

NEW ISSUE—BOOK-ENTRY ONLY

RATING: Moody's "A1" (Underlying)

In the opinion of Bond Counsel, under existing statutes, regulations, and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. This opinion of Bond Counsel is subject to continuing compliance by the School District with its covenants to comply with requirements of the Code and applicable regulations thereunder.

Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the interest on the Bonds is exempt from the Commonwealth's Personal Income Tax and the Commonwealth's Corporate Net Income Tax.

Each of the Bonds will be issued as a "qualified tax-exempt obligation" for purposes and effect contemplated by Section 265 of the Internal Revenue Code of 1986, as amended (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

For further information concerning federal and state tax matters relating to the Bonds, see "Tax Matters" herein

\$9,995,000*

**Montgomery Area School District
(Lycoming County, Pennsylvania)
General Obligation Bonds, Series of 2024**

Dated: Date of Delivery

Principal Due: September 1, as shown on inside cover

Interest Due: March 1 and September 1

First Interest Payment: September 1, 2024

The General Obligation Bonds, Series of 2024 (the "Bonds") in the aggregate principal amount of \$9,995,000* will be issued in registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry 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 Montgomery Area School District, in Lycoming 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 or any other of its revenues or funds the principal of every Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds. For such budgeting, appropriation, and payment the School District irrevocably has pledged its full faith, credit, and available taxing power within the limits provided by law (See "Security" and "Taxing Powers of the School District" *infra*).

Interest on each of the Bonds is payable initially on September 1, 2024, and thereafter semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Manufacturers and Traders Trust Company (the "Paying Agent"), as paying agent 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 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 System for the Bonds is ever discontinued the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its specified corporate trust office in Harrisburg, Pennsylvania or Buffalo, New York (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check made out 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*).

Proceeds of the Bonds will be used towards: (1) the acquisition and construction of renovations and improvements to existing school facilities of the School District; (2) capitalizing interest on the Bonds; and (3) the payment of all costs and expenses incurred by the School District in connection with the issuance and sale of the Bonds.

The Bonds are 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.

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS

{As shown on Inside Cover}

The Bonds are offered when, as and if issued, and subject to the approving legal opinion of Mette, Evans & Woodside, Harrisburg, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain matters will be passed upon for the School District by McNerney, Page, Vanderlin & Hall, of Williamsport, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC, of Harrisburg, Pennsylvania, will serve as the Financial Advisor to the School District. It is expected that the Bonds will be available for delivery in New York, New York, on or about June 20, 2024.

PFM Financial Advisors LLC

Financial Advisor to the School District

Dated:

*Estimated, subject to change.

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

\$9,995,000*
Montgomery Area School District
(Lycoming County, Pennsylvania)
General Obligation Bonds, Series of 2024

Dated: Date of Delivery
Interest Due: March 1 and September 1

Principal Due: September 1, as shown on inside cover
First Interest Payment: September 1, 2024

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS

Maturity Date (September 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields	CUSIP Numbers ⁽¹⁾
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				

⁽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.

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

*Estimated, subject to change.

MONTGOMERY AREA SCHOOL DISTRICT
(Lycoming County, Pennsylvania)

BOARD OF SCHOOL DIRECTORS

Paul E. Stryker, Jr.	.....	President
Dana B. Pick	.....	Vice President
Paula A. Yeckley	.....	Treasurer
Jonathan DeSantis	.....	Member
Roger McRae	.....	Member
Thomas C. Persing	.....	Member
Robyn M. Schreiber	.....	Member
Christopher L. Spangler	.....	Member
Holly Wertz	.....	Member

SUPERINTENDENT
DAPHNE L. BOWERS

BUSINESS MANAGER & BOARD SECRETARY
GRANT EVANGELISTI

SCHOOL DISTRICT SOLICITOR
MCNERNEY, PAGE, VANDERLIN & HALL
Williamsport, Pennsylvania

BOND COUNSEL
METTE, EVANS & WOODSIDE
Harrisburg, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Harrisburg, Pennsylvania and Buffalo, New York

UNDERWRITER

SCHOOL DISTRICT ADDRESS
120 Penn Street
Montgomery, Pennsylvania 17752

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

\$9,995,000*

Montgomery Area School District Lycoming 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 Montgomery Area School District, in Lycoming County, Pennsylvania (the "School District"), in connection with the offering of its the \$9,995,000* aggregate principal amount General Obligation Bonds, Series of 2024, dated as of the date of delivery, which is expected to be June 20, 2024 (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of School Directors of the School District to be adopted on May 21, 2024 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania as amended (the "Commonwealth"), 53 Pa. C.S. Chs. 80-82 (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used towards: (1) the acquisition and construction of renovations and improvements to existing school facilities of the School District; (2) capitalizing interest on the Bonds; and (3) the payment of all costs and expenses incurred by the School District in connection with the issuance and sale 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.

Sources:

Bond Proceeds

Net Original Issue Premium/(Discount)

Use of Funds:

Deposit to Construction Fund

Capitalized Interest Fund

Cost of Issuance⁽¹⁾

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

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof, will be in the aggregate principal amount of \$9,995,000*, will be dated as of the date of delivery, which is expected to be June 20, 2024 and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover page of this Preliminary Official Statement. Interest on the Bonds will be payable initially September 1, 2024, and thereafter, semiannually on March 1 and September 1.

