

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2026

NEW ISSUE—BOOK-ENTRY ONLY

**RATING: S&P: “ ” (Stable Outlook) (Insured)
“A” (Stable Outlook) (Underlying)
See “RATINGS” herein**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania. See “TAX MATTERS” herein.

\$11,400,000*

**Blue Mountain School District
(Schuylkill County, Pennsylvania)
General Obligation Bonds, Series of 2026**

Bonds Dated: Date of Delivery
Interest Due: February 1 and August 1

Principal Due: August 1, as shown on inside cover
First Interest Payment: February 1, 2027

The General Obligation Bonds, Series of 2026 (the “Bonds”) in the aggregate principal amount of \$11,400,000* will be issued in registered form in denominations of \$5,000 and integral multiples thereof, and will be registered in the name of Cede & Co., as the 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 and integral multiples 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 Blue Mountain School District, a public school district located in Schuylkill County, Pennsylvania (the “School District”), payable from its local taxes, state subsidies 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 due on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and 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 February 1, 2027, and thereafter semiannually on February 1 and August 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, N.A. (the “Paying Agent”), to serve as the 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, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its designated corporate trust office (or any successor paying agent or other designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See “THE BONDS,” *infra*).

The Bonds are subject to optional redemption prior to maturity as described herein.

Proceeds of the Bonds will be used towards capital improvement projects of the School District, including but not limited to renovations, additions and improvements to school district facilities, fund capitalized interest and pay the costs of issuing and insuring the Bonds.

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

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

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

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Bowe & Odorizzi Law, LLC, of Pottsville, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Fanelli, Evans & Patel, PC., of Pottsville, Pennsylvania, School District Solicitor and for the Underwriter by Stevens & Lee, P.C., of Reading, Pennsylvania. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, will act as Municipal Advisor to the School District in connection with the Bonds. It is expected that the Bonds will be available for delivery on or about July __, 2026.

RAYMOND JAMES®

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.

\$11,400,000*
Blue Mountain School District
(Schuylkill County, Pennsylvania)

Bonds Dated: Date of Delivery
Interest Due: February 1 and August 1

Principal Due: August 1, as shown below
First Interest Payment: February 1, 2027

Year of Maturity (August 1)	Principal Maturity Amount	Interest Rate	Initial Offering Yields	CUSIP Numbers⁽¹⁾
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				

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

*Estimated, subject to change

BLUE MOUNTAIN SCHOOL DISTRICT

(Schuylkill County, Pennsylvania)

BOARD OF SCHOOL DIRECTORS

Mrs. Michelle Z. Vesay	President
Dr. Timothy G. Grube	Vice President
Mrs. Krista L. Strause	Secretary
Mrs. Rebecca Miller	Treasurer
Mrs. Janice Blair	Member
Mr. John Campomizzi Sr.	Member
Mr. Roy A. Heim	Member
Mrs. Megan Troutman-Meisner	Member
Mrs. Rosanne Zelusky	Member

SUPERINTENDENT

JASON LILLY

BUSINESS MANAGER

AMY M. TOMALAVAGE

SCHOOL DISTRICT SOLICITOR

FANELLI, EVANS & PATEL, PC
Pottsville, Pennsylvania

BOND COUNSEL

BOWE & ODORIZZI LAW, LLC
Pottsville, Pennsylvania

PAYING AGENT

MANUFACTURERS AND TRADERS TRUST COMPANY, N.A.
Harrisburg, Pennsylvania

MUNICIPAL ADVISOR

PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER

RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

STEVENS & LEE, P.C.
Reading, Pennsylvania

SCHOOL DISTRICT ADDRESS

685 Red Dale Road
Orwigsburg, Pennsylvania 17961

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.

The Underwriters have reviewed the information in this Preliminary Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page, inside cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Preliminary Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

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

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trust(s)) and others at prices lower than the public offering prices stated on the inside cover hereof.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANTS, MATERIALITY OR IMPORTANCE, AND THIS PRELIMINARY OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE PRELIMINARY OFFICIAL STATEMENT.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER SECURITIES REGULATOR. NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE SECURITIES COMMISSION OR ANY OTHER SECURITIES REGULATOR HAS PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

The Underwriter has reviewed the information in this Preliminary Official Statement in accordance with, and as part of, their responsibilities to investors under the Federal Securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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PRELIMINARY OFFICIAL STATEMENT
\$11,400,000*
Blue Mountain School District
(Schuylkill County, Pennsylvania)
General Obligation Bonds, Series of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover page hereof and Appendices hereto, is furnished by Blue Mountain School District, located in Schuylkill County, Pennsylvania (the "School District"), in connection with the offering of its \$11,400,000* aggregate principal amount of General Obligation Bonds, Series of 2026 (the "Bonds"), to be dated as of the date of initial delivery to the Underwriter (the "Date of Delivery"). The Bonds are being issued pursuant to a resolution of the Board of School Directors of the School District adopted on May 27, 2026 (the "Resolution"), and pursuant to the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Debt Act"), of the Commonwealth of Pennsylvania (the "Commonwealth").

PURPOSES OF THE ISSUE

Proceeds of the Bonds will be used towards capital improvement projects of the School District, including but not limited to renovations, additions and improvements to school district facilities, fund capitalized interest and pay the costs of issuing and insuring the Bonds.

Sources and Uses of Bond Proceeds*

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

	Totals
<u>Sources of Funds</u>	
Bond Par Amount	
Plus/less: Net Original Issue Premium/(Discount)	
<i>Total Sources of Funds</i>	
<u>Uses of Funds</u>	
Construction Fund Deposit	
Costs of Issuance ⁽¹⁾	
<i>Total Uses of Funds</i>	

⁽¹⁾Includes legal, Municipal Advisor, printing, rating, underwriters' discount, 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 and integral multiples thereof, will be in the aggregate principal amount of \$11,400,000*, and will be dated as of the Date of Delivery. The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on February 1, 2027, and thereafter, semiannually on February 1 and August 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

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

The principal of the certificated 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, N.A. (the “Paying Agent”), acting as paying agent and sinking fund depository for the Bonds (or to any successor paying agent at its designated office(s)).

Interest on the certificated Bonds will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding February 1, 2027, in which event such Bond shall bear interest from the Date of Delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Bonds

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

*Estimated, subject to change

The School District and the Paying Agent shall not be required (a) to register the transfer of or exchange any certificated Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

SECURITY FOR THE BONDS

General

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable property within the School District, subject to statutory restrictions and limitations prescribed by law (See “TAXING POWERS OF THE SCHOOL DISTRICT”) herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see “DEFAULTS AND REMEDIES” herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see “Commonwealth Enforcement of Debt Service Payments” herein).

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund 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

Over the past several years the Commonwealth of Pennsylvania has, from time to time, started its fiscal year without a fully adopted state budget.

After a week’s delay and intense negotiations, a \$42.7 billion budget for the state’s 2022-23 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$525 million increase over the 2021-22 fiscal year appropriation.

After over a month delay, a \$44.9 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-23 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023, multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state’s budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget includes \$8.097 billion for the basic education funding appropriation. The total amount is a \$225 million increase over the 2023-24 fiscal year appropriation. The budget also provides \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

After months of negotiations, Governor Josh Shapiro signed the state’s budget for the 2025-26 fiscal year late on November 12, 2025. The \$50.1 billion budget included (i) \$8.262 billion for the basic education funding appropriation, which is more than a \$100 million increase over the basic education funding appropriation for the 2024-25 fiscal year, and (ii) \$1.526 billion for the special education appropriation, which is a \$40,000,000 increase over the same appropriation for the 2024-25 fiscal year. The budget also increased the Ready to Learn Block Grant program appropriation by approximately 68% from the 2024-25 fiscal year. In addition, the budget included \$175 million in estimated savings for school districts through reforms to the existing cyber charter school law. (See “SECURITY FOR THE BONDS” herein.)

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

Act 85 of 2016

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

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

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

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

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

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

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

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

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "General Obligation Bonds, Series of 2026 Sinking Fund" (the "Sinking Fund"), created under the Resolution shall be held 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 Funds 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 funds deposited therein will be invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by law, 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.

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 Underwriters 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 Underwriters.

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

DTC the world's largest securities depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by

Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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 principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

BOND INSURANCE

TBD

BOND INSURANCE RISK FACTORS

In the event of a default in the payment of principal or interest with respect to the Bonds when any such payment 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 resulting from any default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, any payments to be made pursuant to the Policy will be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. In addition, the Policy does not insure the payment of any redemption premium. To the extent that any payment of principal and interest by the School District in connection with a mandatory or optional prepayment of the Bonds is recovered by the School District from any owner of the Bonds as a voidable preference under applicable bankruptcy law, such payments are covered by the Policy. However, such payments will be made by the Bond Insurer at such times and in such amounts as such payments would have been due had there been no such prepayment by the School District, unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, any default in the payment of principal and interest does not accelerate the obligations of the Bond Insurer without its consent. The Bond Insurer may direct, and must consent to, any remedies that the Paying Agent exercises following such a default and the Bond Insurer's consent may be required in connection with amendments to the applicable Agreements or Resolution in those circumstances.

In the event that the Bond Insurer is unable to make any payments of principal and interest as such payments become due under the Policy, the Bonds will be payable solely from the moneys received by the Paying Agent pursuant to the applicable Agreements. In the event that 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 insured long-term rating on the Bonds is dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors that could change over time. No assurance is given that the insured long-term rating of the Bond Insurer and, therefore, the insured rating on the Bonds 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 under the Policy are general obligations of the Bond Insurer and, upon an event of default by the Bond Insurer, the remedies available to the Paying Agent may be limited by applicable bankruptcy law or other similar laws related to the insolvency of entities like the Bond Insurer.

Neither the School District nor the Underwriter has made an 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 School District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of their investment. See "MUNICIPAL BOND INSURANCE POLICY" herein for further information provided by the Bond Insurer with respect to itself and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

REDEMPTION OF BONDS

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Resolution, the following Bonds are subject to mandatory redemption pursuant to operation of the Mandatory Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one-hundred percent (100%) of the principal amount thereof, together with accrued interest, on August 1 of the following years and in the following principal amounts:

Bonds stated to mature August 1, _____:

*Final Maturity

Optional Redemption

The Bonds stated to mature on or after August 1, 20__ shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on _____ or on any date thereafter, or from time to time, in part on _____ (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, any 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 interest 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 Blue Mountain School District (the "School District") is a rural district located in southern Schuylkill County (the "County"), Pennsylvania (the "Commonwealth"). The school district which adjoins the city of Pottsville, includes medium-sized residential areas, but continues to have fertile, well-kept farms. Blue Mountain School district serves a community of approximately 20,471 citizens living in a 127 square mile area. The citizenry resides in East Brunswick, North Manheim, Wayne and West Brunswick Townships, and the Boroughs of Auburn, Cressona, Deer Lake, New Ringgold and Orwigsburg.

Administration

The School District is governed by 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, financial and non-instructional aspects of operations. Both officials are appointed by the Board of School Directors and under contract with the School District.

School Facilities

The School District presently operates two elementary schools, one middle school and one high school, all as described on the following table.

**TABLE 1
BLUE MOUNTAIN SCHOOL DISTRICT
SCHOOL FACILITIES**

School Facility	Year Constructed	Years Renovated	Grades Served	Rated Capacity*	2025-26 Enrollment
<i>Elementary</i>					
East Elementary	1965	1987, 2011	K-5	900	625
West Elementary**	2022		K-5	450	438
<i>Secondary</i>					
Blue Mt. Middle School	1969/70	2004	6-8	979	566
Blue Mt. High School	1959/60	2001	9-12	1,200	806

*Rated capacity for Pennsylvania Department of Education reimbursement purposes.

**Students have been relocated to a rented facility due to the building condition.

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
BLUE MOUNTAIN SCHOOL DISTRICT
ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2021-22	1,083	1,420	2,503	2026-27	1,050	1,350	2,400
2022-23	1,072	1,393	2,465	2027-28	1,060	1,360	2,420
2023-24	1,096	1,402	2,498	2028-29	1,080	1,380	2,460
2024-25	1,102	1,406	2,508	2029-30	1,090	1,390	2,480
2025-26	1,064	1,385	2,449	2030-31	1,100	1,400	2,500

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 (“PDE”). 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 each fiscal year on July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited by an independent certified public accountant, as required by State law. The firm of Jones & Co. of Pottsville, Pennsylvania, serves as the School District Auditor.

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

Budgeting Process as modified by Act 1 of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education (“PDE”). An annual operating budget is prepared by school district administrative officials on a uniform form furnished by such Department 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 the 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

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4 which follow. Table 5 shows revenues and expenditures for the past five (5) years and the 2025-26 budget.

**TABLE 3
BLUE MOUNTAIN SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years Ending June 30)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
ASSETS					
Cash and Cash Equivalents.....	\$7,120,589	\$8,150,435	\$5,812,537	\$7,047,772	\$6,227,050
Taxes Receivable.....	3,788,028	3,573,261	3,391,903	3,455,005	3,395,104
Due from other Funds.....	50,191	59,202	77,458	155,941	38,261
Due from Other Governments	561,814	640,809	415,652	257,404	164,587
State Revenue Receivable	1,386,914	1,425,862	2,097,368	2,300,522	1,614,490
Federal Revenue Receivable	1,048,879	342,594	1,049,494	299,194	278,572
Other Receivables.....	23,862	72,211	76,953	61,165	50,323
Prepaid Expenses.....	16,000	0	0	181,964	0
TOTAL ASSETS.....	<u>\$13,996,277</u>	<u>\$14,264,374</u>	<u>\$12,921,365</u>	<u>\$13,758,967</u>	<u>\$11,768,387</u>
LIABILITIES					
Due to Other Funds	\$69,647	\$75,977	\$88,176	\$174,859	\$77,473
Due to Other Governments.....	3,081	755	0	0	0
Accounts Payable	547,519	577,136	407,204	848,205	403,201
Accrued Salaries and Benefits	2,820,997	2,757,136	2,214,562	2,250,514	2,401,579
Payroll Deductions and Withholdings	1,464,738	1,541,167	1,860,329	1,992,836	2,082,153
Unearned Revenue	2,942,585	2,731,464	2,501,959	3,290,347	2,439,325
TOTAL LIABILITIES	<u>\$7,848,567</u>	<u>\$7,683,635</u>	<u>\$7,072,230</u>	<u>\$8,556,761</u>	<u>7,403,731</u>
<i>Deferred Inflows of Resources.....</i>	\$0	\$0	\$0	\$0	\$0
FUND EQUITIES					
Committed Fund Balance	\$2,675,000	\$2,675,000	\$2,675,000	\$2,675,000	\$2,675,000
Unassigned Fund Balance	3,472,710	3,905,739	3,174,135	2,527,206	1,689,656
TOTAL FUND EQUITIES	<u>\$6,147,710</u>	<u>\$6,580,739</u>	<u>\$5,849,135</u>	<u>\$5,202,206</u>	<u>\$4,364,656</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	<u>\$13,996,277</u>	<u>\$14,264,374</u>	<u>\$12,921,365</u>	<u>\$13,758,967</u>	<u>\$11,768,387</u>

Source: School District Annual Financial Reports.

**TABLE 4
BLUE MOUNTAIN SCHOOL DISTRICT
SUMMARY OF CHANGES IN FUND BALANCE***

	<u>2021</u>	<u>2022</u>	<u>Actual</u> <u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Budgeted</u> <u>2026⁽¹⁾</u>
Beginning Fund Balance	\$5,351,578	\$6,147,710	\$6,580,739	\$5,849,135	\$5,202,206	\$4,364,655
Revenues over (under) Expenditure	796,132	433,029	(731,603)	(646,930)	(837,550)	(534,513)
Chg.Inv/RS Equity Trans/Prior Yr. Adj.3						
Ending Fund Balance	<u>\$6,147,710</u>	<u>\$6,580,739</u>	<u>\$5,849,135</u>	<u>\$5,202,206</u>	<u>\$4,364,655</u>	<u>\$3,830,142</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 26, 2025.

Source: School District Annual Financial Reports and Budget.

