ 23,406,216	$23,685,813	$23,870,474	$24,208,069	$23,828,227
District's proportionate share of of net OPEB liability as percentage of its covered-employee payroll	12.52%	16.70%	15.40%	15.42%	15.49%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

*The District's covered employee payroll noted above is as of the measurement date of the net OPEB liability (June 30, 2022 and prior).

Schedule of District Contributions

	2023	2022	2021	2020	2019	2018	2017
Contractually required contributions	$ 188,971	$ 193,597	$ 192,871	$ 195,812	$ 195,983	$ 195,045	$ 198,217
Contributions in relation to the contractually required contributions	(188,971)	(193,597)	(192,871)	(195,812)	(195,983)	(195,045)	(198,217)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered-employee payroll	$ 25,196,095	$ 24,318,607	$ 23,594,314	$23,406,216	$23,685,813	$23,870,474	$24,208,069
Contributions as a percentage of covered-employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.82%	0.82%

Note: These schedules are intended to present information for ten years. Additional years will be displayed prospectively as information becomes available.

See accompanying notes to the basic financial statements.

Indiana Area School District
Required Supplementary Information-OPEB Schedules
District Specific Plan
June 30, 2023

Schedule of Changes in District's OPEB liability:

	2023	2022	2021	2020	2019	2018
Service cost	$ 316,982	$ 260,557	$ 246,653	$ 240,142	$ 233,524	$ 375,509
Interest	174,518	189,114	296,180	332,556	331,917	246,868
Difference between expected and actual experience	0	(88,311)	0	525,203	0	1,920,096
Changes of assumptions	(699,785)	47,763	291,056	97,756	(80,535)	197,389
Changes of benefit terms	0	0	0	(34,207)	0	0
Benefit payments	(891,764)	(886,779)	(739,009)	(1,292,324)	(1,163,156)	(1,064,392)
Net change in total OPEB liability	(1,100,049)	(477,656)	94,880	(130,874)	(678,250)	1,675,470
Total OPEB liability - beginning	8,079,523	8,557,179	8,462,299	8,593,173	9,271,423	7,595,953
Total OPEB liability - ending	6,979,474	$ 8,079,523	$ 8,557,179	$ 8,462,299	$ 8,593,173	$ 9,271,423
Covered payroll*	$ 20,633,768	$ 20,130,505	$ 21,360,111	$ 20,839,133	$ 20,826,288	$ 20,318,330
District net OPEB liability as a percentage of its covered-employee payroll	33.83%	40.14%	40.06%	40.61%	41.26%	45.63%

*The District's covered employee payroll noted above is as of the measurement date of the net OPEB liability (June 30, 2022 and prior).

Note: This schedule is intended to present information for ten years. Additional years will be displayed prospectively as information becomes available.

See accompanying notes to the basic financial statements.

Indiana Area School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Local sources	$ 34,229,112	$ 34,229,112	$ 35,505,382	$ 1,276,270
State sources	20,794,726	20,794,726	21,637,318	842,592
Federal sources	2,967,612	2,967,612	2,543,497	(424,115)
Total revenues	57,991,450	57,991,450	59,686,197	1,694,747
Expenditures				
Instruction:				
Regular programs	29,562,813	29,177,813	28,777,252	400,561
Special programs	7,514,628	7,756,628	7,632,269	124,359
Vocational education programs	1,075,000	1,075,000	1,037,481	37,519
Other instructional programs	890,248	890,248	652,122	238,126
Nonpublic school programs	12,549	24,549	22,858	1,691
Pre-kindergarten	381,002	432,302	427,494	4,808
Support services:				
Pupil personnel	2,094,228	2,094,228	2,063,068	31,160
Instructional staff	1,400,873	1,400,873	1,259,534	141,339
Administration	2,727,574	2,745,574	2,683,019	62,555
Pupil health	960,726	1,027,126	1,011,787	15,339
Business	516,271	523,271	496,453	26,818
Operation and maintenance of plant	4,445,195	4,359,195	4,275,290	83,905
Student transportation	2,439,772	2,530,472	2,518,905	11,567
Central	1,063,467	1,055,267	1,004,563	50,704
Other support services	160,000	160,000	158,977	1,023
Operation of noninstructional services:				
Student activities	1,200,830	1,186,830	1,105,781	81,049
Community services	84,545	90,345	89,881	464
Debt service	10,000	10,000	0	10,000
Total expenditures	56,539,721	56,539,721	55,216,734	1,322,987
Excess (deficiency) of revenues over expenditures	1,451,729	1,451,729	4,469,463	3,017,734
Other financing sources (uses)				
Interfund transfers, net	(4,579,204)	(4,829,204)	(4,810,875)	18,329
Budgetary reserve	(250,000)	0	0	0
Sale of capital assets	0	0	8,201	8,201
Insurance recoveries	0	0	916,950	916,950
Total other financing sources (uses)	(4,829,204)	(4,829,204)	(3,885,724)	943,480
Net change in fund balance	$ (3,377,475)	$ (3,377,475)	583,739	$ 3,961,214
Fund balance beginning of year			8,188,943	
Fund balance end of year			$ 8,772,682	

See accompanying notes to the basic financial statements.