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

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal and interest so paid.

If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal and interest on the Bonds shall be made as described in the following paragraphs:

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office in Harrisburg, Pennsylvania or Buffalo, New York (or to any successor paying agent at its designated office(s)).

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding September 1, 2024, in which event such Bond shall bear interest from the date of delivery, which is expected to be June 20, 2024, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially September 1, 2024, and thereafter, semiannually on March 1 and September 1 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 fifteenth day of February and August, respectively (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of such Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal or of interest on any Bonds on an interest payment date, or at maturity date, or at redemption shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of 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 in the Commonwealth of Pennsylvania 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.

*Estimated, subject to change.

Transfer, Exchange and Registration of Bonds

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

Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, at its specified corporate trust office accompanied by a written instrument or instruments in form, with instructions 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, 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.

Security

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each fiscal year, and will appropriate from its general revenues in each such fiscal year, the amount of the debt service on the Bonds for such fiscal year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation, and payment the School District irrevocably has pledged its full faith, credit, and taxing power, which taxing power presently includes the power to levy ad valorem taxes on all taxable property within the School District, within the limits provided by law (See “**Taxpayer Relief Act (Act 1)**” herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see “**DEFAULTS AND REMEDIES**” herein), and the Public School Code (hereinafter defined) 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**” hereinafter).

Commonwealth Enforcement of Debt Service Payments

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

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

Pennsylvania Budget Adoption

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

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

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

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

After over a month delay, a \$45.5 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which includes \$8.4 billion for the basic education funding appropriation. The total amount is a \$796.6 million (10.45%) increase over the 2022-2023 fiscal year appropriation. The budget also provides \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion. Certain funds authorized within the 2023-2024 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

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.

Sinking Fund

A sinking fund for the payment of the debt service on the Bonds, designated "Sinking Fund - General Obligation Bonds, Series of 2024" (the "Sinking Fund"), has been created under the Resolution and shall 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, interest and/or principal then due on the Bonds.

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

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

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.

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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payment 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.

BOND INSURANCE

The Bonds may or may not be issued with bond insurance. The decision to use bond insurance on all or a portion of the Bonds will be subject to market conditions at the time of pricing the Bonds.

REDEMPTION OF BONDS

Mandatory Redemption

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

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

Optional Redemption

The Bonds stated to mature on or after September 1, 2030, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on September 1, 2029 or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption shall be given by mailing a copy of the redemption notice not less than 30 days nor more than 45 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 any Bonds called for redemption.

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

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized by law or executive order to close, then the date for payment of the principal, 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.

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 Bonds 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.

THE SCHOOL DISTRICT

Introduction

The Montgomery Area School District is located in Lycoming County in north central Pennsylvania, approximately 15 miles southeast of Muncy, Pennsylvania. The School District covers 87 square miles and is comprised of the Borough of Montgomery, Brady Township, Clinton Township, and Washington Township.

Administration

The School District has a nine-member Board of School Directors (the "School Board") elected for four-year terms. 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. The School Board selects both officials.

School Facilities

The School District presently operates one elementary school and a junior/senior high school, all as described in the following table.

**TABLE 1
MONTGOMERY AREA SCHOOL DISTRICT
SCHOOL FACILITIES**

<u>Building</u>	<u>Original Construction Date</u>	<u>Addition/ Renovation Date(s)</u>	<u>Grades</u>	<u>Rated Pupil Capacity</u>	<u>2023-24 Enrollment</u>
<i>Elementary:</i>					
Montgomery Elementary School	1958	1984	K-6	600	526
<i>Secondary:</i>					
Montgomery Jr./Senior High School	1929	1984/2000	7-12	500	410

Source: School District officials.

Enrollment Trends

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

**TABLE 2
MONTGOMERY AREA SCHOOL DISTRICT
ENROLLMENT TRENDS**

<u>School Year</u>	<u>Actual Enrollments</u>			<u>School Year</u>	<u>Projected Enrollments</u>		
	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>		<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2019-20	547	369	916	2024-25	547	423	970
2020-21	537	395	932	2025-26	547	423	970
2021-22	534	414	948	2026-27	547	423	970
2022-23	530	423	953	2027-28	547	423	970
2023-24	526	410	936	2028-29	547	423	970

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 July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll, taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. The firm of Richard B. Snodgrass & Co., of Williamsport, Pennsylvania serves as School District auditor.

Budgeting Process as modified by the 2006 Taxpayer Relief Act (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 PDE and submitted to the board of school directors for approval prior to the beginning of each fiscal year which commences on July 1.

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

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to PDE no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district’s Index (see “**The Taxpayer Relief Act (Act 1)**” herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, or seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see “**The Taxpayer Relief Act (Act 1)**” herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE. If PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing must be published by the school district immediately upon receipt of the notification from PDE that a hearing is required. 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 and approved at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days’ public notice be given of the board’s intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Summary and Discussion of Financial Results

The School District adopted a budget for 2023-24 on June 20, 2023.

The School District prepared annual fund balance analyses for discussion and approval by the Board. The Board's fund balance objective is to maintain a fund balance that will provide financial stability and to provide sufficient funds to pay current expenditures.

A summary of general fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past 5 years and the 2023-24 Budget.