The School District received \$52,834,235 in revenue in 2024-25 and has budgeted revenue of \$52,413,773 in 2025-26. Local sources increased as a share of total revenue in the past five years, from 51.6% in 2020-21 to 56.9% in 2024-25. Revenue from Commonwealth sources increased slightly as a share of total revenue from 32.9% to 41.3% over this period. Federal and other revenue decreased as a share of total revenue from 15.5% to 1.9% during this period.

TABLE 5
BLUE MOUNTAIN SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(Years ending June 30)

Revenues:	Actual					Budgeted
Local Sources:	2021	2022	2023	2024	2025	2026⁽¹⁾
Current Real Estate Taxes	\$20,214,592	\$20,973,747	\$20,722,140	\$20,759,329	\$21,390,654	\$22,524,918
Public Utility Realty Taxes	23,459	24,519	25,604	24,903	26,054	25,000
Payments in Lieu of Current Taxes	13,951	13,951	13,951	23,626	31,457	27,000
Act 511 Taxes	4,936,044	5,495,921	5,420,712	5,465,514	5,685,333	5,237,000
Delinquent Taxes	1,188,871	1,370,491	1,214,126	1,218,822	1,311,336	1,225,000
Earning on Investments	37,555	28,384	173,905	402,269	317,754	350,000
Revenue from LEA Activities	107,044	201,328	256,429	269,234	264,902	224,000
Federal IDEA Revenue as Pass Through	462,808	493,863	605,345	531,634	501,834	503,834
Rentals	0	150	3,145	707,880	9,449	12,500
Contributions and Donations	150,746	28,020	450,469	178,398	249,482	40,000
School Tuition	15,451	35,260	13,950	13,401	22,310	163,000
Receipts from Other LEAs in PA - Education	146,459	113,687	59,777	120,688	133,023	0
Refunds of a Prior Year Expenditure	767,972	107,638	42,384	23,270	4,707	107,000
Energy Efficiency Revenues	11,166	11,570	4,779	3,280	0	0
Other Revenue not Specified Above	23,555	51,045	68,905	66,019	93,460	0
Total Local Sources	\$28,099,673	\$28,949,572	\$29,075,621	\$29,808,267	\$30,041,755	\$30,439,252
State Sources:						
Basic Instructional Subsidy	\$8,291,977	\$8,446,778	\$9,166,172	\$9,625,081	\$9,828,699	\$9,876,842
Tuition for Orphans Subsidy	41,101	68,012	82,130	64,010	192,529	50,000
Special Education funds for School-Aged Pupils	1,659,125	1,520,704	1,776,508	1,864,900	2,177,147	2,040,612
Transportation	2,006,104	1,808,734	1,459,703	2,067,100	2,110,772	2,151,000
Rental and Sinking Fund Payments	636,979	608,903	578,754	486,756	485,924	503,579
Health Services	48,916	47,418	47,573	46,515	51,079	52,000
State Property Tax Reduction Allocation	767,674	769,709	971,939	971,323	1,159,424	1,331,861
School Safety and Security Grants	227,196	0	0	277,348	880,975	0
Ready to Learn Block Grants	354,683	354,683	354,683	354,683	757,651	1,160,817
Revenue for Social Security Payments	695,488	701,646	735,285	720,424	762,752	785,207
Revenue for Social Security Payments	3,179,364	3,253,088	3,437,894	3,247,234	3,404,402	3,350,000
Total State Sources	\$17,908,606	\$17,579,674	\$18,610,641	\$19,725,374	\$21,811,354	\$21,301,918
Federal Sources:						
Total Federal Sources	\$2,004,893	\$1,055,851	\$2,286,325	\$1,225,758	\$813,031	\$672,603
Other Sources:						
Total Other Sources	\$6,422,900	\$6,182,904	\$340,141	\$1,315,763	\$168,096	\$0
TOTAL REVENUE	\$54,436,071	\$53,768,001	\$50,312,728	\$52,075,162	\$52,834,235	\$52,413,773
EXPENDITURES:						
Instruction	\$26,323,983	\$26,659,526	\$28,178,602	\$28,579,568	\$29,401,110	\$29,766,892
Pupil Personnel	1,645,746	1,736,549	1,788,424	1,750,785	1,990,615	1,892,022
Instructional Staff	711,354	783,554	720,014	763,661	606,636	577,909
Support Services - Administration	2,908,292	2,887,476	2,987,347	3,021,457	3,568,304	3,596,947
Support Services - Pupil Health	791,071	865,517	904,209	896,021	1,019,152	1,131,828
Business	625,650	567,664	624,680	650,653	722,526	704,894
Operation & Maintenance of Plant Services	3,600,075	3,471,567	3,801,156	3,793,462	4,768,152	5,133,232
Student Transportation	2,795,264	2,988,115	3,058,327	3,181,334	3,567,552	3,022,351
Central	2,338,222	1,529,159	1,926,814	1,918,330	1,640,605	1,762,403
Other Support Services	0	0	0	0	0	0
Noninstructional Services	1,156,651	1,273,057	1,356,287	1,463,469	1,472,329	1,412,170
Fac Acq, Const, and Imp	91,079	349,771	803,430	3,043,138	873,105	0
Debt Service	10,641,385	10,211,448	4,480,263	3,660,215	4,041,700	3,897,638
Refund of Prior Year Receipts	0	0	0	0	0	0
Fund Transfers	11,166	11,570	414,779	0	0	0
Budgetary Reserves	0	0	0	0	0	50,000
TOTAL EXPENDITURES	\$53,639,939	\$53,334,972	\$51,044,331	\$52,722,092	\$53,671,785	\$52,948,286
SURPLUS (DEFICIT) OF REVENUES						
OVER EXPENDITURES	\$796,132	\$433,029	(\$731,603)	(\$646,930)	(\$837,550)	(\$534,513)

*Totals may not add due to rounding.

⁽¹⁾Budgeted, as adopted June 26, 2025.

Source: School District Annual Financial Reports and Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

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

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

The Taxpayer Relief Act (Act 1)

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

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

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

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding

calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

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

Fiscal Year (ending June 30)	Applicable Index
2022-23	4.3%
2023-24	5.2%
2024-25	6.7%
2025-26	5.0%
2026-27	4.5%

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

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

Status of the Bonds under Act 1

The Bonds described in this Preliminary Official Statement do not represent debt that is eligible for an exception to the Index limits of Act 1.

Act 130 of 2008

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

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

Act 48 of 2003 – Limitation on Fund Balances

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

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

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

Tax Levy Trends

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

**TABLE 6
BLUE MOUNTAIN SCHOOL DISTRICT
TAX RATES**

<u>Year</u>	Real Estate	Real Estate	Earned	Local Services	Business	Occupational
	Tax	Transfer	Income	Tax	Privilege	Assessment
	(mills)	(%)	(%)	(\$)	(\$)	(\$)
2021-22	42.83	0.50	0.50	5.00	10.00	230.00
2022-23	42.83	0.50	0.50	5.00	10.00	230.00
2023-24	42.83	0.50	0.50	5.00	10.00	230.00
2024-25	44.33	0.50	0.50	5.00	10.00	230.00
2025-26	46.25	0.50	0.50	5.00	10.00	230.00

Source: Department of Community and Economic Development- Municipal Statistics

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

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
School District	42.83	42.83	42.83	44.33	46.25
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Auburn Borough	8.50	8.50	8.50	8.50	1.28
Cressona Borough.....	7.96	7.96	7.96	7.96	1.49
Deer Lake Borough.....	3.00	3.00	3.00	3.00	0.54
East Brunswick Township.....	5.61	5.61	5.61	5.61	1.00
New Ringgold Borough	6.58	6.58	12.08	12.08	2.47
North Manheim Township	6.50	6.50	6.50	6.50	1.30
Orwigsburg Borough.....	11.50	11.50	12.30	14.30	2.85
Wayne Township	1.00	1.00	1.00	1.00	0.19
West Brunswick Township	3.00	3.00	3.00	3.00	0.54
Schuylkill County	15.98	15.98	15.98	19.23	3.72

Source: Schuylkill County Website – Assessment office

Real Property Tax

The real property tax (excluding delinquent collections) produced \$22,150,380 in 2025-26, approximately 41.9 percent of total revenue. The tax is levied on July 1 of each year. Taxpayers who remit from July 1 to August 31 receive a 2 percent discount, those who remit between September 1 and October 31 are paid at par, and those who remit November 1 to December 31 pay a 10 percent penalty. All unpaid taxes are turned over to Portnoff Law Associates LTD. For the 2007-08 fiscal year, eligible taxpayers could opt into the installment method of payment for their school taxes. Installment payments are based upon three (3) one-third payments of the base tax amount. The due date for installment payments is August 1 and December 1.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last county-wide assessment in Schuylkill County was January 2026.

TABLE 8

**BLUE MOUNTAIN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2020-21	\$1,341,740,357	\$520,918,300	38.82%
2021-22	1,365,212,281	531,578,500	38.94%
2022-23	1,461,982,197	525,584,180	35.95%
2023-24	1,475,043,499	528,993,250	35.86%
2024-25	1,654,913,859	529,601,185	32.00%
Compound Average Annual Percentage Change	4.28%	0.33%	

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

TABLE 9

**BLUE MOUNTAIN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2023 Market Value	2023 Assessed Value	2024 Market Value	2024 Assessed Value
School District	\$1,475,043,499	\$528,993,250	\$1,654,913,859	\$529,601,185
Auburn Borough	29,140,884	10,080,855	32,467,885	10,091,235
Cressona Borough	74,556,661	28,266,230	83,281,245	28,334,910
Deer Lake Borough	43,099,732	16,665,405	48,109,518	16,690,285
East Brunswick Township	156,171,325	49,380,795	173,008,653	49,575,920
New Ringgold Borough	11,335,670	3,685,670	13,072,369	3,685,670
North Manheim Township	296,087,190	117,275,710	320,926,272	115,609,975
Orwigsburg Borough	179,848,185	70,790,095	203,677,936	70,851,930
Wayne Township	385,929,137	131,940,675	442,630,766	132,351,530
West Brunswick Township	298,874,715	100,907,815	337,739,215	102,409,730
Schuylkill County	7,229,848,123	2,669,200,540	8,189,381,071	2,700,980,300

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

TABLE 10

**BLUE MOUNTAIN SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2020	2021	2022	2023	2024
Residential	\$368,957,239	\$369,828,339	\$370,844,104	\$371,974,954	\$373,950,249
Trailers	4,389,610	4,646,405	4,701,315	4,834,780	4,834,100
Lots	\$239,245	239,245	239,245	239,245	242,230
Seasonal	9,408,021	9,359,776	9,375,301	9,297,471	9,158,561
Industrial	21,390,625	22,652,575	22,652,575	22,639,425	23,044,615
Commercial	69,277,225	77,361,355	70,338,555	72,034,605	70,300,580
Agriculture	43,149,976	43,468,156	43,458,911	44,030,506	44,150,521
Land	347,300	347,300	347,300	347,300	347,300
Mineral	3,759,059	3,675,349	3,626,874	3,594,964	3,573,029
Total	\$520,918,300	\$531,578,500	\$525,584,180	\$528,993,250	\$529,601,185

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

TABLE 11
BLUE MOUNTAIN SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

<u>School Year</u>	<u>Gross Adjusted Levy</u>	<u>Current Year Collections June-July</u>	<u>Current Year Collections as Percent of Total Flat Billing</u>	<u>Total Current Plus Delinquent⁽¹⁾</u>	<u>Collections as Percent of Total Current Billing</u>
2021-22	\$22,764,849	\$21,224,007	93.23%	\$21,914,270	96.26%
2022-23	22,739,647	20,999,104	92.35%	21,664,726	95.27%
2023-24	23,121,205	21,023,791	90.93%	21,801,214	94.29%
2024-25	23,502,590	21,390,654	91.01%	23,710,440	100.88%
2025-26	24,672,639	22,150,380	89.78%	22,922,880	92.91%

⁽¹⁾ Includes delinquent real estate only.
Source: School District officials.

The ten largest real property taxpayers, together with 2025-26 assessed values are shown on Table 12. The aggregate assessed value of these ten taxpayers totals approximately 3.8 percent of total assessed value.

TABLE 12
BLUE MOUNTAIN SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS

	<u>2025-26 Assessed Valuation</u>
HYDRO EXTRUSION USA LLC	\$5,035,805
CRESSONA MALL ASSOCIATES, LLC	2,743,400
401 UNIVERSITY LP	2,260,400
1000 SETON DR LLC	1,853,900
FANELLI GROUP PROPERTIES	1,745,590
MARKET CENTER PROPERTIES LLC	1,410,155
BRADLEY REALTY LP	1,304,590
GREEN VALLEY NF REALTY, LLC	1,290,975
SURTECO NORTH AMERICA, INC.	1,210,760
POTTSVILLE RE OWNER LLC	1,170,620
	\$20,026,195

Source: School District officials.

Other Taxes

Under Act 511, the School District collected \$5,685,333 in other taxes in 2024-25. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Earned Income Tax, Local Services Tax (formerly Emergency and Municipal Services Tax), Business Privilege Tax and Occupation Taxes are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property was \$19,858,966.

Real Estate Transfer. A tax of one- percent (subject to sharing) of the value of real estate transfers yielded \$542,625 in 2024-25 or less than one percent of School District revenues.

Earned Income Tax. A tax of one percent (subject to sharing) is levied on the earned income of residents. In 2024-25 the collected portion of this tax was \$3,493,951 or 6.6 percent of School District revenues.

Local Services Tax (formerly Emergency and Municipal Services). A tax of \$5.00 is levied on each person with an occupation. In 2024-25 the collected portion of this tax yielded \$53,123 or less than one percent of total revenue.

Occupational Tax. The School District levies 230 mills on the assessed value of occupations. In 2024-25 this tax yielded \$1,591,902 or 3.0 percent of School District revenues.

Business Privilege Tax. The School District levies a tax of \$10 on each business. In 2024-25, the collected portion of this tax was \$3,729 or less than one percent of total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

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

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

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by 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") (48.99%) or the wealth based Market Value Aid Ratio ("MVAR") currently (54.00%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

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

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

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

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 Statement

Table 13 shows the debt of the Blue Mountain School District as of May 12, 2026, including the issuance of the Bonds.

**TABLE 13
BLUE MOUNTAIN SCHOOL DISTRICT
DEBT STATEMENT*
(As of May 12, 2026)**

	Gross Outstanding
<u>NONELECTORAL DEBT</u>	
General Obligation Bonds, Series of 2026	\$11,400,000
General Obligation Bonds, Series A of 2022	5,220,000
General Obligation Bonds, Series of 2022	5,145,000
General Obligation Bonds, Series B of 2021.....	18,570,000
General Obligation Bonds, Series A of 2021	3,455,000
General Obligation Bonds, Series of 2021	2,295,000
<i>TOTAL NONELECTORAL DEBT</i>	\$46,085,000
 <u>LEASE RENTAL DEBT</u>	
<i>TOTAL LEASE RENTAL DEBT</i>	\$0
 <i>TOTAL PRINCIPAL OF DIRECT DEBT</i>	 \$46,085,000

*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 of direct debt of the School District will total \$46,085,000*. After adjustment for available funds and estimated Commonwealth Aid, the principal amount of direct debt payable from local taxes will total \$44,283,867*.

TABLE 14
BLUE MOUNTAIN SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of May 12, 2026)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt	\$46,085,000	\$44,283,867
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	\$46,085,000	\$44,283,867
OVERLAPPING DEBT		
Schuylkill County, General Obligation ⁽²⁾	\$4,606,250	\$4,606,250
Municipal Debt	10,480,932	10,480,932
TOTAL OVERLAPPING DEBT	\$15,087,183	\$15,087,183
 TOTAL DIRECT AND OVERLAPPING DEBT	\$61,172,183	\$59,371,050
DIRECT DEBT RATIOS		
Per Capita	\$2,239.42	\$2,151.90
Percent 2024-25 Assessed Value	8.70%	8.36%
Percent 2024-25 Market Value	2.78%	2.68%
DIRECT & OVERLAPPING DEBT RATIOS		
Per Capita	\$2,972.55	\$2,885.03
Percent 2024-25 Assessed Value	11.55%	11.21%
Percent 2024-25 Market Value	3.70%	3.59%

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

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See "COMMONWEALTH AID TO SCHOOL DISTRICTS."