Indiana Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2023

Federal/Grant Project Title	Source Code	Federal C.F.D.A. Number	Pass Through Grantors Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2022	Revenue Recognized	Expenditures	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2023
U.S. DEPARTMENT OF EDUCATION											
Passed through Pennsylvania Department of Education:											
ECIA Title I - Low Income	I	84.010	013-230196	07/01/22-09/30/23	$ 522,932	$ 415,383	$ 0	$ 515,922	$ 515,922	$ 0	$ 100,539
ECIA Title I - Low Income	I	84.010	013-220196	07/01/21-09/30/22	516,963	100,532	89,852	10,680	10,680	0	0
ECIA Title III Language Instruction	I	84.365	010-230196	07/01/22-09/30/23	11,337	8,553	0	6,547	6,547	0	(2,006)
ECIA Title III Language Instruction	I	84.365	010-220196	07/01/21-09/30/22	10,744	134	(280)	414	414	0	0
ECIA Title II Improve Teacher Quality	I	84.367	020-230196	07/01/22-09/30/23	86,166	63,148	0	86,166	86,166	0	23,018
ECIA Title II Improve Teacher Quality	I	84.367	020-220196	07/01/21-09/30/22	87,156	17,253	17,253	0	0	0	0
ECIA Title II Improve Teacher Quality	I	84.367	020-210196	07/01/20-09/30/21	82,285	0	(3,970)	1,604	1,604	0	(2,366)
ECIA Title II Improve Teacher Quality	I	84.367	020-200196	07/01/19-09/30/20	95,270	0	(696)	696	696	0	0
ECIA Title IV Student Support and Academic Enrichment	I	84.424	144-230196	07/01/22-09/30/23	40,563	31,682	0	40,563	40,563	0	8,881
ECIA Title IV Student Support and Academic Enrichment	I	84.424	144-220196	07/24/21-09/30/22	35,444	7,105	7,105	0	0	0	0
Subtotal ECIA Programs passed through Pennsylvania Department of Education					1,488,860	643,790	109,264	662,592	662,592	0	128,066
Passed through Pennsylvania Department of Education:											
Elementary and Secondary School Emergency Relief Fund (ESSER II)	I	84.425D	200-210196	03/13/20-09/30/23	1,740,454	161,903	(85,275)	409,081	409,081	0	161,903
American Rescue Plan - ESSER III	I	84.425U	223-210196	03/13/20-09/30/24	3,520,435	1,792,222	823,676	1,021,307	1,021,307	0	52,761
American Rescue Plan - ESSER 7% Learning Loss	I	84.425U	225-210196	03/13/20-09/30/24	195,440	53,302	(13,125)	111,765	111,765	0	45,338
American Rescue Plan - ESSER 7% Summer Programs	I	84.425U	225-210196	03/13/20-09/30/24	39,088	10,660	(3,554)	39,088	39,088	0	24,874
American Rescue Plan - ESSER 7% After School Programs	I	84.425U	225-210196	03/13/20-09/30/24	39,088	10,661	18,168	17,367	17,367	0	24,874
American Rescue Plan - ESSER Homeless Children	I	84.425W	181-212190	07/01/21-09/30/24	18,245	12,631	10,449	2,957	2,957		775
Passed through Pennsylvania Commission on Crime and Delinquency:											
Elementary and Secondary School Emergency Relief Fund (ESSER)	I	84.425D	2020-ES-01-35293	03/13/20-09/30/22	82,003	5	5	0	0	0	0
Subtotal Education Stabilization Fund					5,634,753	2,041,384	750,344	1,601,565	1,601,565	0	310,525

See accompanying notes.