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
ASSETS					
Cash and Cash Equivalents	\$5,955,939	\$6,163,042	\$6,201,245	\$6,334,557	\$6,979,534
Taxes Receivable (Net)	615,822	680,999	654,225	636,519	629,623
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable.....	682,541	807,493	1,057,394	1,742,599	1,149,541
Other.....	240	0	0	0	0
TOTAL ASSETS	<u>\$7,254,542</u>	<u>\$7,651,534</u>	<u>\$7,912,864</u>	<u>\$8,713,675</u>	<u>\$8,758,698</u>
LIABILITIES					
Due to Other Funds	\$19,450	\$16,909	\$21,113	\$44,277	\$26,696
Accounts Payable	178,271	288,129	179,978	718,141	273,996
Current Portion of LT Debt	9,702	9,702	9,702	9,702	9,702
Accrued Salaries and Benefits.....	499,499	513,468	573,236	565,394	542,764
Payroll Deductions and Withholdings...	653,858	691,075	591,451	668,700	789,129
Other.....	0	273,314	29,176	-1,320	3,876
TOTAL LIABILITIES	<u>\$1,360,780</u>	<u>\$1,792,597</u>	<u>\$1,404,656</u>	<u>\$2,004,894</u>	<u>\$1,646,163</u>
<i>Deferred Inflow of Resources</i>	\$284,943	\$0	\$259,342	\$260,262	\$264,285
FUND EQUITIES					
Reserve for Inventories.....	\$630,000	\$630,000	\$630,000	\$630,000	\$630,000
Standard Fund Balance.....	4,375,635	4,375,635	4,375,635	4,375,635	4,375,635
Unreserved Fund Balance.....	603,184	853,302	1,243,231	1,442,884	1,842,615
TOTAL FUND EQUITIES	<u>\$5,608,819</u>	<u>\$5,858,937</u>	<u>\$6,248,866</u>	<u>\$6,448,519</u>	<u>\$6,848,250</u>
TOTAL LIABILITIES					
AND FUND EQUITIES	<u>\$7,254,542</u>	<u>\$7,651,534</u>	<u>\$7,912,864</u>	<u>\$8,713,675</u>	<u>\$8,758,698</u>

*Totals may not add due to rounding.

Source: School District Annual Financial Reports

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

	Actual					Budgeted
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>
Beginning Fund Balance	\$5,944,254	\$5,608,819	\$5,858,936	\$6,248,868	\$6,448,520	\$6,848,251
Revenues over (under) Expenditure	<u>(335,435)</u>	<u>250,117</u>	<u>389,932</u>	<u>199,653</u>	<u>399,730</u>	<u>0</u>
Ending Fund Balance	<u><u>\$5,608,819</u></u>	<u><u>\$5,858,936</u></u>	<u><u>\$6,248,868</u></u>	<u><u>\$6,448,520</u></u>	<u><u>\$6,848,251</u></u>	<u><u>\$6,848,251</u></u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 20, 2023. See "Summary and Discussion of Financial Results" herein.

Source: School District Annual Financial Reports and Budget.

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Revenue

The School District received \$20,445,895 in total revenue in 2022-23 and has budgeted \$19,030,557 in 2023-24. Local sources contributed to a decreased share of total revenue from 42.7 percent in 2018-19 to 38.2 percent in 2022-23. Revenue from State sources contributed a decreased share of total revenue from 54.1 percent to 52.2 percent over this period. Federal and other sources contributed an increased share from 3.2 percent to 9.7 percent over this period.