⁽²⁾Pro rata 19.61 percent share of \$23,492,000.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Debt 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 Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2022-23	\$47,826,637
Total Revenues for 2023-24	49,768,112
Total Revenues for 2024-25	52,070,842
Total Revenues, Past Three Years	\$149,665,591
Annual Arithmetic Average (Borrowing Base)	\$49,888,530

Under the Debt 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.....	\$112,249,193	\$46,085,000	\$66,164,193

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

Debt Service Requirements

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

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

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

**TABLE 15
BLUE MOUNTAIN SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

<u>Year</u>	<u>General Obligation Debt</u>	<u>Series of 2026</u>			<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2025-26	\$3,897,637				
2026-27	3,879,475				
2027-28	3,878,662				
2028-29	3,776,458				
2029-30	3,739,646				
2030-31	3,618,475				
2031-32	3,392,500				
2032-33	3,396,100				
2033-34	3,395,300				
2034-35	3,395,000				
2035-36	3,395,000				
2036-37	2,694,400				
2037-38	2,693,600				
2038-39	1,841,100				
2039-40	0				
Total	\$46,993,353				

*Totals may not add due to rounding.

**TABLE 16
BLUE MOUNTAIN SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY COMMONWEALTH AID***

2024-25 Commonwealth Aid Received.....	\$21,811,354
2024-25 Debt Service Requirements	\$4,041,700
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2024-25 Debt Service Requirements.....	5.40 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds.....	times

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

Future Financing

The School District does not anticipate issuing additional long term (non-refunding) debt in the next 1-2 years.

LABOR RELATIONS

School District Employees

There are presently 317 full-time employees of the School District, including 188 teaching professionals. The School District's teachers are represented by the Blue Mountain Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires June 30, 2028. The School District's service personnel are represented by the Blue Mountain Educational Support Personnel Association under a contract which expires June 30, 2026.

Pension Program

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

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees' Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 33.6% for the fiscal year 2026-27.

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

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

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

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal year 2034-35 through fiscal year 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, net of reimbursement, have been as follows:

2020-21	\$3,102,465
2021-22	\$3,205,199
2022-23	\$3,327,088
2023-24	\$3,323,374
2024-25	\$3,729,890
2025-26 (budgeted)	\$3,102,465

At June 30, 2025, the School District reported a liability of \$50,728,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2025, the School District's proportion was 0.1212% which was a decrease of 0.0005% from its proportion measured as of June 30, 2024.

As of June 30, 2025, the PSERS plan was 64.8% funded, with an unfunded actuarial accrued liability of approximately \$42.0 billion. PSERS' rate of return for fiscal year ended June 30, 2025 was 9.67%. The Fund had plan net assets of 83.7 billion at June 30, 2025. For more information, visit the PSERS website at www.pasers.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 future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees.

In June 2015, GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2017.

For a full description of the plan, please refer to Appendix "D" – Audited Financial Statements – Fiscal Year Ended June 30, 2025.

LITIGATION

At the time of settlement, the President of the School Board will certify and the Solicitor will opine that there is no litigation pending challenging the Bonds, the Resolution or the right or procedures 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.

EXEMPTION AND OTHER TAX MATTERS

Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bowe & Odorizzi Law, LLC, Bond Counsel, will issue an opinion to the effect that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds are exempt from personal property taxes within the Commonwealth of Pennsylvania and the interest on the Bonds is exempt from the Commonwealth of Pennsylvania Personal Income Tax and the Commonwealth of Pennsylvania Corporate Net Income Tax.

Profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to state and local taxation within the Commonwealth, in accordance with Pennsylvania Act 1993-68.

Certain maturities of the Bonds may be sold to the public in the initial offering at a price less than their stated redemption price at maturity (that is, at an "original issue discount"). For Pennsylvania Personal Income Tax purposes, original issue discount on publicly offered obligations is treated under current regulations of the Pennsylvania Department of Revenue as interest and, for purposes of determining taxable gains upon sale or other distributions of an obligation the interest on which is exempt from income taxation by the Commonwealth, as an adjustment to basis. For Pennsylvania Corporate Net Income Tax purposes, original issue discount is to be accorded similar treatment, according to the Private Letter Ruling issued by the Office of the Chief Counsel of the Pennsylvania Department of Revenue dated December 2, 1993, but such Private Letter Ruling may be relied upon only by the taxpayer to whom it was addressed.

Prospective purchasers of Bonds issued with original issue discount should consult their tax advisors for further information and advice concerning the reporting of profits, gains or other income related to a sale, exchange or other disposition of such bonds for Pennsylvania tax purposes.

No representation is made or can be made by the School District or any other party associated with the issuance of the Bonds as to whether or not any legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Bonds to state and local taxation in Pennsylvania or so as to otherwise affect the marketability value of the Bonds. Enactment of any legislation that subjects the interest on the Bonds to state or local taxation in Pennsylvania or otherwise imposes taxation on the Bonds or the interest paid thereon may have an adverse effect on the market value or marketability of the Bonds.

Federal Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that under existing statutes, regulations, rulings 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 imposed on individuals. This opinion of Bond Counsel will assume the accuracy of certifications made by the School District and will be subject to the condition that the School District will comply with all requirements of the Internal Revenue Code of 1986, as amended and supplemented (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with all such requirements, which include, among others, restrictions upon the yield at which proceeds of the Bonds and other money held for the payment of the Bonds and deemed to be "proceeds" thereof may be invested and the requirement to calculate and rebate any arbitrage that may be generated with respect to investments allocable to the Bonds. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.

Certain maturities of the Bonds may be sold to the public in the initial offering at a price less than the stated redemption price of such Bonds at maturity (that is, at less than par or the stated principal amount), the difference being "original issue discount". Generally, original issue discount accruing on a tax-exempt obligation is treated as interest excludable from gross income for federal income tax purposes. In addition, original issue discount that has accrued on a tax-exempt obligation is treated as an adjustment to the issue price of the obligation for the purpose of determining taxable gain upon sale or other disposition of such obligation prior to maturity. The Code provides specific rules for the accrual of original issue discount on tax-exempt obligations for federal income tax purposes. Prospective purchasers of Bonds being sold with original issue discount should consult their tax advisors for further information.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of Bonds who dispose of Bonds prior to stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (or if a bond has original issue discount, its adjusted price) the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimus rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bonds. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain Subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion as to such collateral tax consequences, and prospective purchasers of the Bonds should consult their tax advisors.

No representation is made or can be made by the School District or any other party associated with the issuance of the Bonds as to whether or not any legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Bonds to inclusion in gross income for Federal income tax purposes or so as to otherwise affect the marketability or market value of the Bonds. Enactment of any legislation that subjects the interest on the Bonds to inclusion in gross income for federal income tax purposes or otherwise imposes taxation on the Bonds or the interest paid thereon may have an adverse effect on the market value or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisor regarding any pending or proposed legislation.

Federal Income Tax Interest Expense Deductions for Financial Institutions

Under the Internal Revenue Code of 1986, as amended (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 Bonds have **not** been designated and are **not** "deemed designated", as a "qualified tax-exempt obligation" for purposes and effect contemplated by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

Financial institutions intending to purchase Bonds should consult with their professional tax advisors to determine the effect of the interest expense disallowance on their federal income tax liability.

Other Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed.

It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisor regarding any pending or proposed legislation, regulatory initiative or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or legislation.

BONDHOLDER CONSIDERATIONS

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

Cybersecurity

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

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

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District has not experienced increases in extreme weather events, but has established reserves to address severe weather disasters and maintains a comprehensive insurance policy.

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15-c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”), the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, either directly, or indirectly through a designated agent, as set forth in its Continuing Disclosure Certificate substantially in the form attached hereto as Appendix D.

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

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Certificate (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Certificate.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner 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 defeasance, redemption or payment in full of all of the Bonds or if and when the School District is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined “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 has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years is outlined in the following table.

Fiscal Year	Filing	Filing Date:		
		Audit	Operating Data	Budget
6/30/2025	3/27/2026	3/24/2026	3/24/2026	5/21/2026 ⁽¹⁾
6/30/2024	3/27/2025	3/20/2025	3/20/2025	3/20/2025
6/30/2023	3/26/2024	3/14/2024	3/14/2024	3/14/2024
6/30/2022	3/27/2023	9/13/2023	12/28/2022	12/21/2022
6/30/2021	12/27/2021	4/5/2022	12/08/2021	12/08/2021

On August 1, 2024, Assured Guaranty Municipal Corp. (“AGM”) merged with and into Assured Guaranty Inc. (“AG”), with AG as the surviving company (such transaction, the “Merger”). Although a notice was filed to EMMA, it was not timely filed.

⁽¹⁾ The district posted the 2026 budget late. A failure to file notice was posted to EMMA on May 26, 2026.

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

RATINGS

S&P Global Ratings is expected to assign its municipal Bond rating of “__” (Stable Outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds will be issued by __. S&P Global Ratings has assigned its underlying rating of “A” (Stable Outlook) to this issue of Bonds. Any explanation of the significance of such rating may be obtained from the rating agency furnishing the rating. The rating reflects only the view of such rating agency and the School District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc., Pittsburgh, Pennsylvania (the "Underwriter") subject to certain conditions, has purchased the Bonds from the School District at a purchase price of \$ _____ (representing the par amount of the Bonds of \$ _____, [plus/less] an original issue [premium/discount] of \$ _____ less an underwriting discount of \$ _____). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the School District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

LEGAL OPINION

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Bowe & Odorizzi Law, LLC, of Pottsville, Pennsylvania, acting as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Fanelli, Evans & Patel, PC., of Pottsville, Pennsylvania, the School District's Solicitor and for the Underwriter by Stevens & Lee, P.C., of Reading, Pennsylvania.

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

Use of the words "shall," "will," "must," or other words of similar import or meaning in summaries of documents or law in this Preliminary Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or such obligations will be fulfilled, but only that the document or law requires or contemplates such event to occur or such obligation to be fulfilled.

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

BLUE MOUNTAIN SCHOOL DISTRICT
Schuylkill County, Pennsylvania

By: _____
President, Board of School Directors

APPENDIX A
Demographic and Economic Information
Relating to the Blue Mountain School District

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Population

Table A-1 shows recent population trends for the School District, the County, and the Commonwealth. The School District’s population increased by 108 residents between 2010 and 2020. Table A-2 shows 2020 age composition and average number of persons per household in Schuylkill County and for the Commonwealth.

**TABLE A-1
RECENT POPULATION TRENDS**

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
<i>School District</i>	20,471	20,579	0.05%
Schuylkill County	148,289	143,049	-0.36%
Pennsylvania	12,702,379	13,002,700	0.23%

Source: 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>
Schuylkill County	21.7	59.4	18.9	2.38
Pennsylvania	24.2	59.8	16.0	2.49

Source: U.S. Census Bureau, 2020

Employers

Listed below are some of the larger employers located within the County:

-
- Wal-Mart Associates Inc.
 - State Government
 - Hydro Extrusion USA LLC
 - Kings Home Healthcare
 - Lehigh Valley Hospital - Schuylkill
 - Cargill Meat Solutions Corporation
 - Jeld-Wen Inc.
 - Wegmans Food Markets Inc
 - Lowe’s Home Centers LLC
 - Saks Com LLC ⁽¹⁾

Source: Center for Workforce Information & Analysis – 4th Quarter 2025.

⁽¹⁾ As of May 31, 2026, the Saks Com LLC facility will be closed.

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

TABLE A-3
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT*

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026⁽¹⁾</u>	Compound Average Annual % Rate
<i>Schuylkill County</i>						
Civilian Labor Force (000)	65.9	66.6	67.1	68.3	67.1	0.36%
Employment (000)	63	63.8	64.4	65.3	63.7	0.22%
Unemployment (000)	2.9	2.8	2.7	3.3	3.4	3.23%
Unemployment Rate	4.40%	4.20%	4.10%	4.90%	5.10%	
<i>Pennsylvania</i>						
Civilian Labor Force (000)	6,479.0	6,485.0	6,577.0	6,571.0	6,587.0	0.33%
Employment (000)	6,196.0	6,296.0	6,337.0	6,284.0	6,308.0	0.36%
Unemployment (000)	283.0	189.0	239.0	287.0	279.0	-0.28%
Unemployment Rate	4.40%	2.90%	3.60%	4.40%	4.20%	

⁽¹⁾As of February 2026.

Source: Pennsylvania State Employment Service.

Income

The data in Table A-4 shows trends in per capita income for the School District, County and the Commonwealth over the 2010-2020 period.

TABLE A-4
RECENT TRENDS IN PER CAPITA INCOME*

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
<i>School District</i>	\$27,255	\$33,935	2.22%
Schuylkill County	21,408	34,954	5.02%
Pennsylvania	26,678	44,355	5.22%

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

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

Transportation Facilities

There is a total of 573.42 miles of state highway within the County. Second Class Townships have 489.85 miles, Boroughs have 75.89 miles and Cities have 7.68 miles within the County. Interstate Route I-81 runs north and south, bisecting the County and allows access to commercial areas within the County and surrounding urban areas including Hazleton to the northeast and Harrisburg to the southwest through nine interchanges. East-West Interstate routes I-80 and I-78/U.S. Route 22 are located immediately north and south of the County, providing access to Harrisburg and the west and Allentown and the east.

Pennsylvania Route 61 is the major connection from the center of Schuylkill County to U.S. Route 78 in the south. Pennsylvania Route 443 and U.S. 209 connect the central and eastern parts of the County to the Northeast Extension of the Pennsylvania Turnpike.

U.S. Route 309 connects the eastern part of the County to Hazleton and the Scranton/Wilkes-Barre and Allentown-Bethlehem-Easton metropolitan areas.

Freight service is available in most municipalities of the County, owing to the well-developed rail network of the local coal industry.

Limited air service is provided by five small airports located within the County. US Air and United Airline services are accessible at the Allentown-Bethlehem-Easton Airport. Interstate bus service is provided by the Greyhound and Trailways Bus Systems.

Commercial Activity

Table A-5 shows trends for retail sales in the County and the Commonwealth.

TABLE A-5
TOTAL RETAIL SALES
(000)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Schuylkill County	\$1,712,590	\$1,850,533	\$2,037,243	\$1,961,385	\$2,364,322
Pennsylvania	274,685,600	297,770,326	310,912,244	317,239,286	403,629,014

Source: The Nielson Company

Housing

According to the 2020 Census figures, there are 67,543 housing units in the County. 2010 figures for Schuylkill County showed 69,323 housing units.

Medical Facilities

Residents of the School District are served by Geisinger/St. Luke’s Hospital, located in Orwigsburg and the Lehigh Valley Health Network facilities located in Pottsville, Pennsylvania. Residents may also commute to medical facilities in Danville, Reading, Harrisburg, Hershey or Hazleton, Pennsylvania.

Educational Institutions

Residents commute to the Pennsylvania State University, Schuylkill Campus; Harrisburg Area Community College, Harrisburg, Pennsylvania; Pennsylvania State University, Capital Campus, Middletown, Pennsylvania; Bloomsburg University, Bloomsburg, Pennsylvania, Shippensburg University, Shippensburg, Pennsylvania; Albright College, Alvernia University, Empire Education Group in Pottsville, Pennsylvania; and Lebanon Valley College, Annville, Pennsylvania.

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APPENDIX B
Form of Opinion of Bond Counsel

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July __, 2026

BLUE MOUNTAIN SCHOOL DISTRICT

Schuylkill County, Pennsylvania

General Obligation Bonds, \$11,400,000 Series of 2026

OPINION

Blue Mountain School District, Schuylkill County, Pennsylvania (the “School District”), is a school district existing under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”).

The Board of School Directors of the School District has determined to issue its tax-exempt Series of 2026 Bonds: in the maximum aggregate principal amount of \$11,400,000, with the proceeds of the Bonds, together with any interest earned thereon, to be used to provide funds for with the proceeds to be applied for and toward the repair or replacement on roofs on School District buildings, other capital projects, and payment of all construction costs and soft costs related thereto, capitalized interest, as well as the payment of related costs and expenses of issuance of the Tax-Exempt Bonds (all of the foregoing, collectively, being referred to herein as the “Project”).