Indiana Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2023

Federal/Grant Project Title	Source Code	Federal C.F.D.A. Number	Pass Through Grantors Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2022	Revenue Recognized	Expenditures	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2023
Passed through ARIN Intermediate Unit #28:											
IDEA Part B - Section 611	I	84.027	062-230028	07/01/22-06/30/23	439,766	328,591	0	439,766	439,766	0	111,175
IDEA Part B - Section 611	I	84.027	062-220028	07/01/21-06/30/22	414,560	179,172	179,172	0	0	0	0
American Rescue Plan - IDEA Part B	I	84.027X	062-220028	07/01/21-06/30/22	93,953	93,953	93,953	0	0	0	0
IDEA Part B - Section 619	I	84.173	131-230028B	07/01/22-06/30/23	6,358	6,358	0	6,358	6,358	0	0
IDEA Part B - Section 619	I	84.173	131-220028B	07/01/21-06/30/22	2,625	2,625	2,625	0	0	0	0
Subtotal Special Education Cluster					957,262	610,699	275,750	446,124	446,124	0	111,175
Passed through Montgomery County Intermediate Unit #23:											
State Personnel Develop Grant	I	84.323A	Unknown	07/01/16-06/30/17	5,000	0	(548)	0	0	0	(548)
Total U.S. Department of Education					8,085,875	3,295,873	1,134,810	2,710,281	2,710,281	0	549,218
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
Passed through Pennsylvania Department of Human Services:											
Medical Assistance Program - Reimbursement											
SBAP Administration Reimburse	I	93.778	Unknown	07/01/22-06/30/23	N/A	11,347	0	22,532	22,532	0	11,185
SBAP Administration Reimburse	I	93.778	Unknown	07/01/21-06/30/22	N/A	16,647	16,647	0	0	0	0
Total U.S. Department of Health and Human Services						27,994	16,647	22,532	22,532	0	11,185
U.S. DEPARTMENT OF LABOR											
Passed through Tri-County Workforce Investment Board, Inc.:											
WIA DW Formula Funds	I	17.278	Unknown	01/20/23-06/30/23	500	403	0	403	403	0	0
WIA DW Formula Funds	I	17.278	Unknown	11/04/22-06/30/23	833	833	0	833	833	0	0
WIA Adult Program	I	17.258	Unknown	05/21/21-06/30/22	4,000	2,000	2,000	0	0	0	0
Total U.S. Department of Labor					5,333	3,236	2,000	1,236	1,236	0	0

See accompanying notes.

Indiana Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2023

Federal/Grant Project Title	Source Code	Federal C.F.D.A. Number	Pass Through Grantors Number	Grant Period Beginning/End Date	Program Or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2022	Revenue Recognized	Expenditures	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2023
U.S. DEPARTMENT OF AGRICULTURE											
Passed through the Pennsylvania Department of Agriculture:											
National School Lunch - (Cash in lieu of commodities)	I	10.555	Unknown	07/01/22-06/30/23	N/A	139,178	0	139,178	139,178	0	0
Passed through the Pennsylvania Department of Education:											
National School Lunch	I	10.555	Unknown	07/01/22-06/30/23	N/A	808,496	28,315	793,062	793,062	0	12,881
Supply Chain Assistance	I	10.555	Unknown	12/29/22-06/30/24	N/A	78,135	0	20,038	20,038	0	(58,097)
Supply Chain Assistance	I	10.555	Unknown	05/13/22-06/30/23	N/A	0	(56,947)	56,947	56,947	0	0
School Breakfast Program	I	10.553	Unknown	07/01/22-06/30/23	N/A	246,196	11,691	241,860	241,860	0	7,355
Subtotal Child Nutrition Cluster						1,272,005	(16,941)	1,251,085	1,251,085	0	(37,861)
Pandemic-EBT Local Admin Funds	I	10.649	Unknown	10/1/21-09/30/22	N/A	628	0	3,135	3,135	0	2,507
State Matching Funds	S	N/A	N/A	07/01/22-06/30/23	N/A	142,931	1,301	145,476	145,476	0	3,846
Total U.S. Department of Agriculture						1,415,564	(15,640)	1,399,696	1,399,696	0	(31,508)
TOTAL FINANCIAL ASSISTANCE					$ 8,091,208	$ 4,742,667	$ 1,137,817	$ 4,133,745	$ 4,133,745	$ 0	$ 528,895

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards and Certain State Grants

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Indiana Area School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Indiana Area School District, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Indiana Area School District.

Note B – Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Indiana Area School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Donated Commodities

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling $0 in inventory. The District receives cash in lieu of commodities.

Note D – Direct/Indirect Funding

The following source codes reflect program funding:

D = Direct Funding
I = Indirect Funding
F = Federal Share
S = State Share

Indiana Area School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2023

Notes to Schedule of Expenditures of Federal Awards and Certain State Grants

Note E – Reconciliation to Financial Statements

Total Federal Sources reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 2,543,497
Less: School Based Access Medicaid Reimbursement Program	(254,301)
Add: IDEA-B Section 611 passed through, recorded as Local Sources	439,766
Add: IDEA-B Section 619 passed through, recorded as Local Sources	6,358
Add: WIA DW Formula Funds, passed through, recorded as Local Sources	1,236
Total Federal Expenditures – Governmental Funds	2,736,556
Total Federal Sources reported on Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	1,251,713
Total Federal Expenditures – Proprietary Fund	1,251,713
Total Federal Expenditures	$ 3,988,269

Note F – Test of 20% Rule (Low Risk)