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

REVENUE:	Actual					Budget
	2019	2020	2021	2022	2023	2024 ⁽¹⁾
Local Sources:						
Current Real Estate Taxes	\$4,255,649	\$4,215,559	\$4,271,355	\$4,459,525	\$4,609,877	\$4,779,243
Interim Real Estate Taxes	5,631	5,216	4,804	535	3,817	9,836
Public Utility Realty Tax	5,535	5,275	74,822	6,064	6,200	5,385
Payments in Lieu of Current Taxes	68,288	66,129	6,005	68,944	62,436	68,858
Act 511 Taxes	1,644,219	1,584,742	1,812,767	1,908,052	1,938,252	1,817,207
Delinquency on Taxes Levied	224,959	287,559	283,360	221,212	222,505	300,000
Earnings on Investments	160,450	98,015	25,303	36,731	249,448	252,000
Revenue from Student Activities	29,820	27,957	2,528	32,446	28,929	20,719
Federal IDEA Pass Through Revenue	127,409	142,524	344,689	167,393	229,163	126,741
Contributions and Donations	66,534	107,252	101,000	105,712	100,376	105,000
Tuition	0	0	0	0	0	300,000
Receipts from Other LEA's in PA	247,382	282,120	250,275	281,845	349,213	0
Community Services & Student Activities	7,994	2,543	0	320	2,841	18,000
Other Sources	40,421	16,823	264,925	21,175	3,417	400
Total Local Sources	\$6,884,292	\$6,841,714	\$7,441,832	\$7,309,954	\$7,806,474	\$7,803,389
State Sources:						
Basic Instructional Subsidy	\$5,261,844	\$5,348,003	\$5,347,999	\$5,499,910	\$6,146,431	\$6,146,665
Tuition for Orphans	20,335	27,300	53,099	26,143	61,480	42,500
Vocational Education	20,201	28,813	27,471	13,821	9,541	15,245
Special Education	601,713	615,471	615,454	647,940	680,078	680,094
Pre-K Counts	425,000	437,500	437,500	437,500	500,000	500,000
Transportation	250,174	227,445	203,814	225,450	285,776	234,000
Rental and Sinking Fund Payments	142,883	124,334	158,692	312,299	437,791	455,248
Health Services	15,486	15,279	16,402	15,206	16,152	15,472
State Property Tax Reduction Allocation	318,766	318,754	319,067	320,142	401,843	402,764
Ready to Learn Block Grant	136,406	136,406	136,406	136,406	136,406	136,408
Social Security and Medicare Tax	267,053	271,127	262,821	273,269	292,697	309,838
Retirement Contributions	1,243,675	1,317,755	1,191,764	1,524,048	1,517,029	1,288,053
Other Sources	25,000	29,359	105,389	74,352	178,723	4,908
Total State Sources	\$8,728,536	\$8,897,546	\$8,875,880	\$9,506,486	\$10,663,947	\$10,231,195
Federal Sources:						
Total Federal Sources	\$402,638	\$523,267	\$1,025,632	\$2,088,236	\$1,928,789	\$825,973
Other Sources:						
Total Other Sources	\$110,589	\$100,245	\$0	\$339,201	\$46,685	\$170,000
TOTAL REVENUE	\$16,126,055	\$16,362,772	\$17,343,344	\$19,243,878	\$20,445,895	\$19,030,557
EXPENDITURES:						
Instruction	\$9,559,786	\$9,482,910	\$10,086,731	\$10,779,023	\$11,751,209	\$10,459,658
Pupil Personnel	546,690	570,227	653,867	673,779	602,261	628,164
Instructional Staff	453,797	580,188	619,578	567,990	551,715	567,278
Administration	936,022	959,914	987,537	980,264	1,007,928	1,125,218
Pupil Health	118,069	116,332	144,395	125,924	121,023	132,424
Business	352,787	360,107	362,643	383,636	420,374	402,255
Operation and Maintenance	1,449,325	1,475,535	1,734,394	2,714,011	1,797,320	1,432,135
Student Transportation	521,202	404,423	468,554	469,027	542,153	531,608
Operation of Non-instructional Services	599,796	569,627	552,219	631,123	677,502	594,122
Facilities, Acquisition, Construction	0	0	0	0	686,429	0
Debt Service	99,344	75,749	75,596	35,803	55	2,120,753
Fund Transfers	1,824,672	1,517,642	1,267,898	1,683,645	1,888,195	0
Budgetary Reserve	0	0	0	0	0	1,036,942
TOTAL EXPENDITURES	\$16,461,490	\$16,112,655	\$16,953,413	\$19,044,225	\$20,046,165	\$19,030,557
SURPLUS (DEFICIT) OF						
REVENUES OVER EXPENDITURES	(\$335,435)	\$250,117	\$389,932	\$199,653	\$399,730	\$0

*Totals may not add due to rounding.

⁽¹⁾ Budget as adopted June 20, 2023. See "Summary and Discussion of Financial Results" herein.

Source: School District Annual Financial Reports and Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

In General

Subject to certain limitations imposed by the Taxpayer Relief Act (more specifically 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 more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended by Act 32 of 2008, enacted July 2, 2008 (53 P.S. §6924.101) the (“Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

Under Act 1, a school district may not levy any new tax for the support of the public schools which was not levied in a previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (PDE):

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

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

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

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

Fiscal Year	Index %
2024-25	7.3%
2023-24	5.6%
2022-23	4.6%
2021-22	3.9%
2020-21	3.6%

Source: Pennsylvania Department of Education website.

In accordance with Act 1, the School District put a referendum question on the ballot at the May, 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax (“EIT”) or a personal income tax (“PIT”) and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. This referendum question 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 in any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

Status of the Bonds Under Act 1

The Bonds do not qualify for an exception to the Index and referendum requirement for debt incurred prior to the effective date of Act 1 (or its predecessor statute Act 72). The School District must include any tax increases to pay debt service due on the Bonds within the Index applicable in each Fiscal Year.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 1. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 1 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 1, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Legislation Limiting Unreserved Fund Balances

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

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

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

*Applicable to the School District.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 48 OF 2003. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 48 OF 2003 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 48. A PROSPECTIVE PURCHASER OF THE BONDS

SHOULD REVIEW THE FULL TEXT OF ACT 48 OF 2003 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Tax Levy Trends

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

**TABLE 6
MONTGOMERY AREA SCHOOL DISTRICT
TAX RATES**

Year	Real Estate (mills)	Real Estate Transfer (%)	Earned Income (%)	Local Services Tax (\$)	Mechanical Device Tax/Per Device (\$)
2019-20	15.21	0.50	1.25	5.00	125.00
2020-21	15.21	0.50	1.25	5.00	125.00
2021-22	15.80	0.50	1.25	5.00	125.00
2022-23	16.52	0.50	1.25	5.00	125.00
2023-24	17.36	0.50	1.25	5.00	125.00

Source: School District Budgets and Pennsylvania Department of Community and Economic Development- Municipal Statistics.