The Board of School Directors of the School District, by Resolution duly adopted on May 27, 2026 (the “Resolution”), authorized and directed issuance of the Bonds, all dated as of July __, 2026, with proceeds from the sale thereof to be applied for and toward payment of costs and expenses of the Project.

Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with the Local Government Unit Debt Act, approved December 19, 1996, Act 177, as amended, 53 Pa.C.S. Chs. 80-82 (the “Act”), of the Commonwealth.

The Series of 2026 Bonds may be in the denomination of \$5,000 or whole multiples thereof and are fully registered as to principal and interest. The Series of 2026 Bonds mature on August 1 of each of the years 2027 through 2041, inclusive. The Bonds bear interest from July __, 2026, at rates set forth in the Resolution, payable initially on February 1, 2027, and thereafter semiannually on February 1 and August 1 in each year, until maturity.

The Pennsylvania Department of Community and Economic Development (the “Department”) has approved the proceedings for the increase of debt of the School District and for the issuance and sale of the Bonds as authorized in the Resolution, as required by the Act.

The Bonds maturing on and after August __, ____, are subject to redemption prior to maturity at the option of the School District, in whole or, from time to time, in part and, if in part, selected by the School District in \$5,000 denominations, on _____, or at any date thereafter.

The Bonds stated to mature on August 1, ____, are subject to mandatory redemption prior to maturity on August 1 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedules, as drawn by lot by the Trustee:

The Bonds stated to mature on August 1, ____:

Redemption Date August 1	Principal Amount to be Redeemed or Purchased
	\$
	\$
	\$
	\$
	\$
*	\$

*at maturity

In connection with the Bonds, we have examined, among other things: all proceedings under the Act; approval of proceedings and facts related to the increase of debt of the School District, as issued by the Department; an affidavit of no litigation; a Non-Arbitrage Certificate of the School District; and usual closing affidavits, certificates and documents and an executed Bond of each Series, duly authenticated by Manufacturers Traders and Trust Company, as Paying Agent for the Bonds. We have assumed that all other Bonds have been similarly authenticated.

In rendering our opinion, we have assumed the truth, completeness and due authorization of all written instruments, statements and certificates executed by public officials. We have also relied on the opinion of Fanelli, Evans & Patel, P.C., District Solicitor, of even date herewith and delivered concurrently herewith, as to matters expressed therein. Our opinion is further subject to the effect of bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other similar laws relating to or affecting the rights of creditors generally.

We are of the opinion that:

1. The School District is authorized by laws of the Commonwealth to issue the Bonds for the purposes hereinbefore set forth.

2. Proceedings for the increase of debt of the School District and for the issuance and sale of the Bonds are in accordance with law.

3. The net nonelectoral debt of the School District, including the Bonds, and the net lease rental debt of the School District presently outstanding, is less than the total allowable net nonelectoral debt plus net lease rental debt permitted by the Act.

4. Under existing laws of the Commonwealth, the interest on the Bonds is exempt from the present Pennsylvania personal income tax, the present Pennsylvania corporate net income tax and the present Pennsylvania personal property taxes.

5. Conditioned upon compliance by the School District with all covenants and agreements contained in the Resolution and in other documents relating to issuance of the Bonds, we are of the opinion that the interest on the Bonds will not be includible in gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and under present regulations and decisions, nor will the interest on the Bonds be an item of tax preference for purposes of the alternative minimum tax imposed on individuals. However, we call to your attention that under the Code (i) to the extent that interest on the Bonds is a component of a corporate holder's "adjusted net book income" (or "adjusted current earnings" for taxable years beginning after December 31, 1989), a portion of that interest may be subject to an alternative minimum tax and an environmental tax for taxable years beginning after December 31, 1986, and (ii) interest on the Bonds is subject to a "branch profits tax" imposed on foreign corporations engaged in a trade or business in the United States for taxable years beginning after December 31, 1986.

No opinion is expressed as to other tax consequences that may accrue to a registered owner of the Bonds as a result of purchase and/or ownership of the same except as specifically set forth above.

6. The Bonds are authorized investments under the Pennsylvania Probate, Estates and Fiduciaries Code, Chapter 73, Fiduciaries Investments, Act No. 164 of 1972, approved June 30, 1972, as amended and supplemented.

We are of the further opinion that: (1) the Bonds are valid and binding general obligations of the School District; (2) the School District has effectively covenanted to make payments out of its sinking fund or any other of its revenues or funds at such times and in such annual amounts, specified in such covenant, as shall be sufficient for the payment of the interest agreed to be paid on the Bonds and the principal thereof when due; (3) the full faith, credit and taxing power of the

School District are pledged for payment of the principal of and interest on the Bonds; (4) the Bonds are additionally secured by the “state aid intercept” provisions of Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, as further embodied in Act No. 85 of 2016, P.L. 664, No. 85 amending the Pennsylvania Fiscal Code; and (5) the Bonds are enforceable against the School District in accordance with their terms and in accordance with the Act; subject, however, to any applicable bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles affecting the enforcement of creditors’ rights heretofore or hereafter enacted.

Certain maturities of the Bonds may be sold to the public in the initial offering at a price less than the stated redemption price of such Bonds at maturity (that is, at less than par or the stated principal amount), the difference being “original issue discount”. We are of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. For Pennsylvania Personal Income Tax purposes, original issue discount on the Bonds is treated under current regulations of the Pennsylvania Department of Revenue as interest and, for purposes of determining taxable gains upon sale or other distributions of an obligation the interest on which is exempt from income taxation by the Commonwealth, as an adjustment to basis.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain Subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. We express no opinion as to such collateral tax consequences.

We express no opinion as to whether any legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Bonds to inclusion in gross income for Federal, state or local income tax purposes.

Very truly yours,

BOWE & ODORIZZI LAW, LLC

By _____
Martin J. Cerullo, Esquire

APPENDIX C
Audited Financial Statement

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BLUE MOUNTAIN SCHOOL DISTRICT
SINGLE AUDIT REPORT
ORWIGSBURG, PENNSYLVANIA
FOR THE YEAR ENDED JUNE 30, 2025

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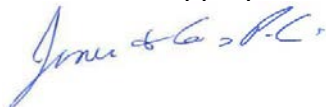
Board of School Directors
Blue Mountain School District
Orwigsburg, Pennsylvania

We have performed the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements, for Federal Awards (Uniform Guidance) of the Jim Thorpe Area School District for the year ended June 30, 2025. Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements, for Federal Awards (Uniform Guidance) indicates that the auditee is responsible for ensuring appropriate submission of the audit reports to appropriate government officials.

In accordance with the Uniform Guidance, the single audit reporting package and data collection form are to be submitted to the Federal Audit Clearinghouse within the earlier of 30 calendar days after these reports are received from us or nine months after the end of the audit period. In certain instances, those submission deadlines may have been extended. You are responsible for submitting electronically the single audit reporting package and the data collection form to the Federal Audit Clearinghouse. We will provide a copy of this reporting package in the appropriate format for submission to the Federal Audit Clearinghouse. We will also coordinate our completion of the appropriate sections of the data collection form that summarize our audit findings and our certification of the submission with you.

The Single Audit was done to fulfill the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements, for Federal Awards (Uniform Guidance). It entailed: (1) an audit of the general purpose financial statements and our opinion thereon; (2) an examination of the Schedule of Expenditures of Federal Awards and our opinion thereon; (3) a review of the internal control structure based solely on the understanding obtained as part of the audit of the general purpose financial statements; (4) a review of the internal control structure made as a part of the audit of the federal financial assistance programs; (5) a review of compliance based on an audit of the general purpose financial statements in accordance with Government Auditing Standards; and (6) a review of compliance with laws and regulations related to the federal financial assistance programs and our opinion thereon.

When filing the Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and the Data Collection Form with the agencies listed on Page 2, the District must enclose the appropriate number of reports as listed.



November 10, 2025
Pottsville, Pennsylvania

BLUE MOUNTAIN SCHOOL DISTRICT

LIST OF REPORT DISTRIBUTION

JUNE 30, 2025

- | | |
|---|---|
| 1 Single Audit Report and
Data Collection Form
Single Audit Clearing
Package Checklist | Must be submitted Via Electronic Mail (E-mail)
Commonwealth of Pennsylvania
Office of the Budget - Bureau of Audits,
Special Audit Services Division
RA-BAFMSingleAudit@pa.gov |
| 1 Single Audit Report and
Data Collection Form | Federal Audit Clearinghouse
Via Internet Website
www.fac.gov |
| 1 Single Audit Report | Schuykill Intermediate Unit #29
Box 130, Second Floor
Marlin, PA 17951 |
| 1 Single Audit Report | Prothonotary Office
Schuykill County Courthouse
401 North Second Street
Pottsville, PA 17901 |

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Blue Mountain School District
Orwigsburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Blue Mountain School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Blue Mountain School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Blue Mountain School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Blue Mountain School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Blue Mountain School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 10-21 and the schedule of the District's proportionate share of the net pension liability, the schedule of the District's contributions, the District's proportionate share of the net OPEB-PSERS liability, the schedule of the District's contributions - OPEB-PSERS, the schedule of the District's proportionate share of the OPEB liability and the schedule of District contributions – OPEB on pages 76-81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

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

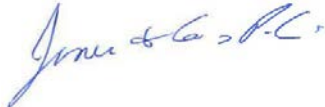
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025, on our consideration of the Blue Mountain School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Blue Mountain School District’s internal control over financial reporting and compliance.



November 10, 2025
Pottsville, Pennsylvania

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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of School Directors
Blue Mountain School District
Orwigsburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Blue Mountain School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Blue Mountain School District's basic financial statements, and have issued our report thereon dated November 10, 2025.

Report on Internal Control over Financial Reporting

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

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

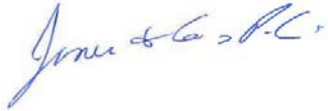
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink, appearing to read "James G. ...", is positioned above the date and location text.

November 10, 2025
Pottsville, Pennsylvania

JONES & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of School Directors
Blue Mountain School District
Orwigsburg, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Blue Mountain School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Blue Mountain School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Blue Mountain School District's internal control over compliance. Accordingly, no such opinion is expressed.

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


Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



November 10, 2025
Pottsville, Pennsylvania

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

The discussion and analysis of Blue Mountain School District’s financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2025. The discussion and analysis should be read in conjunction with the District’s accompanying financial statements, which immediately follow this section.

The Management’s Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- Net assets decreased by \$6,595,914, due to a deficit of \$6,595,914. Program revenues accounted for \$8,525,979 or 18.87% of total revenues, and general revenues accounted for \$43,447,951 or 81.13%.
- The Board did not increase Real Estate taxes or Occupation Assessment Taxes for the 2024/2025 fiscal year. The district showed an increase of \$815,853 or 2.88% over the prior year’s tax revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District. The first two statements are **District-wide financial statements** that provide both short-term and long-term information about the District’s overall financial status. The remaining statements are **fund financial statements** that focus on individual parts of the District, reporting the District’s operations in more detail than the District-wide statements. The governmental funds statements explain how basic services such as regular and special education were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities the District operates like a business, such as food services. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, such as student activity funds and scholarship funds.

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

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

District-wide Statements

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

The two District-wide statements report the District’s net assets and how they have changed. Net assets, the difference between the District’s assets and liabilities, are one way to measure the District’s financial health or position.

In the District-wide financial statements, the District’s activities are divided into two categories:

- **Governmental activities** – Most of the District’s basic services are included here, such as regular and special education, operation and maintenance of plant services, transportation and administration. Property taxes and state aid formula finance most of these activities.
- **Business-type activities** – The District charges fees to cover the cost of certain services it provides. The District’s food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds and not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as repaying its long-term debts.

The District has three types of funds:

- **Governmental funds** – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted into cash inflows and outflows and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the long-term focus of the District-wide statements, we provide additional information with the governmental funds statements to explain the relationship between them.
- **Proprietary funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District uses internal service funds to report activities, which provide services to the District’s other programs and activities. The District currently has one internal service fund for health and welfare benefits.

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net assets. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District’s combined net assets were more on June 30, 2025 when compared to the prior fiscal year. Total net position decreased 0.47% during the year from \$(46,307,984) to \$(46,092,727) on June 30, 2025. (See Table A-1.)

Table A-1
Blue Mountain School District
Fiscal Year Ended June 30, 2025
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Current and other assets	\$17,847,738	\$15,526,054	\$942,340	\$915,146	\$18,790,078	\$16,441,200
Capital assets	59,935,549	59,346,742	58,198	51,164	59,993,747	59,397,906
Deferred Outflows	(3,147,717)	(3,590,691)	0	0	(3,147,717)	(3,590,691)
Pension Obligation	3,442,790	1,521,129	59,210	25,871	3,502,000	1,547,000
OPEB District	3,754,205	3,349,387	173,394	115,765	3,927,599	3,465,152
OPEB PSERS	451,162	302,543	20,838	10,457	472,000	313,000
Total Assets	\$82,283,727	\$76,455,164	\$1,253,980	\$1,118,403	\$83,537,707	\$77,573,567
Long-term debt outstanding	104,616,698	97,158,395	1,460,118	1,256,118	106,076,816	98,414,513
Other Liabilities	9,256,352	9,329,915	128,664	157,300	9,385,016	9,487,215
Deferred Inflows	13,811,347	15,397,524	572,512	397,042	14,383,859	15,794,566
Total Liabilities	127,684,397	\$121,885,834	\$2,161,294	\$1,810,460	\$129,845,691	\$123,696,294
Invested in capital assets, net of related debt	19,841,372	21,856,452	58,198	51,164	19,899,570	21,907,616
Restricted for Capital Projects	2,350,602	1,806,000	0	0	2,350,602	1,806,000
Committed	2,675,000	2,675,000	0	0	2,675,000	2,675,000
Unrestricted (deficit)	(70,267,644)	(68,177,431)	(965,512)	(743,221)	(71,233,156)	(68,920,652)
Total Net Position	\$(48,435,893)	\$(45,400,670)	\$(907,314)	\$(692,057)	(46,307,984)	(46,092,727)

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

Table A-2
Blue Mountain School District
Fiscal Year Ended June 30, 2025
Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>
Revenues						
Program Revenues						
Charges for services	\$288,301	\$311,741	\$727,910	\$743,809	\$1,016,211	\$1,055,550
Operating, Capital grants and contributions	10,530,593	8,214,238	1,066,862	985,032	11,597,455	9,199,270
General Revenues						
Property taxes and other taxes levied for general purposes	27,531,978	28,347,831	0	0	27,531,978	28,347,831
State formula aid	12,525,313	14,279,919	0	0	12,525,313	14,279,919
Investment Income	527,738	394,908	33,467	15,435	561,205	410,343
Other	670,224	425,293	52,717	3,944	722,941	429,237
Transfer	0	0	0	0	0	0
Total Revenues	52,074,147	51,973,930	\$1,880,956	\$1,748,220	\$53,955,103	\$53,722,150
Expenses						
Instruction	30,399,006	28,875,270	0	0	30,399,006	28,875,270
Instructional student support	2,574,999	2,399,257	0	0	2,574,999	2,399,257
Administration	6,627,779	6,874,149	0	0	6,627,779	6,874,149
Operation and maintenance of plant services	4,034,219	4,323,862	0	0	4,034,219	4,323,862
Pupil Transportation	3,183,001	3,558,952	0	0	3,183,001	3,558,952
Student Activities	1,114,588	1,045,001	0	0	1,114,588	1,045,001
Community Services	369,195	373,330	0	0	369,195	373,330
Facilities, Construction and Improvements	(34,924)	89,615			(34,924)	89,615
Interest	771,061	873,803	0	0	771,061	873,803
Food Service	0	0	1,829,864	1,532,964	1,829,864	1,532,964
Transfer	0	0	0	0	0	0
Total Expenses	49,038,924	48,413,239	\$1,829,864	\$1,532,964	50,868,788	49,946,203
Increase (Decrease) in net assets	\$3,035,223	\$3,560,691	\$51,092	\$215,256	\$3,086,315	\$3,775,947

Statement of Activities. The District's total revenues were \$53,722,150 for the year ended June 30, 2025. (See Table A-2.) Property taxes and other taxes levied for general purposes continue to account for most of the District's revenue in the amount of \$28,347,831 or 52.77% of total revenues. Another 26.58% or \$14,279,919 came from state formula aid, which includes basic education and student transportation subsidies. Approximately 17.12% or \$9,199,270 came from operating grants and contributions, with the remainder of \$1,895,130 or 3.53% coming from fees charged for services and other miscellaneous sources.