Total Expenditures	$ 4,133,745	
Less: State Matching Funds Lunch Program and Severe Need Breakfast Program	(145,476)	
Total Federal Expenditures	$ 3,988,269	
Education Stabilization Fund	$ 1,601,565	
Nutrition Cluster	1,251,085	
Tested	$ 2,852,650	
		= 71.5%
Total Federal Expenditures	$ 3,988,269	

KOTZAN CPA & ASSOCIATES, P.C. MEMBER AICPA • PICPA
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS
Brenda A. Pawlowski, CPA, CFE
Kimberly A. Dorchak, CPA, CGFM

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*

Independent Auditors' Report

To the Members of the Board
Indiana Area School District
Indiana, Pennsylvania 15701

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Indiana Area School District as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise Indiana Area School District's basic financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

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

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Purpose of this Report

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

Kotzan CPA & Associates, P.C.

Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
December 12, 2023

KOTZAN CPA & ASSOCIATES, P.C. MEMBER AICPA • PICPA
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS
Brenda A. Pawlowski, CPA, CFE
Kimberly A. Dorchak, CPA, CGFM

Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance

Independent Auditors' Report

To the Members of the Board
Indiana Area School District
Indiana, Pennsylvania 15701

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

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 *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of Indiana Area School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Indiana Area School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Indiana Area School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Indiana Area School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Indiana Area School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' 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.

Kotzan CPA & Associates, P.C.

Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
December 12, 2023

Indiana Area School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency identified not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency identified not considered to be material weakness(es)?		Yes	X	None reported

Type of auditors' 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	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund
10.553/10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee?	X	Yes		No

Section II - Financial Statement Findings No Findings

Section III - Federal Award Findings and Questioned Costs No Findings or Questioned Costs

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APPENDIX E
CONTINUING DISCLOSURE CERTIFICATE

$_____,000
INDIANA AREA SCHOOL DISTRICT
(Indiana County, Pennsylvania)
Dated ___________, 2024 - Final Maturity August 15, 2038
GENERAL OBLIGATION BONDS, SERIES OF 2024

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Indiana Area School District (the "Issuer"), in connection with the issuance of its $_____,000 General Obligation Bonds, Series of 2024 (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the Issuer on August 26, 2024 (the "Resolution"). The Issuer covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Certificate***. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to comply with, and constitutes the written undertaking for the benefit of the holders of the Bonds 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 Certificate unless otherwise defined in this Section, 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 Certificate.

"*Disclosure Representative*" means the Business Manager of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

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

"*EMMA*" means the continuing disclosure service of the MSRB's Electronic Municipal Market Access system, as established by SEC Release No. 34-58256, as amended, and approved by SEC Release No. 34-59061.

"Financial Obligation" shall mean (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 Certificate, if such event is material with respect to the Bonds.

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

Section 3. ***Provision of Annual Reports***. The Issuer shall provide the Annual Report within 270 days following the end of each fiscal year (the "Report Date"), beginning with the fiscal year ended June 30, 2024 to EMMA which is consistent with the requirements of Section 4 of this Disclosure Certificate. 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 Certificate, provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

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

(a) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units;

(b) if not submitted as part of the Annual Report, then when and if available, audited financial statements for the Issuer; and

(c) a summary of the budget for the current fiscal year.

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

Section 5. ***Reporting of Significant Events***. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events if such event is material with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB) or other similar events affecting the tax-exempt status of the security;

(vii) modifications to the rights of security holders, if material;

(viii) bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event, 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, such as determination of distressed status, affecting 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) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event the Issuer shall as soon as practicable determine if such event is material information for holders of Bonds, provided, that any event under subsection (a)(xi) will always be deemed to be material.

(c) If the Issuer has determined that knowledge of the occurrence of a Listed Event is material, the Issuer shall promptly notify the Paying Agent in writing and report the event pursuant to subsection (d).

(d) If the Issuer determines to report the occurrence of Listed Events pursuant to subsection (c) above, then the Issuer shall file a notice of such occurrence with EMMA. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

Section 6. ***Termination of Reporting Obligation***. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

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 Certificate, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. 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 Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate 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 Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate 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 Certificate. 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 Certificate, the Issuer shall have no obligation under this Disclosure Certificate 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 Certificate any holder of Bonds 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 Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Resolution or the Bonds and the rights and remedies provided by the Resolution and the Bonds upon the occurrence of a default shall not apply to any such failure. The sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Certificate 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, 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 Certificate shall inure solely to the benefit of the Issuer, the initial purchaser of the Bonds, and holders from time to time of the Bonds, 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:

Indiana Area School District
501 East Pike
Indiana, Pennsylvania 15701
Attention: Business Manager

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Certificate as of this ____ day of _______________, 2024.

INDIANA AREA SCHOOL DISTRICT

By:_______________________________________
President, Board of School Directors