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

	2019-20	2020-21	2021-22	2022-23	2023-24
<i>School District</i>	15.2100	15.2100	15.8000	16.5200	17.3600
	2020	2021	2022	2023	2024
<i>Lycoming County</i>	6.5000	6.5000	6.5000	6.5000	6.5000
Montgomery Borough	7.4920	7.4920	7.4920	7.4920	7.4920
Brady Township	0.2500	0.2500	0.2500	0.2500	0.2500
Clinton Township	1.8980	1.8980	1.8980	1.8980	1.8980
Washington Township	2.0890	2.0890	2.0890	2.0890	2.0890

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

Real Property Tax

The real property tax (excluding delinquent collections) produced \$4,609,876 in 2022-23, approximately 22.5 percent of overall revenue. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2 percent discount, and those who remit subsequent to 120 days after July 1 are assessed a 10 percent penalty.

The following table summarizes recent trends of assessed and market valuations of real property and real property tax collection data. The last County reassessment was done July 1, 2004, which went into effect on January 1, 2005.

**TABLE 8
MONTGOMERY AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2018-19	\$390,456,185	\$314,019,290	80.42%
2019-20	392,536,210	315,460,950	80.36%
2020-21	403,015,867	316,215,460	78.46%
2021-22	406,001,555	317,883,290	78.30%
2022-23	439,534,630	317,852,820	72.32%

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

**TABLE 9
MONTGOMERY AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2021 Market Value	2021 Assessed Value	2022 Market Value	2022 Assessed Value
<i>School District</i>	\$406,001,555	\$317,883,290	\$439,534,630	\$317,852,820
Brady Township	29,247,382	23,083,210	30,342,184	22,999,640
Clinton Township	204,767,664	164,873,740	227,364,693	164,851,590
Montgomery Borough	46,984,394	40,185,780	50,108,632	40,281,950
Washington Township	125,002,115	89,740,560	131,719,121	89,719,640
<i>Lycoming County</i>	7,241,797,248	5,747,084,332	7,733,835,283	5,747,196,995

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

**TABLE 10
MONTGOMERY AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2018	2019	2020	2021	2022
Residential.....	\$179,147,135	\$181,188,810	\$176,245,550	\$176,974,150	\$177,780,400
Trailers	409,890	3,676,860	3,624,420	3,612,220	3,770,780
Seasonal.....	2,054,300	43,419,100	42,672,270	42,787,860	42,175,580
Lot.....	3,902,180	30,211,280	30,173,160	30,931,850	30,497,400
Industrial	43,749,660	51,861,040	51,881,150	51,949,550	52,025,410
Commercial	30,430,710	2,693,430	2,721,570	2,752,920	2,776,480
Agriculture	51,448,100	2,011,610	1,913,000	1,913,000	1,928,430
Land	2,877,315	398,820	6,984,340	6,961,740	6,898,340
Total	\$314,019,290	\$315,460,950	\$316,215,460	\$317,883,290	\$317,852,820

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

**TABLE 11
MONTGOMERY AREA SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

<u>Year</u>	<u>Adjusted Levy</u>	<u>Current Collections Amount</u>	<u>Current Year Collections as Percent</u>	<u>Total Collections Amount⁽¹⁾</u>	<u>Total Collections as Percent</u>
2019-20	\$4,481,257	\$4,215,559	94.07%	\$4,528,254	101.05%
2020-21	4,662,835	4,271,354	91.60%	4,554,714	97.68%
2021-22	4,848,455	4,459,525	91.98%	4,680,737	96.54%
2022-23	4,848,455	4,609,876	95.08%	4,837,655	99.78%
2023-24(est)	5,126,735	4,780,681	93.25%	5,079,241	99.07%

⁽¹⁾Flat billing plus penalties, less discounts and exonerations.
Source: School District officials.

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

**TABLE 12
MONTGOMERY AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS**

<u>Owner</u>	<u>2023-24 Assessed Value</u>
Panda Patriot Llc	\$9,108,000
Energy Property Partners	6,430,710
Leclerc Foods Usa Inc	3,847,500
Specialized Vehicles Corp	3,132,640
Shared Investments Iv Llc	2,800,030
Construction Specialties Inc	2,610,820
Wengers Feed Mill Inc	2,340,000
4 Girton Dr Lp	2,238,000
M-B Companies Inc	2,058,450
Wengerd Thomas S & Ella H	1,718,700
Total	\$36,284,850

Source: School District officials.

Other Taxes

Under Act 511, the School District collected \$1,938,252 in other taxes in 2022-23. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Earned Income Tax, Emergency and Municipal Services Tax, Mechanical Devise Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was \$5,274,415.

Real Estate Transfer. The School District levies a tax of 1.0% of the value of real estate transfers. In 2022-23, the School District's collected portion of this tax yielded \$68,746 or less than one percent of total revenue.

Earned Income Tax. A tax of one 1.25 percent of the earned income of residents is levied by the School District. In 2022-23, the School District's collected portion of this tax yielded \$1,869,504 or 9.1 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") (58.52%) or the wealth based Market Value Aid Ratio ("MVAR") currently (60.89%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District estimates the 2024 bonds will not be subject to reimbursement by the Commonwealth.

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

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

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

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

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

DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the debt of the Montgomery Area School District as of May 13, 2024, including the issuance of the Bonds.