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

The total cost of all programs and services was \$49,946,203. (See Table A-2). The majority of the District’s costs in the amount of \$31,274,527 or 62.62% were directly related to instruction. Student support services (transportation, food service, student activities) accounted for \$6,136,917 or 12.28%. The remaining costs of \$12,534,759 or 25.10% included administration, operation and maintenance of plant services, community services, and interest. Total revenue exceeded expenditures, increasing net assets by \$3,775,947.

Figure A-4 Sources of Blue Mountain School District Revenues for Fiscal Year 2025

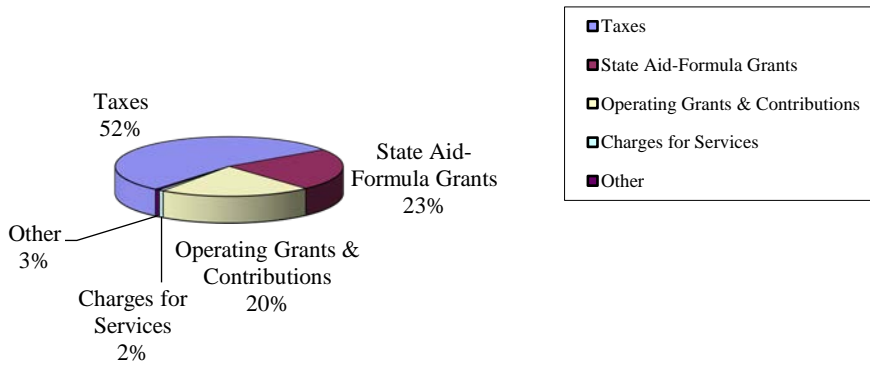
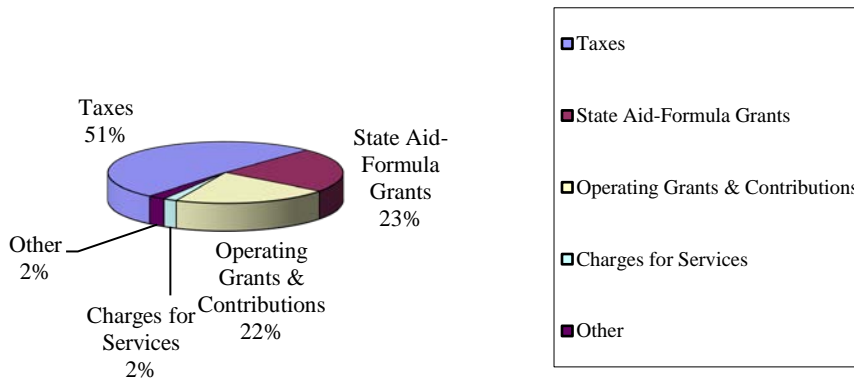


Figure A-5 Sources of Blue Mountain School District Revenues for Fiscal Year 2024



BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

Figure A-7 Blue Mountain School District Expenses for Fiscal Year 2025

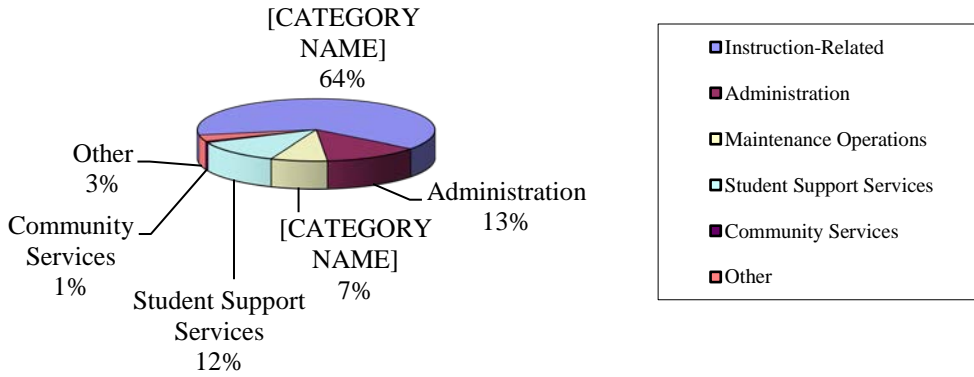
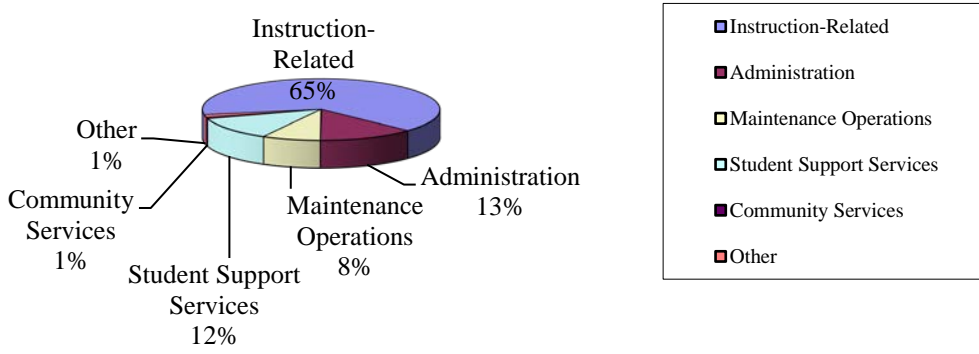


Figure A-7 Blue Mountain School District Expenses for Fiscal Year 2024



BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

The cost of all District activities was \$50,868,788. (See Table A-2).

- Some of the cost was paid by the users of the District’s programs (\$1,016,211).
- Federal and state governments subsidized certain programs with grants and contributions (\$11,597,455).
- Most of the District’s costs (\$40,057,291), however, were paid for by District taxpayers and taxpayers of our state.
 - This portion of governmental activities was paid for with \$27,531,978 in taxes, \$12,525,313 of state aid based on the statewide education aid formula and with investment earnings and other general revenues.

Total Cost of Services for the District decreased by 1.85% while the Net cost of Services increased by 3.62%.

Blue Mountain School District
Fiscal Year Ended June 30, 2025
Net Cost of Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	<u>2024</u>	<u>2025</u>	<u>2023-2024</u>	<u>2024</u>	<u>2025</u>	<u>2024-2025</u>
Instruction	\$30,399,006	\$28,875,270	(5.28)%	\$25,394,332	\$23,898,499	(6.26)%
Instructional Student Support	2,574,999	2,399,257	(7.32)%	2,245,064	2,055,301	(9.23)%
Administration	6,627,779	6,874,149	3.58%	6,063,254	6,252,235	8.07%
Operation and maintenance of plant services	4,034,219	4,323,862	6.69%	2,062,541	4,725,501	56.35%
Pupil transportation	3,183,001	3,558,952	10.56%	1,105,686	1,437,449	23.08%
Student activities	1,114,588	1,045,001	(6.67)%	750,079	691,194	(8.51)%
Community services	369,195	373,330	1.11%	349,693	349,587	(0.01)%
Interest	771,061	873,803	11.76%	284,305	387,879	26.70%
Food service	1,829,864	1,532,964	(19.37)%	35,092	195,877	82.08%
Facilities, Construction & Improvements	(34,924)	89,615	138.97%	(34,924)	89,615	138.97%
	<u>\$50,868,788</u>	<u>\$49,946,203</u>	<u>(1.85)%</u>	<u>\$38,255,122</u>	<u>\$39,691,383</u>	<u>3.62%</u>

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

The District’s governmental funds reported a combined fund balance of \$6,125,474, a decrease of \$1,427,335 from the prior year. The schedule below summarizes the fund balances and the total change in fund balances as of June 30, 2025 and 2024:

	Fund Balance 6/30/2024	Fund Balance 6/30/2025	Increase (Decrease)
General	\$ 5,202,206	\$ 4,364,656	\$(837,550)
Capital Projects	841,240	430,373	(410,867)
Capital Reserve	1,509,363	1,330,445	(178,918)
Total	\$7,552,809	\$6,125,474	\$ (1,427,335)

GENERAL FUND

The following schedule provides a summary of General Fund revenues and other financing sources:

	Year Ended 6/30/2024	Year Ended 6/30/2025	Increase (Decrease)	% Change
Local Sources				
Taxes	\$27,492,194	\$30,041,755	\$2,549,561	8.49%
Interest	402,269	317,354	(84,915)	(26.76)%
Other	3,229,567	3,035,998	(193,569)	(6.38)%
State Sources	19,725,374	21,811,354	2,085,980	9.53%
Federal Sources	1,225,758	813,031	(412,727)	(50.76)%
Total Revenue	52,075,162	56,019,492	3,944,330	7.04%

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

General Fund revenue increased by \$1,646,988 or 3.06%, from the previous year. Overall, tax collections have increased \$(1,460,436) or 0.05%. Real estate tax revenue increased \$719,283 or 3.23%. There was an increase in the earned income tax collection and occupation assessment tax from the prior year in the amount of \$96570 or 1.59%.

As some fixed expenditures increase for the district, the state reimburses school districts for a portion of those costs. The major expenses the state contributes money towards are transportation, which the reimbursement increased.

The following schedule presents a summary of General Fund expenditures and other financing uses:

	Year Ended 6/30/2024	Year Ended 6/30/2025	Increase (Decrease)	% Change
Salaries	\$19,169,273	\$18,615,077	\$(554,196)	(2.98)%
Employee Benefits	14,371,662	15,641,410	1,269,748	8.12%
Purchased Services	9,561,894	10,315,354	753,460	7.30%
Supplies, Material, Equipment	5,892,205	5,058,949	(833,256)	(16.47)%
Debt Service	3,585,469	3,876,454	290,985	75.06%
Other Expenditures	141,589	164,541	22,985	13.95%
Total Expenditures	<u>52,722,092</u>	<u>53,671,785</u>	949,693	1.77%

Total General Fund expenditures increased \$1,677,762 or 3.29% from the previous year. This increase can be attributed to the installation of turf on the football and baseball fields.

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District reviews expenditures and makes appropriate adjustments to cover unexpected expenditures in the annual operating budget due to increases in appropriations of significant budgeted costs.

The District’s final budget for the General Fund anticipated that expenditures and other financing uses would be \$695,882 greater than revenues and other financing sources, with the balance of revenues to be taken from the unassigned fund balance. Actual results show that expenditures and other financing sources exceeded revenues and other financing uses by \$837,549.

CAPITAL PROJECTS FUND

The Capital Projects Fund was established in the 2008/2009 year to account for the proceeds of our \$20,000,000 bond issue which was borrowed to fund the Elementary East building renovation and improvement project. The Capital Projects Fund starting with the 2020/2021 year is being used to account for the proceeds of our \$20,000,000 bond issue which was borrowed to fund the construction of the West Elementary building. An additional \$6,513,583 bond was issued in 2021/2022 to fund the construction of the West Elementary building which was also deposited to the Capital Projects Fund.

CAPITAL ASSETS

The District invested \$110,036,690 in a broad range of capital assets, including school buildings, computer, and audio-visual equipment. (See Table A-8) Total depreciation expense for the year totaled \$2,634,457.

Table A-8
Blue Mountain School District
Fiscal Year Ended June 30, 2025
Capital Assets

	Governmental		Business-type		Totals		Percentage
	Activities		Activities				Change
	2024	2025	2024	2025	2024	2025	2024-2025
Construction in Progress	\$0	\$406,638	\$0	\$0	\$0	\$406,638	-
Land	\$8,797,872	\$8,797,872	\$0	\$0	\$8,797,872	\$8,797,872	-
Building and Building Improvements	87,248,421	88,656,726	0	0	87,248,421	88,656,726	1.59%
Furniture and Equipment	13,745,060	13,968,734	245,337	245,337	13,990,397	14,214,071	1.57%
Less: Accumulated Depreciation	(49,855,804)	(52,483,227)	(187,139)	(194,173)	(50,042,943)	(52,677,400)	5.00%
Total	\$59,935,549	\$59,346,743	\$51,164	\$58,198	\$59,993,747	\$59,404,941	8.16%

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

LONG-TERM LIABILITIES

At year-end, the District had \$37,335,000 in general obligation bonds, a decrease of 6.79% from last year. (See Table A-9). The implementation of GASB 45 required the District to account for estimated liabilities for future post employment benefits.

The total of \$695,882 represents the difference between the estimated annual cost and the amount paid.

GENERAL FUND				
	<u>Totals</u>		<u>% Change</u>	
	<u>2024</u>	<u>2025</u>	<u>Increase (Decrease)</u>	<u>2024-2025</u>
General Obligation Bonds	\$39,870,000	\$37,335,000	\$(2,535,000)	(6.79)%
Capital Leases	224,176	155,289	(68,887)	(44.36)%
Compensated Absences	1,328,898	1,275,511	(53,387)	(4.19)%
Other Postemployment Benefit Obligation	8,431,117	9,163,127	732,010	7.99%
Other Postemployment Benefit Obligation-PSERS	2,173,608	2,070,439	(103,169)	(4.98)%
Accrued pension obligation	55,192,786	49,879,657	(5,313,129)	(10.65)%
Total	<u>\$107,220,585</u>	<u>\$99,879,023</u>	<u>\$(7,341,562)</u>	<u>(7.35)%</u>

FACTORS BEARING ON THE DISTRICT’S FUTURE

The district is experiencing a slower growth phase in the residential housing market due to the economic downturn. The Blue Mountain School District is comprised of nine (9) boroughs and townships and is mainly a residential community with minimal support from commercial/manufacturing development.

The professional staff’s collective bargaining agreement is in place through June 30, 2028. The service personnel have a collective bargaining agreement through June 30, 2026.

Act 1 continues to pose an additional concern to the financial structure of the District. The administration will continue to monitor its contractual obligations and seek alternative revenue sources for maintaining the financial credibility of the Blue Mountain School District. Residential property tax is the mainstay of the district’s tax base. During 2024-2025 Real Estate Taxes comprised 40 percent of revenues collected.

BLUE MOUNTAIN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2025

Costs related to the District's contribution to the Pennsylvania School Employees Retirement System (PSERS) started to climb in 2010-2011 and are expected to increase over the next 10 years. Rates increased from 8.65 percent in 2011-2012 to 8.65 percent in 2011-2012, 12.36 percent in 2012-2013, 16.93 percent for 2013-2014, 21.40 percent for 2014-2015, 25.84 percent for 2015-2016, 30.03 percent for 2016-2017, 32.57 percent for 2017-2018, 33.43 percent for 2018-2019, 34.29 percent for 2019-2020, 34.51 for 2020-2021, 34.94 percent for 2021-2022, 35.26 percent for 2022-2023, 34.00 percent for 2023-2024 and 33.90 percent for 2024-2025.

In 2011-2012 the District implemented a self-insured health plan. Self-insured health costs are difficult to forecast. To smooth the impact of these increases and decreases in costs, the District established a health insurance trust.