**TABLE 13
MONTGOMERY AREA SCHOOL DISTRICT
DEBT STATEMENT
(As of May 13, 2024)**

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2024 (last maturity 2053)	\$9,995,000
General Obligation Bonds, Series of 2023 (last maturity 2052)	9,875,000
General Obligation Note, Series of 2019 (last maturity 2027)	5,790,000
TOTAL NONELECTORAL DEBT	\$25,660,000
LEASE RENTAL DEBT	
TOTAL LEASE RENTAL DEBT	\$0
TOTAL PRINCIPAL OF DIRECT DEBT	\$25,660,000

*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 amount of direct debt of the School District will total \$25,660,000. After adjustment for available funds and estimated Commonwealth aid, the local effort of direct debt will total \$23,996,932.

**TABLE 14
MONTGOMERY AREA SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of May 13, 2024)**

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt.....	\$25,660,000	\$23,996,932
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	\$25,660,000	\$23,996,932
OVERLAPPING DEBT		
Lycoming County, General Obligation ⁽²⁾	\$4,981,754	\$4,981,754
Municipal Debt.....	8,429,227	8,429,227
TOTAL OVERLAPPING DEBT	\$13,410,981	\$13,410,981
TOTAL DIRECT AND OVERLAPPING DEBT	\$39,070,981	\$37,407,913
DEBT RATIOS		
Per Capita	\$1,558.16	\$1,491.84
Percent 2022-23 Assessed Value.....	12.29%	11.77%
Percent 2022-23 Market Value.....	8.89%	8.51%

*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 "State Aid to School Districts."

⁽²⁾ Pro rata share of 5.68 percent of \$87,656,500 principal amount outstanding.

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2020-21	\$16,539,800
Total Revenues for 2021-22	16,950,105
Total Revenues for 2022-23	<u>18,462,630</u>
Total	<u><u>\$51,952,536</u></u>
Annual Arithmetic Average (Borrowing Base)	\$17,317,512

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:

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base	\$38,964,402	\$25,660,000	\$13,304,402

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

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Debt Service Requirements

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

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

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

**TABLE 15
MONTGOMERY AREA SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

<u>Year</u>	<u>Other</u>	<u>Series</u>			<u>Total</u>
	<u>General</u>	<u>of 2023</u>			<u>Debt Service</u>
	<u>Obligation</u>	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
	<u>Debt</u>				
2023-24	\$1,938,562				
2024-25	1,923,230				
2025-26	1,926,730				
2026-27	1,920,105				
2027-28	1,900,305				
2029-30	625,655				
2030-31	626,055				
2031-32	626,055				
2032-33	625,655				
2033-34	624,855				
2034-35	623,655				
2035-36	622,055				
2036-37	620,055				
2037-38	622,555				
2038-39	619,555				
2039-40	621,055				
2040-41	622,255				
2041-42	626,855				
2042-43	625,755				
2043-44	624,055				
2044-45	626,655				
2045-46	628,455				
2046-47	629,455				
2047-48	629,655				
2048-49	629,055				
2049-50	627,519				
2050-51	625,041				
2051-52	626,653				
2052-53	622,353				
Total	\$25,231,852				

*Totals may not add due to rounding.

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

2022-23 State Aid Received.....	\$10,663,947
2022-23 Debt Service Requirements.....	1,524,175
Maximum Future Debt Service Requirements after Issuance of Bonds.....	
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds.....	7.00 times

*Assumes current Commonwealth Aid Ratio. See “COMMONWEALTH AID TO SCHOOL DISTRICTS”.

Future Financing

The School District is considering issuing additional long term (non-refunding) debt of approximately \$15,515,000 in the next 1-2 years for various capital projects.

LABOR RELATIONS

School District Employees

There are approximately 128 employees of the School District, including 79 teachers and 9 administrators, 40 support personnel including secretaries, maintenance staff and monitors.

The School District’s teachers are represented by the Montgomery Area Education Association, an affiliate of the Pennsylvania State Education Association, under a contract with the School District which expires on June 30, 2024. Custodians and maintenance employees are represented by American Federation of State, County and Municipal Employees (AFSCME), under a contract which expires on June 30, 2025. Other employees are not represented by any labor union.

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

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

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

Annual School District contributions have been as follows:

2018-19	\$2,132,453
2019-20	2,205,371
2020-21	2,269,431
2021-22	2,379,733
2022-23	2,418,181
2023-24 (budgeted)	2,431,222

At June 30, 2023, the School District reported a liability of \$20,807,000 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 0.0468% which was an increase of 0.0007% or an approximately 1.52% increase its proportion measured as of June 30, 2021 (approximately 0.0461%).

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

LITIGATION

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

DEFAULTS AND REMEDIES

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

TAX MATTERS

Federal

Exclusion of Interest from Gross Income. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includable in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals; however, such interest on the Bonds is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

In rendering its opinion, Bond Counsel has assumed continuing compliance by the School District with its covenants contained in the Resolution and its representations in a tax certificate to be executed by the School District on the date of issuance of the Bonds relating to actions to be taken by the School District after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes. These covenants and representations relate

to the use and investment of proceeds of the Bonds and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

Other Federal Tax Matters. Ownership or disposition of the Bonds may result in other federal tax consequences of certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, individuals who otherwise qualify for the earned income credit and taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions, subject to Code Section 265, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

Federal Income Tax Interest Expense Deductions for Financial Institutions

Under the Code, financial institutions are disallowed 100 percent of their interest expense deductions that are allocable, by a formula, to tax-exempt obligations acquired after August 7, 1986. An exception, which reduces the amount of the disallowance, is provided for certain tax-exempt obligations that are designated or “deemed designated” by the issuer as “qualified tax-exempt obligations under Section 265 of the Code.

The School District will designate the Bonds as “qualified tax-exempt obligations” for the purposes and effect contemplated by the Code.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described under the caption “Tax Matters” above and expressly stated in the form of Bond Counsel opinion included as APPENDIX B. Purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.

Pennsylvania

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

Other

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

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

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.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will execute and deliver a written continuing disclosure undertaking as set forth in the form of Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), attached hereto as Appendix C.

Certain operating data of the School District may be inherently included in the annual filings of financial statements, the summary of the budget, contents in Official Statements of future bond issues as well as publicly available information.

Under the terms of the Continuing Disclosure Certificate, the School District will undertake to file with the MSRB, certain financial and other information concerning the School District; for example, its annual audited financial statements and notice of certain events affecting the School District, all as set forth in Appendix C.

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 Municipal Securities Rulemaking Board (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>.

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 Certificate 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 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.

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 were previously outstanding. The School District's filing history of its annual financial and operating information during the past four (4) years is outlined in the table below.

Fiscal Year Ending	Filing Deadline ^[1]	Financial Statements		Budget		Operating Data	
		Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]
6/30/2020	3/27/2021	3/15/2021 ^[3]	P21103853	6/29/2020	RE1040649	12/18/2020	P11105190
6/30/2021	3/27/2022	3/25/2022 ^[4]	P21186234	6/23/2021	P11146411	12/17/2021	P21160365
6/30/2022	3/27/2023	3/27/2023	P21277890	6/30/2022	P11223637	12/27/2022	P11249766
6/30/2023	3/26/2024	3/25/2024	P11317599	6/26/2023	P11269857	3/21/2024	P11315463

Notes

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

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

^[3] The School District filed a notice regarding the status of the audit on 3/15/2021 (EMMA ID P21103853) and filed the PDE 2057 Annual Financial Report on 12/18/2020 (EMMA ID P11105190). Audited financial statements were filed on 6/23/2021 under EMMA ID P11146403.

^[4] The School District filed a notice regarding the status of the audit were filed on 3/25/2022 (EMMA ID P21186234) and filed the PDE 2057 Annual Financial Report on 3/25/2022 (EMMA ID P21186226). Audited financial statements were filed on 5/27/2022 under EMMA ID P11220784.

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:

The School District did not have Continuing Disclosure obligations during the June 30, 2015 fiscal year through the June 30, 2019 fiscal year.

For fiscal year ending June 30, 2020, the School District filed a notice regarding the status of the audit, annual financial report, operating data and budget in a timely fashion. The audit report was filed promptly after becoming available.

For fiscal year ending June 30, 2021, the School District filed a notice regarding the status of the audit, annual financial report, operating data and budget in a timely fashion. The audit report was filed promptly after becoming available.

For fiscal year ending June 30, 2022, the School District filed the audit, budget and operating data in a timely fashion.

For fiscal year ending June 30, 2023, the School District filed the audit, budget and operating data in a timely fashion.

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

Moody's Investors Service has assigned an underlying municipal Bond rating of "A1" to this issue of Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. 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 the credit rating will be maintained for any given period of time, or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such credit rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE RISK FACTORS

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

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

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "RATINGS" herein.

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

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

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

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 at a purchase price of \$_____ (consisting of an underwriter's discount of \$_____, plus an original issue premium of \$_____) less accrued interest from the dated date to the date of delivery of the Bonds.

LEGAL OPINION

The Bonds are offered subject to the receipt of the approving legal opinion of Mette, Evans & Woodside, Bond Counsel, of Harrisburg, Pennsylvania. Certain legal matters will be passed upon for the School District by McNerney, Page, Vanderlin & Hall, of Williamsport, 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.

MONTGOMERY AREA SCHOOL DISTRICT
Lycoming County, Pennsylvania

By: _____
President, Board of School Directors

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

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Population

Table A-1 which follows shows recent population trends for the School District, Lycoming County and the Commonwealth. Table A-2 shows 2020 age composition and average number of persons per household in Lycoming County and for the Commonwealth. Average household size for Lycoming County was slightly smaller than the statewide average.

**TABLE A-1
RECENT POPULATION TRENDS**

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010 to 2020</u>
<i>School District</i>	27,940	25,075	-0.10%
Lycoming County.....	120,044	116,111	8.64%
Pennsylvania.....	12,281,054	12,702,379	0.34%

Source: 2010 & 2020 U.S. Bureau of the Census.

**TABLE A-2
AGE COMPOSITION**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	<u>Persons Per Household</u>
Lycoming County.....	20.5	60.2	19.3	2.15
Pennsylvania.....	20.7	60.9	18.2	2.35

Source: 2020 U.S. Bureau of the Census.

Employment

Overall employment data are not compiled for the School District or municipalities, but such data are compiled for Lycoming County and the Williamsport Metropolitan Statistical Area (“MSA”) as shown below on Table A-3 for February 2024.