The District will continue to face budget challenges as federal, state and local revenue sources are projected to remain stagnant or decline.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information please contact Amy Tomalavage, Business Administrator, at the Blue Mountain School District, 685 Red Dale Road, Orwigsburg, Pennsylvania 17961, (570)-366-0515.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and investments	\$ 7,704,224	\$ 827,045	\$ 8,531,269
Cash and investments - restricted	2,213,095	0	2,213,095
Taxes receivable, net	3,395,105	0	3,395,105
Accounts receivable	15,316	545	15,861
Internal balances	45,840	69,894	115,734
Intergovernmental receivables	2,057,649	0	2,057,649
Other receivables	55,336	124	55,460
Prepaid expenses	39,489	1,404	40,893
Inventories	0	16,134	16,134
TOTAL CURRENT ASSETS	15,526,054	915,146	16,441,200
NON-CURRENT ASSETS			
Construction in Progress	406,638	0	406,638
Land	8,797,872	0	8,797,872
Building and improvements (net acc dep)	45,741,870	0	45,741,870
Furniture and equipment (net acc dep)	1,045,688	51,164	1,096,852
Site improvements (net acc dep)	3,354,674	0	3,354,674
TOTAL NON-CURRENT ASSETS	59,346,742	51,164	59,397,906
TOTAL ASSETS	74,872,796	966,310	75,839,106
DEFERRED OUTFLOWS OF RESOURCES			
Pension obligation	1,521,129	25,871	1,547,000
OPEB District	3,349,387	115,765	3,465,152
OPEB PSERS	302,543	10,457	313,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,173,059	152,093	5,325,152
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 80,045,855	\$ 1,118,403	\$ 81,164,258
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)			
CURRENT LIABILITIES			
Internal balance	\$ 77,473	\$ 38,261	\$ 115,734
Accounts payable	860,491	32,123	892,614
Intergovernmental payables	0	0	0
Accrued salaries and benefits	2,401,579	31,028	2,432,607
Payroll deductions and withholdings	2,082,154	0	2,082,154
Current portion of long-term debt	2,720,629	0	2,720,629
Accrued interest	538,614	0	538,614
Claims lag	648,975	23,074	672,049
Other current liabilities	0	32,814	32,814
TOTAL CURRENT LIABILITIES	9,329,915	157,300	9,487,215
NON-CURRENT LIABILITIES			
Bonds payable	34,685,000	0	34,685,000
Lease purchase obligations	84,661	0	84,661
Other postemployment benefit obligations	9,163,127	316,707	9,479,834
Other postemployment benefit obligations - PSERS	2,070,439	71,561	2,142,000
Accrued pension obligation	49,879,657	848,344	50,728,001
Long-term portion of compensated absences	1,275,511	19,506	1,295,017
TOTAL NON-CURRENT LIABILITIES	97,158,395	1,256,118	98,414,513
TOTAL LIABILITIES	106,488,310	1,413,418	107,901,728
DEFERRED INFLOWS OF RESOURCES	15,397,524	397,042	15,794,566
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	121,885,834	1,810,460	123,696,294
NET POSITION (DEFICIT)			
Invested in capital assets, net of related debt	21,856,452	51,164	21,907,616
Restricted	1,760,818	0	1,760,818
Unrestricted (Deficit)	(65,457,249)	(743,221)	(66,200,470)
TOTAL NET POSITION (DEFICIT)	(41,839,979)	(692,057)	(42,532,036)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	\$ 80,045,855	\$ 1,118,403	\$ 81,164,258

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction	\$ 28,875,270	\$ 153,330	\$ 4,823,441	\$ 0	\$ (23,898,499)	\$ 0	\$ (23,898,499)
Instructional student support	2,399,257	0	343,956	0	(2,055,301)	0	(2,055,301)
Administrative and financial support services	6,874,149	0	621,914	0	(6,252,235)	0	(6,252,235)
Operation and maintenance of plant services	4,323,862	0	(401,639)	0	(4,725,501)	0	(4,725,501)
Pupil transportation	3,558,952	0	2,121,503	0	(1,437,449)	0	(1,437,449)
Student activities	1,045,001	158,411	195,396	0	(691,194)	0	(691,194)
Community services	373,330	0	23,743	0	(349,587)	0	(349,587)
Facilities, construction and improvements	89,615	0	0	0	(89,615)	0	(89,615)
Interest on long-term debt	873,803	0	0	485,924	(387,879)	0	(387,879)
TOTAL GOVERNMENTAL ACTIVITIES	48,413,239	311,741	7,728,314	485,924	(39,887,260)	0	(39,887,260)
BUSINESS-TYPE ACTIVITIES							
Food services	1,532,964	743,809	985,032	0	0	195,877	195,877
TOTAL PRIMARY GOVERNMENT	49,946,203	1,055,550	8,713,346	485,924	(39,887,260)	195,877	(39,691,383)
GENERAL REVENUES AND TRANSFERS							
Taxes:							
Property taxes, levied for general purposes, net					22,270,788	0	22,270,788
Public utility, realty, earned income and miscellaneous taxes levied for general purposes, net					6,077,043	0	6,077,043
Grants, subsidies, and contributions not restricted					14,279,919	0	14,279,919
Investment earnings					394,908	15,435	410,343
Transfers					0	0	0
Miscellaneous					425,293	3,945	429,238
TOTAL GENERAL REVENUES AND TRANSFERS					43,447,951	19,380	43,467,331
CHANGE IN NET ASSETS					3,560,691	215,257	3,775,948
NET POSITION (DEFICIT) - BEGINNING					(45,400,670)	(907,314)	(46,307,984)
NET POSITION (DEFICIT) - ENDING					\$ (41,839,979)	\$ (692,057)	\$ (42,532,036)

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2025

	<u>General</u>	<u>Capital Projects</u>	<u>Capital Reserve</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED				
OUTFLOWS OF RESOURCES				
Cash and investments	\$ 6,227,050	\$ 0	\$ 0	\$ 6,227,050
Cash and investments - restricted	0	882,649	1,330,445	2,213,094
Taxes receivable, net	3,395,104	0	0	3,395,104
Due from other funds	38,261	0	0	38,261
Intergovernmental receivables	2,057,649	0	0	2,057,649
Other receivables	50,323	5,013	0	55,336
Prepaid Expenses	0	0	0	0
TOTAL ASSETS	<u>11,768,387</u>	<u>887,662</u>	<u>1,330,445</u>	<u>13,986,494</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 11,768,387</u>	<u>\$ 887,662</u>	<u>\$ 1,330,445</u>	<u>\$ 13,986,494</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 77,473	\$ 0	\$ 0	\$ 77,473
Intergovernmental payables	0	0	0	0
Accounts payable	403,201	412,107	0	815,308
Contracts payable	0	45,182	0	45,182
Accrued salaries and benefits	2,401,579	0	0	2,401,579
Payroll deductions and withholdings	2,082,153	0	0	2,082,153
Deferred revenue	2,439,325	0	0	2,439,325
TOTAL LIABILITIES	<u>7,403,731</u>	<u>457,289</u>	<u>0</u>	<u>7,861,020</u>
DEFERRED INFLOWS OF RESOURCES				
	0	0	0	0
FUND BALANCES				
Committed:				
Athletic fund	41,000	0	0	41,000
Health care costs	250,000	0	0	250,000
Retirement	1,300,000	0	0	1,300,000
Educational programs	300,000	0	0	300,000
Capital Improvements	784,000	0	0	784,000
Restricted:				
Capital projects	0	430,373	0	430,373
Capital reserve	0	0	1,330,445	1,330,445
Unassigned	1,689,656	0	0	1,689,656
TOTAL FUND BALANCES	<u>4,364,656</u>	<u>430,373</u>	<u>1,330,445</u>	<u>6,125,474</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 11,768,387</u>	<u>\$ 887,662</u>	<u>\$ 1,330,445</u>	<u>\$ 13,986,494</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION (DEFICIT)

GOVERNMENTAL FUNDS

AS OF JUNE 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 6,125,474
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Cost of capital assets	111,829,971	
Less: accumulated depreciation	<u>(52,483,227)</u>	59,346,744
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds.		
Bond payable	(37,335,000)	
Accrued compensated absences	(1,275,511)	
Other postemployment benefit obligation	(9,163,127)	
Other postemployment benefit obligation - PSERS	(2,070,439)	
Deferred outflows (inflows)	(7,508,859)	
Pension obligation	(49,879,656)	
Capital leases payable	<u>(155,289)</u>	(107,387,881)
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.		
		2,439,324
Governmental funds report debt issuance premiums and discounts as an other financing source or use at the time of issuance. Premiums, discounts, and deferred charges are reported as an unamortized asset or liability in the District-wide financial statements.		
		(2,715,606)
Governmental funds do not report a liability for accrued interest until due and payable.		
		(538,614)
Activities of internal service funds properly included within governmental activities.		
		<u>890,580</u>
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES		\$ <u>(41,839,979)</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	General	Capital Projects	Capital Reserve	Total Governmental Funds
REVENUES				
Local sources	\$ 30,041,755	\$ 42,699	\$ 39,558	\$ 30,124,012
State sources	21,811,354	0	0	21,811,354
Federal sources	813,031	0	0	813,031
TOTAL REVENUES	52,666,140	42,699	39,558	52,748,397
EXPENDITURES				
Instructional	29,401,110	0	0	29,401,110
Support services	17,883,542	0	0	17,883,542
Operation of non-instructional services	1,472,329	0	0	1,472,329
Capital outlay	873,105	451,820	218,475	1,543,400
Refund of prior year receipts	91,540	0	0	91,540
Leases	73,704	0	0	73,704
Debt service	3,876,454	1,746	0	3,878,200
TOTAL EXPENDITURES	53,671,784	453,566	218,475	54,343,825
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,005,644)	(410,867)	(178,917)	(1,595,428)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	0	0	0	0
Insurance Recoveries	168,096	0	0	168,096
TOTAL OTHER FINANCING SOURCES (USES)	168,096	0	0	168,096
NET CHANGE IN FUND BALANCES	(837,548)	(410,867)	(178,917)	(1,427,332)
FUND BALANCES - BEGINNING	5,202,204	841,240	1,509,362	7,552,806
FUND BALANCES - ENDING	\$ 4,364,656	\$ 430,373	\$ 1,330,445	\$ 6,125,474

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (1,427,333)

Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (588,805)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 3,035,998

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 42,104

Because some property taxes will not be collected for several months after the District's year end, they are not considered as available revenues in the governmental funds. (851,022)

Postemployment benefits are recognized when they are paid on the fund statements. With the implementation of GASB #45, an estimated liability for future benefits due will be phased in over several years. This amount represents the difference between the estimated annual cost and the amount paid. 3,338,618

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 53,386

An internal service fund is used by the District's management to charge the cost of health insurance to the individual funds. The net revenue of the internal service fund is recognized in governmental activities. (42,255)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 3,560,691

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local sources	\$ 29,393,547	\$ 29,393,547	\$ 30,041,755	\$ 648,208
State sources	20,152,107	20,152,107	21,811,354	1,659,247
Federal sources	672,830	672,830	813,031	140,201
TOTAL REVENUES	<u>50,218,484</u>	<u>50,218,484</u>	<u>52,666,140</u>	<u>2,447,656</u>
EXPENDITURES				
Regular programs	18,013,293	18,013,293	18,615,077	(601,784)
Special programs	8,796,095	8,796,095	8,940,596	(144,501)
Vocational programs	1,799,850	1,799,850	1,826,740	(26,890)
Other instructional programs	2,450	2,450	14,964	(12,514)
Non-public school programs	0	0	2,432	(2,432)
Higher Education Programs	0	0	1,301	(1,301)
Pupil personnel services	1,870,386	1,870,386	1,990,615	(120,229)
Instructional staff services	516,381	516,381	606,636	(90,255)
Administrative services	3,345,303	3,345,230	3,568,304	(223,074)
Pupil health	974,755	974,755	1,019,152	(44,397)
Business services	666,237	666,237	722,526	(56,289)
Operation and maintenance of plant services	4,321,487	4,321,487	4,768,152	(446,665)
Student transportation services	3,303,462	3,303,462	3,567,552	(264,090)
Central and other support services	1,985,082	1,985,155	1,640,605	344,550
Student activities	1,116,335	1,116,335	1,081,235	35,100
Community services	275,000	275,000	391,094	(116,094)
Existing Site Improvement Services	0	0	140,789	(140,789)
Building Acquisition & Construction Services	0	0	596,866	(596,866)
Existing Building Improvement Services	0	0	135,450	(135,450)
Debt service (principal and interest)	3,878,250	3,878,250	4,041,698	(163,448)
TOTAL EXPENDITURES	<u>50,864,366</u>	<u>50,864,366</u>	<u>53,671,784</u>	<u>(2,807,418)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(645,882)</u>	<u>(645,882)</u>	<u>(1,005,644)</u>	<u>(359,762)</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers	0	0	0	0
Insurance Recoveries	0	0	168,096	168,096
Budgetary reserve	(50,000)	(50,000)	0	50,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>(50,000)</u>	<u>168,096</u>	<u>218,096</u>
NET CHANGE IN FUND BALANCES	<u>(695,882)</u>	<u>(695,882)</u>	<u>(837,548)</u>	<u>(141,666)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>5,850,000</u>	<u>5,850,000</u>	<u>5,202,204</u>	<u>(647,796)</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,154,118</u>	<u>\$ 5,154,118</u>	<u>\$ 4,364,656</u>	<u>\$ (789,462)</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Food Service	Internal Service
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and investments	\$ 774,524	\$ 1,529,696
Due from other funds	69,625	7,848
Other receivables	124	15,860
Prepaid expenses	0	40,893
Inventories	16,134	0
TOTAL CURRENT ASSETS	860,407	1,594,297
NON-CURRENT ASSETS		
Furniture and equipment (net)	51,164	0
TOTAL NON-CURRENT ASSETS	51,164	0
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pension	25,871	0
Deferred Outflows - OPEB District	115,765	0
Deferred Outflows - OPEB PSERS	10,457	0
TOTAL DEFERRED OUTFLOWS OF RESOURCES	152,093	0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,063,664	\$ 1,594,297
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 32,123	\$ 0
Intergovernmental accounts payable	0	0
Compensated absences	19,506	0
Prepaid meals	32,814	0
Due to other funds	38,261	0
Claims lag	0	672,049
Accrued salaries and benefits	31,028	0
TOTAL CURRENT LIABILITIES	153,732	672,049
NON-CURRENT LIABILITIES		
Pension Liability	848,344	0
OPEB - District	316,707	0
OPEB - PSERS	71,561	0
TOTAL CURRENT LIABILITIES	1,236,612	0
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues	5,011	0
Deferred Inflows - Pension	44,852	0
Deferred Inflows - OPEB District	326,967	0
Deferred Inflows - OPEB PSERS	20,212	0
TOTAL DEFERRED OUTFLOWS OF RESOURCES	397,042	0
NET POSITION (DEFICIT)		
Invested in capital assets - net of related debt	51,164	0
Restricted for legal purposes	0	922,248
Unrestricted (Deficit)	(774,886)	0
TOTAL NET POSITION (DEFICIT)	(723,722)	922,248
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)	\$ 1,063,664	\$ 1,594,297

See notes to financial statements
which are an integral part of this statement

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Food Service</u>	<u>Internal Service</u>
OPERATING REVENUES		
Food service revenues	\$ 743,809	\$ 0
Charges for services	0	7,083,995
Other operating revenues	3,944	0
TOTAL OPERATING REVENUES	<u>747,753</u>	<u>7,083,995</u>
OPERATING EXPENSES		
Salaries	350,918	0
Employee Benefits	115,200	7,160,870
Purchased professional and technical services	851,512	17,341
Purchased property services	51,895	0
Supplies	138,728	0
Depreciation	7,034	0
Other operating expenses	5,175	0
TOTAL OPERATING EXPENSES	<u>1,520,462</u>	<u>7,178,211</u>
OPERATING INCOME (LOSS)	<u>(772,709)</u>	<u>(94,216)</u>
NON-OPERATING REVENUES (EXPENSES)		
Earnings on investments	15,435	39,459
Loss on Sale of Fixed Assets	0	0
State sources	242,249	0
Federal sources	742,783	0
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,000,467</u>	<u>39,459</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>227,758</u>	<u>(54,757)</u>
CONTRIBUTIONS AND TRANSFERS	<u>0</u>	<u>0</u>
CHANGE IN NET ASSETS	<u>227,758</u>	<u>(54,757)</u>
NET POSITION (DEFICIT) - BEGINNING OF YEAR	<u>(951,480)</u>	<u>977,005</u>
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ (723,722)</u>	<u>\$ 922,248</u>

See notes to financial statements
which are an integral part of this statement

BLUE MOUNTAIN SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2025

	<u>Food Service</u>	<u>Internal Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 764,286	\$ 8,396,685
Cash received from other operating revenue	3,944	0
Cash payments to employees for service	(730,208)	0
Cash payments for insurance	0	(7,074,953)
Cash payments to suppliers for goods and services	(914,044)	0
Cash payments for other operating expenses	(5,175)	(17,341)
NET CASH PROVIDED (USED FOR) OPERATING ACTIVITIES	<u>(881,197)</u>	<u>1,304,391</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State sources	242,249	0
Federal sources	742,783	0
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>985,032</u>	<u>0</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	0	0
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on investments	<u>15,435</u>	<u>39,459</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	119,270	1,343,850
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>655,254</u>	<u>185,845</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 774,524</u>	<u>\$ 1,529,695</u>
OPERATING INCOME (LOSS)	\$ (772,709)	\$ (94,216)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Changes in current assets and current liabilities		
Depreciation and net amortization	7,034	0
(Increase) Decrease in accounts receivable	23,803	92,327
(Increase) Decrease in advance from other funds	98,891	1,312,959
(Increase) Decrease in inventories	332	0
(Increase) Decrease in other Current Assets	0	0
(Increase) Decrease in Deferred Outflows	101,349	0
Increase (Decrease) in accounts payable	13,078	(6,679)
Increase (Decrease) in accrued salaries and benefits	10,704	0
Increase (Decrease) in Due to Other Governments	0	0
Increase (Decrease) in compensated absences	(1,600)	0
Increase (Decrease) in Deferred Revenue	(4,856)	0
Increase (Decrease) in Pension Liability	(100,870)	0
Increase (Decrease) in OPEB Liability	(101,529)	0
Increase (Decrease) in Deferred Inflows	(172,144)	0
Increase (Decrease) in advances to other funds	17,320	0
TOTAL ADJUSTMENTS	<u>(108,488)</u>	<u>1,398,607</u>
TOTAL CASH PROVIDED (USED FOR) OPERATING ACTIVITIES	<u>\$ (881,197)</u>	<u>\$ 1,304,391</u>

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Custodial</u>	<u>Private Purpose Trust</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Cash and investments	\$ 248,642	\$ 4,435
	248,642	4,435
TOTAL ASSETS	248,642	4,435
DEFERRED OUTFLOWS OF RESOURCES	0	0
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 248,642	\$ 4,435
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Internal balances	\$ 0	\$ 0
Other current liabilities	0	0
TOTAL LIABILITIES	0	0
DEFERRED INFLOWS OF RESOURCES	0	0
NET POSITION		
Restricted	248,642	4,435
Unrestricted	0	0
TOTAL NET POSITION	248,642	4,435
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 248,642	\$ 4,435

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Custodial	Private Purpose Trust
ADDITIONS		
Program income	\$ 260,290	\$ 0
Investment income	0	124
TOTAL ADDITIONS	260,290	124
DEDUCTIONS		
Scholarship expense in accordance with trust agreements	0	400
Program expense	262,659	0
TOTAL DEDUCTIONS	262,659	400
CHANGE IN NET POSITION	(2,369)	(276)
NET POSITION - BEGINNING OF YEAR	251,011	4,711
NET POSITION - END OF YEAR	\$ 248,642	\$ 4,435

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Blue Mountain School District is governed by the Blue Mountain School District Board of Education, which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

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

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis -for State and Local Governments.

The financial statements include:

- Management's Discussion and Analysis (MD&A), providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on major funds.

The District has implemented the provisions of Statement No. 34 as well as other new standards related to note disclosure, non-exchange transactions and certain liabilities and expenditures.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

REPORTING ENTITY

As required by GAAP, these financial statements present the District and its component unit, Blue Mountain Insurance Trust Employee Benefit Plan, for which the District is considered to be financially accountable. The District is not a component unit of any other primary government.

The Blue Mountain Insurance Trust Employee Benefit Plan is a nonprofit organization established to provide health and welfare benefits to active and retired District employees. The Insurance Trust exclusively services the District, and is presented as an internal service fund of the District.

BASIS OF PRESENTATION

District-wide statements - The statement of net assets and the statement of activities provide information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-Type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each business-type activity of the District and for each function of the District's governmental activities.

- Direct Expenses are those that are clearly identifiable with a specific program.
- Program revenues include 1) charges to students or recipients who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.
- Taxes and other items not properly included among program revenues are reported as general revenues.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

Depreciation expense can be specifically identified by function and is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. The effect of interfund activity has been removed from these statements.

Fund Financial Statements - The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary*-are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary fund operating revenues, such as charges for services result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Enterprise fund operating revenues are related to charges for food in the District's cafeteria. The primary non-operating revenues are federal nutrition program grants and commodities received from the U.S. Department of Agriculture.

The fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the District-wide statements.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF PRESENTATION - continued

The District reports the following major governmental funds:

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

Capital Reserve Fund - The Capital Reserve Fund is used to account for maintenance of facilities, capital improvements, replacement and additions to public works and improvements, purchase of school buses, and for debt service incurred for capital improvements.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District reports the following major proprietary fund types:

Food Service Fund - The Food Service Fund is used to account for all financial transactions related to the food service operation.

Internal Service Fund - The District has a single internal service fund, which accounts for the activities of the District's health and welfare benefits.

Other fund types:

Agency Funds - These funds account for assets held by the District as an agent for various student groups and clubs.

Private Purpose Trust Fund - These funds account for assets held by the District as an agent for an outside party, who has placed restrictions on the use of the fund's assets.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BASIS OF ACCOUNTING

The district-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

All business-type activities and enterprise funds of the district follow FASB Statements and Interpretations on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

BUDGETING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. Project-length financial plans are used for capital projects funds. All unencumbered budget appropriations, except capital projects, lapse at the end of each fiscal year.

At the fund level, actual expenditures cannot exceed budgeted appropriations, however, with proper approval by the school board, budgetary transfers between account can be made. The budgeted financial statements represented in this report reflect the final budget authorization, including all transfers.

DEPOSITS AND INVESTMENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments with a maturity of one year or less at the time of purchase are recorded at cost or amortized cost. Those with a maturity of greater than one year are reported at fair value. Changes in the fair value of investments are recorded as investment income.

TAXES ASSESSED

The following is a listing of the taxes assessed along with their respective tax levy:

Tax Type	Millage/Rate	Assessed Valuation
Real Estate - Schuylkill County	44.325	\$ 22,430,815
Occupation Tax - Act 511	\$230.00/person	3,482,430
Total Assessed Valuation		\$ <u>25,913,245</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

TAXES ASSESSED - continued

The following is the tax calendar showing levy date, payment periods and delinquent dates for the above listed taxes:

Levy date	July 1
Discount (2%) payment period	July 1 to August 31
Face payment period	September 1 to October 31
Penalty (10%) payment period	November 1 to December 31
Delinquent date	December 31

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent taxes that is not collected within 60 days of year-end is deferred in the fund based financial statements because it is not known to be available to finance the operations of the District in the current year. An allowance has been established to recognize the uncollectible portion.

INVENTORY

Inventories are recorded using the consumption method of accounting and consist of purchased food, supplies, and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method. Surplus commodities are stated at standard costs, as determined by the Department of Agriculture. In the fund based financial statements, commodities received are recorded as deferred revenue until consumed.

CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$1,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

CAPITAL ASSETS - continued

Depreciation is computed using the straight-Line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	Not Depreciated
Land Improvements	20 years
Buildings and Improvements	15-30 years
Furniture and Equipment	5-15 years
Vehicles	3-15 years

COMPENSATED ABSENCES

Compensated absences are those for which employees receive pay. A liability is recorded through the use of estimates, which apply historical data to current factors. The District maintains records of unused absences and applies current and/or contracted compensation rates to the various types of compensated absences. Sick leave is recorded using the termination payment method, which has no current maximum per employee. The District allows only restricted sabbatical leave and therefore, has no recorded liability in advance of the sabbatical. The District also records estimated vested retirement incentives for employees.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In government-wide financial statements as well as proprietary fund financial statements, all accrued liabilities and long-term debt are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

RESTRICTED ASSETS

Restricted assets are cash and cash equivalents whose use is limited by legal requirements such as a bond indenture. Restricted assets are reported only in the District-wide financial statements.

FUND EQUITY

In the fund financial statements, governmental funds report fund balance in accordance with GASB No. 54 (See Note 7).

NET ASSETS

Net assets represent the difference between assets and liabilities in the District-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.

OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS

During the year ended June 30, 2020, the District adopted the provisions of GASB Statement No. 74, "*Financial Reporting for Postemployment Benefits Plan other than Pension Plan*" and GASB Statement No. 75, "*Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*". This statement provides the accounting and reporting requirements for the benefit plans as well as require that public sector employers accrue the cost of any postretirement healthcare or similar benefits (OPEB) they may offer to employees. For the purpose of the financial statements, GASB Statement No. 75 requires that governments account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in the same manner as they currently do for pensions. Accordingly, the District's net OPEB obligation for 2020 was reported on the statement of net assets.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

ACCOUNTING STANDARDS ADOPTED IN YEAR ENDED JUNE 30, 2025

GASB Statement No. 101, Compensated Absences, effective for fiscal years beginning after July 1, 2024.

The primary objective of GASB Statement No. 101 is to improve the recognition, measurement, and disclosure of compensated absences, such as vacation and sick leave, that are provided to employees in exchange for services rendered. The standard aims to enhance consistency, comparability, and transparency in reporting these liabilities across governments.

Under GASB 101, governments are required to recognize a liability for compensated absences when the leave is earned if (1) the leave is attributable to services already rendered, (2) it accumulates and can be carried forward for use in future periods, and (3) it is more likely than not to be used for time off or otherwise paid to the employee.

The District evaluated all applicable leave types in accordance with the new standard and determined that the implementation did not result in a material adjustment to beginning net position or fund balance. Accordingly, no restatement was required.

The adoption of GASB Statement No. 101 did not otherwise materially affect the District's financial statements for the year ended June 30, 2025.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS:

DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The deposit policy of the school district adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions.

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

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

At June 30, 2025, the carrying amount of the District's deposits were \$10,115,090. and the bank balance was \$10,492,544. Of the bank balance, \$253,993. was covered by federal depository insurance coverage, and \$10,238,551. was exposed to custodial credit risk because it was uninsured and the collateral held by the depository's agent was not in the District's name.

At June 30, 2025, the district had \$650. as cash on hand.

INVESTMENTS

The investment policy of the school district adheres to state statutes and prudent business practices. The investments of the school district consist of certificates of deposit and U.S. Agency Obligations as authorized by the Board. Investments are stated at cost including accrued interest which approximates market value.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS - continued:

INVESTMENTS - continued

The District invests in the Pennsylvania Treasurer's Invest Program for Local Government as authorized by the Board. Pennsylvania Treasurer's Invest Program for Local Government insures that it will not place deposits with any single issuing institution if the largest participant's pro rata share of such deposits exceeds \$100,000., unless such deposits are secured by (1) Treasurer, federal agencies (collateralized at 102%) or (2) certificates of deposit (collateralized by 120%). These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

As of June 30, 2025, the District had the following investment.

Pennsylvania Local Government Investment Trust (PLGIT)	\$ <u>882,350</u>
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Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is the practice of the District to limit its interest rate risk by investing in securities with maturity dates under one year. At June 30, 2025, the District's investments in securities of U.S. agencies had maturity dates of less than one year.

Custodial Credit Risk

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

Credit Risk

Under Section 4440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Concentration Risk

The District does not have a policy that would limit the amount it may invest in any one issuer. More than five percent of the District's investments are Pennsylvania Local Government Invest Trust (PLGIT). Those investments are 100 percent of the District's total investments.

RECONCILIATION OF CASH, CASH EQUIVALENTS, AND INVESTMENTS

The classification of cash, cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash & Cash Equivalents</u>	<u>Investments</u>
Cash, Cash Equivalents, and Investments	\$ <u>10,115,090</u>	\$ <u>882,350</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 3 - CAPITAL ASSETS:

A summary of capital asset activity during the fiscal year follows:

	<u>Balance</u> <u>June 30, 2024</u>	<u>Net Additions</u> <u>(Deductions)</u>	<u>Balance</u> <u>June 30, 2025</u>
Governmental Activities:			
Capital Assets, Not Being Depreciated			
Land	\$ 8,797,872	\$ 0	\$ 8,797,872
Construction in Progress	<u>0</u>	<u>406,638</u>	<u>406,638</u>
Total Capital Assets, Not Being Depreciated	8,797,872	406,638	9,204,510
Capital Assets, Being Depreciated:			
Buildings and Improvements	80,574,641	1,267,516	81,842,157
Site Improvements	6,673,780	140,789	6,814,569
Furniture and Equipment	<u>13,745,060</u>	<u>223,672</u>	<u>13,968,732</u>
Total Capital Assets, Being Depreciated	100,993,481	1,631,977	102,625,458
Accumulated Depreciation For			
Buildings and Improvements	(33,997,918)	(2,102,369)	(36,100,287)
Site Improvements	(3,238,440)	(221,453)	(3,459,893)
Furniture and Equipment	<u>(12,619,446)</u>	<u>(303,600)</u>	<u>(12,923,046)</u>
Total Accumulated Depreciation	(49,855,804)	(2,627,422)	(52,483,226)
Total Depreciable Assets, Net	<u>51,137,677</u>	<u>(995,445)</u>	<u>50,142,232</u>
Governmental Activities - Capital Assets, Net	<u>\$ 59,935,549</u>	<u>\$ (588,807)</u>	<u>\$ 59,346,742</u>
Business-Type Activities:			
Furniture/Equipment	\$ 245,337	\$ 0	\$ 245,337
Less: Accumulated Depreciation	<u>(187,139)</u>	<u>(7,034)</u>	<u>(194,173)</u>
Business-Type Activities - Capital Assets, Net	<u>\$ 58,198</u>	<u>\$ (7,034)</u>	<u>\$ 51,164</u>

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

Instructional	\$ 1,788,059
Instructional Support	36,898
Administration	422,761
Operation and Maintenance of Plant Services	290,017
Student Activities	65,765
Facilities, Construction and Improvements	<u>36,303</u>
Total Depreciation Expense	<u>\$ 2,639,803</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 4 - GENERAL LONG-TERM DEBT:

A summary of general long-term debt is as follows:

	Accrued Compensated Absences	PSERS Pension Liability	PSERS Other Post Employment Benefits	District Other Post Employment Benefits	Capital Leases	General Obligation Bond Series of 2019	General Obligation Bond Series of 2021	General Obligation Bond Series of 2021A	General Obligation Bond Series of 2021B	General Obligation Bond Series of 2022	General Obligation Bond Series of 2022A	Total
Balance - June 30, 2024	\$ 1,350,004	\$ 56,142,000	\$ 2,274,000	\$ 8,820,523	\$ 224,176	\$ 3,980,000	\$ 2,295,000	\$ 3,455,000	\$ 18,580,000	\$ 5,945,000	\$ 5,615,000	\$ 108,680,703
Additions	0	0	0	659,311	0	0	0	0	0	0	0	659,311
Reductions	(54,987)	(5,414,000)	(132,000)	0	(68,887)	(2,285,000)	0	0	(5,000)	(10,000)	(235,000)	(8,204,874)
Reductions - Refinancing	0	0	0	0	0	0	0	0	0	0	0	0
Balance - June 30, 2025	<u>\$ 1,295,017</u>	<u>\$ 50,728,000</u>	<u>\$ 2,142,000</u>	<u>\$ 9,479,834</u>	<u>\$ 155,289</u>	<u>\$ 1,695,000</u>	<u>\$ 2,295,000</u>	<u>\$ 3,455,000</u>	<u>\$ 18,575,000</u>	<u>\$ 5,935,000</u>	<u>\$ 5,380,000</u>	<u>\$ 101,135,140</u>
Due Within One Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,629	\$ 1,695,000	\$ 0	\$ 0	\$ 5,000	\$ 790,000	\$ 160,000	\$ 2,720,629

A summary of general long-term debt, principal maturities, and interest requirements follows:

Year Ending June 30,	Capital Leases	General Obligation Bond Series of 2019	General Obligation Bond Series of 2021	General Obligation Bond Series of 2021A	General Obligation Bond Series of 2021B	General Obligation Bond Series of 2022	General Obligation Bond Series of 2022A	Total
2026	\$ 73,705	\$ 1,728,900	\$ 48,699	\$ 138,200	\$ 732,413	\$ 895,175	\$ 354,250	\$ 3,971,342
2027	73,705	0	48,700	138,200	732,337	2,509,488	450,750	3,953,180
2028	12,285	0	48,699	138,200	732,263	2,513,100	446,400	3,890,947
2029	0	0	1,117,845	1,147,600	732,187	227,250	551,575	3,776,457
2030	0	0	1,129,671	1,150,500	756,925	0	702,550	3,739,646
2031-2035	0	0	101,175	1,377,000	12,208,850	0	3,510,350	17,197,375
2036-2040	0	0	0	0	9,920,300	0	703,800	10,624,100
Total	159,695	1,728,900	2,494,789	4,089,700	25,815,275	6,145,013	6,719,675	47,153,047
Less: Interest	(4,406)	(33,900)	(199,789)	(634,700)	(7,240,275)	(210,013)	(1,339,675)	(9,662,758)
Outstanding Principal	<u>\$ 155,289</u>	<u>\$ 1,695,000</u>	<u>\$ 2,295,000</u>	<u>\$ 3,455,000</u>	<u>\$ 18,575,000</u>	<u>\$ 5,935,000</u>	<u>\$ 5,380,000</u>	<u>\$ 37,490,289</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 4 - CHANGES IN LONG-TERM DEBT – continued

GENERAL OBLIGATION BONDS – SERIES OF 2019

During July 2019, the District issued General Obligation Bonds in the amount of \$9,120,000. The Bonds were issued to partially refund the District's General Obligation Bonds Series AA of 2014 and the General Obligation Bonds Series of 2017. The Bonds carry interest rates ranging between 2% and 4% and mature in various semiannual installments until August 2025. The bond was partially refunded by General Obligation Series of 2021. The remaining principal balance of \$7,115,000 carries an interest rate ranging between 2% and 4% and will be paid off in August 2025.