**TABLE A-3
DISTRIBUTION OF EMPLOYMENT
(Williamsport Metropolitan Statistical Area)**

<i>ESTABLISHMENT DATA</i>	Industry Employment				Net Change From:	
	Feb 2024	Jan 2024	Dec 2023	Feb 2023	Jan 2024	Feb 2023
Total Nonfarm	52,000	51,800	52,700	51,500	200	500
Total Private	44,600	44,700	45,600	44,300	-100	300
Goods Producing	10,200	10,300	10,300	10,000	-100	200
Manufacturing	7,600	7,600	7,700	7,600	0	0
Service-Providing	41,800	41,500	42,400	41,500	300	300
PRIVATE SERVICE-PROVIDING	34,400	34,400	35,300	34,300	0	100
Trade, Transportation, and Utilities	9,200	9,300	9,700	9,400	-100	-200
Retail trade	5,600	5,700	5,900	5,800	-100	-200
Educational and Health Services	11,400	11,300	11,400	11,000	100	400
Leisure and Hospitality	4,300	4,300	4,400	4,300	0	0
Government	7,400	7,100	7,100	7,200	300	200
Federal Government	400	400	400	400	0	0
State Government	3,000	2,800	2,700	2,900	200	100
Local Government	4,000	3,900	4,000	3,900	100	100

Data benchmarked to March 2023 ***Data changes of 100 may be due to rounding***

Source: Pennsylvania Department of Labor & Industry website: www.dli.state.pa.us (News Releases).

Leading employers within or near the School District include:

**Lycoming County
3rd Quarter 2023**

BUSINESS
The Williamsport Hospital
State Government
Pennsylvania College of Technology
Susquehanna Physician Services
Williamsport Area School District
West Pharmaceutical Services Inc.
Weis Markets Inc.
Lycoming County
Lycoming Engines
CS Group Payroll Services LLC

Source: Center for Workforce Information & Analysis.

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>	Compound Average Annual % Change
<i>Lycoming County</i>						
Civilian Labor Force (000)	55.9	53.8	54.6	55.2	56.2	0.11%
Employment (000)	51	51.5	52.1	53.4	54.0	1.15%
Unemployment (000)	4.9	2.3	2.5	1.8	2.3	-14.04%
Unemployment Rate	8.8	4.3	4.6	3.2	4.0	
<i>Pennsylvania</i>						
Civilian Labor Force (000)	6,515	6,445	6,479	6,485	6,568	0.16%
Employment (000)	5,933	6,059	6,196	6,296	6,331	1.31%
Unemployment (000)	581	386	283	189	237	-16.42%
Unemployment Rate	8.90%	6.00%	4.40%	2.90%	3.60%	

⁽¹⁾As of February 2024.

Source: Pennsylvania Department of Labor and Industry.

Income

The data on Table A-5 shows recent trends in per capita income for the School District, Lycoming County and the Commonwealth over the 2010-2020 period. Per capita income in the School District is lower than average per capita income in the Commonwealth and the County. The School District per capita increased at a slower rate over this period.

TABLE A-5
TRENDS IN PER CAPITA INCOME*

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change 2010-2020
<i>School District</i>	\$19,223	\$21,105	2.05%
<i>Lycoming County</i>	21,802	30,9292	2.38%
<i>Pennsylvania</i>	27,049	38,790	2.62%

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

Source: Pennsylvania State Data Center and U.S. Census Bureau, 2016-2021 American Community Survey.

Commercial Activity

A-6 shows retail sales for the years 2018 through 2022 for the County, and the Commonwealth.

TABLE A-6
TOTAL RETAIL SALES
(000)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Lycoming County.....	\$1,657,117	\$2,484,896	\$2,536,883	\$2,252,603	\$2,434,544
Pennsylvania	188,389,810	244,709,540	251,185,116	274,685,600	297,770,327

Source: Sales and Marketing Management Magazine

Educational Institutions

Lycoming College and Pennsylvania College of Technology are located in Williamsport and in nearby Lock Haven is Lock Haven University. State College is only 40 minutes away and is the home of the Pennsylvania State University, which accommodates over 30,000 students, and Bucknell University in Lewisburg is 30 minutes from the School District.

Housing

Lycoming County, 2000 census figures showed 52,464 housing units, while 49,580 housing units were found in 1990. This represents an increase of 2,884 residence within a decade.

Medical Facilities

Hospital care is provided by Susquehanna Health Systems which consist of the Williamsport Hospital and Divine Providence Hospital, both located in Williamsport, and Muncy Valley Hospital located in Muncy.

Utilities

Utility services for the area covered by the School District are provided by Verizon, PP&L Utilities and Pennsylvania Gas and Water Company. Water and sewer service is provided by Montgomery Water and Sewer Authority.

Transportation

The School District is along U.S. 15, a major north-south highway, approximately 20 miles north of Interstate 80, a major east-west route. Route 15 provides direct access south to Harrisburg, and north to Elmira and Rochester, New York. Interstate 80 provides direct access to the New York City area and major mid-western cities. Williamsport-Lycoming County Airport, five miles north of the School District, provides scheduled air service to Philadelphia and Pittsburgh. Conrail provides mainline freight service to Williamsport.

There are 873.4 miles of State and Federal highways and 839.2 miles of secondary and municipal highways within the County.

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APPENDIX B
Opinion of Bond Counsel

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APPENDIX C
Continuing Disclosure Certificate

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APPENDIX D
Audited Financial Statements