GENERAL OBLIGATION BONDS – SERIES OF 2021

During April 2021, the District issued General Obligation Bonds in the amount of \$2,295,000. The bonds were issued to partially refund the District's General Obligation Bonds Series of 2019. The bonds carry interest rates ranging between 2.01% and 2.35% and mature in various yearly installments until July 2028.

GENERAL OBLIGATION BONDS – SERIES OF 2021A

During April 2021, the District issued General Obligation Bonds in the amount of \$3,455,000. The bonds were issued to refund the District's General Obligation Bonds Series of 2013A and partially refund the District's General Obligation Bonds Series of 2017. The bonds carry interest rates of 4% and mature in various yearly installments until August 2030.

GENERAL OBLIGATION BONDS – SERIES OF 2021B

During April 2021, the District issued General Obligation Bonds in the amount of \$18,590,000. The bonds were issued to finance the construction of the new West Elementary School. The bonds carry interest rates ranging between 1% and 4% and mature in various yearly installments until August 2038.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 4 - CHANGES IN LONG-TERM DEBT – continued

GENERAL OBLIGATION BONDS – SERIES OF 2022

During February 2022, the District issued General Obligation Bonds in the amount of \$5,970,000. The bonds were issued to refund the District's General Obligation Bonds Series of 2017. The bonds carry interest rates ranging between 1.5% and 2% and mature in various yearly installments until August 2028.

GENERAL OBLIGATION BONDS – SERIES OF 2022A

During March 2022, the District issued General Obligation Bonds in the amount of \$6,155,000. The bonds were issued to finance the construction of the new West Elementary School. The bonds carry interest rates ranging between 3% and 4% and mature in various yearly installments until August 2035.

COMPENSATED ABSENCES

Compensated absences at June 30, 2025, consist of the following:

	Long-Term Debt	Food Service	Total
Retirement Incentive	\$ 539,395	\$ 9,863	\$ 549,258
Sick Leave/Personal Days	382,244	9,643	391,887
Vacation	353,872	0	353,872
Total	\$ 1,275,511	\$ 19,506	\$ 1,295,017

LEASES

Various Leases

As of June 30, 2025, the Blue Mountain School District has entered into various leases that expand over various years and have various interest rates associated with each individual lease.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 5 - RISK MANAGEMENT AND LITIGATION:

This District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains coverage from commercial insurance companies to cover these risks of loss.

On November 1, 1981, the District established the Blue Mountain Insurance Trust Employee Benefit Plan (the Trust) for the purpose of providing health and welfare benefits to active and retired District employees. The District has combined the Trust as a component unit and recorded its results of operation on Internal Service Fund. Interfund premiums have been reported as quasi-external transaction.

GRANT PROGRAMS

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – DISTRICT:

PLAN DESCRIPTION

The Blue Mountain School District Retiree Health Care Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the School Board. The Plan provides postemployment healthcare benefits to eligible retirees of the District in accordance with the various labor contracts and personnel policies. Inasmuch as the Plan has no assets, reporting another employee benefit trust fund in the accompanying financial statements is not required nor was a separate or stand-alone report issued.

FUNDING POLICY

The contribution requirements of plan members and the District are established and may be amended by the School Board, subject to applicable labor contracts and benefit plans. Plan members are required to pay \$100. per month towards the premium for medical, drugs, dental, and vision. The District pays the remaining premium for the member and remaining premium for member and spouse for those under Act 93 Agreement. The District also pays the full premium for life insurance in varying amounts. The length of benefits coverage ranges from five years or from date of retirement to age 65.

For 2025, the District made no contributions and instead elected to continue funding on a *pay-as-you-go* basis, which amounted to \$297,559. These costs are recognized as an expense when claims or premiums are paid.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – DISTRICT-continued

Plan Membership

Inactive plan member or beneficiaries currently receiving benefits	24
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>316</u>
	<u><u>340</u></u>

Components of the net OPEB liability

Total OPEB liability	\$ 9,479,834
Plan fiduciary net position	<u>0</u>
Net OPEB Liability	<u><u>\$ 9,479,834</u></u>

Plan fiduciary net position of the total OPEB liability 0.00%

Sensitivity of the Net OPEB liability to changes in the discount rate

	1.00% Decrease <u>3.29%</u>	Current Discount Rate <u>4.29%</u>	1.00% Increase <u>5.29%</u>
Net OPEB liability (asset)	\$ 10,159,409	\$ 9,479,834	\$ 8,827,860

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

	1% Decrease <u>1%</u>	Current Healthcare cost Trend <u>4.29%</u>	1.00% Increase <u>5.29%</u>
Net OPEB liability (asset)	\$ 8,389,854	\$ 9,479,834	\$ 10,750,781

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - DISTRICT-continued

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are formed regarding the future. Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the District and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2023 actuarial valuation, the individual entry age normal actuarial cost method was used. There were also merit and seniority salary rate increase assumptions taken into consideration and those are detailed in the actuarial study and are based on age. There was also an inflationary rate assumption factored into the calculation. Per the actuarial study, the assumed rate ranges from 7.0% in the short-term to 4.0% in the long-term for health care related costs. The UAAL is being amortized as a level percentage of active member payroll over a period of 20 years.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 7 - GASB STATEMENT NO. 54:

On June 15, 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 54 (Fund Balance Reporting and Governmental Fund Type Definitions). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB-54 establishes criteria for classifying fund balances into specifically defined classifications that should be based on hierarchy that reflects the extent to which the government is bound to honor constraints on how those funds can be spent. Established classifications are as follows:

Nonspendable – Amounts that cannot be spend because they are either in a nonspendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts constrained to be used for a specific purpose stipulated by constitution, external resource providers or through enabling legislation.

Committed – Amounts constrained to be used for a specific purpose determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority).

Assigned – Amounts intended to be used for a specific purpose by the finance committee or an individual authorized by the governing body.

Unassigned – Residual amounts available for any purpose not contained in other classifications.

The District assigned fund balance is fund balance reporting occurring by the School Board Administration Authority, under the direction of the Business Manager.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 7 - GASB STATEMENT NO. 54 – continued

ORDER OF FUND BALANCE SPENDING POLICY

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting entries.

First, nonspendable fund balances are determined. Then, restricted fund balances for the nongeneral funds are classified as restricted fund balance.

It is possible for the nongeneral funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balance for the nongeneral fund.

BALANCE SHEET - GOVERNMENTAL FUNDS

	JUNE 30, 2025				
	<u>General</u>	<u>Capital Projects</u>	<u>Capital Reserve</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
EQUITY					
Restricted	\$ 0	\$ 430,373	\$ 1,330,445	\$ 0	\$ 1,760,818
Committed	2,675,000	0	0	0	2,675,000
Unassigned	<u>1,689,656</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,689,656</u>
TOTAL FUND BALANCE	\$ <u>4,364,656</u>	\$ <u>430,373</u>	\$ <u>1,330,445</u>	\$ <u>0</u>	\$ <u>6,125,474</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 8 - RELATED ORGANIZATIONS:

Not included in the School's District financial statements are any Parent-Teacher Associations (PTA), Parent-Teacher Organizations (PTO) and athletic and band booster clubs. These agencies provide services to students and employees of the School District, but are separate legal entities having sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the School District. The School District does not account for these entities as component units or joint ventures; it does not maintain an ongoing financial interest or have responsibility for these entities.

NOTE 9 – PENSION:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PENSIONS

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

General Information about the Pension Plan

PLAN DESCRIPTION

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 – PENSION – continued

BENEFITS PROVIDED

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

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

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 – PENSION - continued

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

CONTRIBUTIONS

Member Contributions:

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

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

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contributed at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elected Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. All new hires after June 30, 2019, who elected Class T-G membership, contribute at 8.25% (base rate) of the member's qualifying compensation. All new hires after June 30, 2019, who elected Class T-H membership, contribute at 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2021, who elected Class T-E membership, contribute 8.00% of the member's qualifying compensation. All new hires after June 30, 2021, who elected Class T-F membership, contribute 10.80% of the member's qualifying compensation. All new hires after June 30, 2021, who elected Class T-G membership, contribute 9.00% of the member's qualifying compensation. All new hires after June 30, 2021, who elected Class T-H membership, contribute 8.25% of the member's qualifying compensation. All new hires after June 30, 2021, who elected Class DC membership, contribute 7.50% of the member's qualifying compensation.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 – PENSION - continued

Membership Class T-E, Class T-F, Class T-G & T-H are affected by a “shared risk” provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 5.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 8.30% and 12.30%, Membership Class T-G contribute rate to fluctuate between 2.50% and 8.50% and Membership Class T-H contribute rate to fluctuate between 1.50% and 7.50%.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

Employer Contributions:

The school district’s contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$6,360,896. for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$50,728,000. for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2023 to June 30, 2024. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District proportion was .1212%, which was a decrease of .0005% from its proportion measured as of June 30, 2024.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 – PENSION - continued

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – continued

For the year ended June 30, 2025, the District recognized pension expense of (\$3,364,000). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$ 798,000
Changes in assumptions	0	0
Net difference between projected and actual investment earnings	839,000	0
Changes in proportion	708,000	1,884,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	0	0
Total All Funds	\$ 1,547,000	\$ 2,682,000

\$1,547,000. reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2025	\$ (1,796,000)
2026	1,148,000
2027	(316,000)
2028	(170,000)
Total Deferred Outflows/ Inflows of Resources	\$ (1,134,000)

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 – PENSION - continued

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – continued

The total pension liability at June 30, 2024 was determined by rolling forward the System's total pension liability at June 30, 2023 to June 30, 2024 using the following actuarial assumptions applied to all periods included in the measurement:

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 9 – PENSION - continued

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS - continued

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real Estate	9.5%	5.9%
	100%	

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (PSERS)

DISCOUNT RATE

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

SENSITIVITY OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District’s proportionate share of the net pension liability	\$ 66,824,000	\$ 50,728,000	\$ 37,136,000

PENSION PLAN FIDUCIARY NET POSITION

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2025

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSERS) - continued**

1. Summary of Significant Accounting Policies

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees’ Retirement System (PSERS) and additions to/deductions from PSERS’s fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of- pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS’ Health Options Program. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED JUNE 30, 2025

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSERS) – continued**

Premium Assistance Eligibility Criteria – continued

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

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

1. Summary of Significant Accounting Policies - continued

Pension Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS’ Health Options Program. As of June 30, 2025, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions:

The school districts’ contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$123,000 for the year ended June 30, 2025.

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSERS) - continued**

**2. OPEB Liabilities, OPEB Expense, and Deferred Outflow Resources and
Inflows of Resources Related to OPEB**

At June 30, 2025, the District reported a liability of \$2,142,000. for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System’s total OPEB liability as of June 30, 2023 to June 30, 2024. The District’s proportion of the net OPEB liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District’s proportion was .1206% percent, which was a decrease of .0051% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(60,000). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 8,000	\$ 32,000
Changes in assumptions	131,000	327,000
Net difference between projected and actual investment earnings	2,000	0
Changes in proportion	172,000	246,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	0	0
Total All Funds	<u>\$ 313,000</u>	<u>\$ 605,000</u>

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (PSERS) – continued

2. OPEB Liabilities, OPEB Expense, and Deferred Outflow Resources and Inflows of Resources Related to OPEB - continued

\$313,000. reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Estimated Amount
2025	\$ (77,000)
2026	(50,000)
2027	(124,000)
2028	(17,000)
2029	(24,000)
Total Deferred Outflows/ Inflows of Resources	\$ (292,000)

3. Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in Premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.

BLUE MOUNTAIN SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS - continued

FOR THE YEAR ENDED JUNE 30, 2025

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (PSRES) – continued

3. Actuarial Assumptions - continued

- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 20, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality rates for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	1.7%
	<u>100.0%</u>	

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSRES) - continued**

3. Actuarial Assumptions - continued

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

Discount rate

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

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

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

**NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS – PUBLIC SCHOOL EMPLOYEES’
RETIREMENT SYSTEM (PSRES) - continued**

3. Actuarial Assumptions - continued

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

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 2,142,000	\$ 2,142,000	\$ 2,143,000

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District’s proportionate share of the net OPEB liability	\$ 2,420,000	\$ 2,142,000	\$ 1,910,000

OPEB plan fiduciary net position

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

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 11 – INTERFUND OPERATING BALANCES:

Individual fund operating balances for the year ended June 30, 2025 were as follows:

	Due From	Due To
General Fund	\$ 38,850	\$ 77,473
Capital Reserve	0	0
Activities Fund	0	589
Capital Projects	0	0
Internal Service	7,848	0
Cafeteria Fund	69,625	38,261
Total All Funds	\$ 116,323	\$ 116,323

All balances are current and are payable within one year. Balances exist due to normal operating transfers between individual funds.

NOTE 12 - INTERFUND OPERATING TRANSFERS:

Individual fund operation transfers for the year ended June 30, 2025 were \$0.

NOTE 13 – SUBSEQUENT EVENTS

The District has evaluated events and transactions occurring subsequent to the balance sheet date of June 30, 2025 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 10, 2025, the date these financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

A. SUMMARY OF AUDIT RESULTS

1. Auditor's report expresses an unqualified opinion on the financial statements of the Blue Mountain School District.
2. No significant deficiencies relating to the audit of the financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Blue Mountain School District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Blue Mountain School District expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Blue Mountain School District.
7. The programs tested as major programs were as follows:

Program	CFDA #
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold for distinguishing types A and B Programs was \$750,000.
9. The Blue Mountain School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT:

None

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass Through Grantor/ Program Title	Source Code	Federal CFDA Number	Federal Cluster Code	Pass Through Grantors' Number	Program or Award Amount	Grant Period Beginning/Ending Date	Total Received For Year	Accrued Or (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued Or (Deferred) Revenue June 30, 2025
U.S. DEPARTMENT OF EDUCATION											
Passed Through State Department of Education:											
E.S.E.A Title I - Improving Basic Programs 2023-2024	(I)	84.010		013-24-0042	\$ 395,028	07/01/23-09/30/24	\$ 52,680	\$ 52,680	\$ 0	\$ 0	\$ 0
E.S.E.A Title I - Improving Basic Programs 2024-2054	(I)	84.010		013-25-0042	390,007	07/01/24-09/30/25	364,429	0	351,629	351,629	(12,800)
E.S.E.A. Title II - Improving Teacher Quality 2023-2024	(I)	84.367		020-24-0042	63,486	07/01/23-09/30/24	46,653	(10,356)	57,009	57,009	0
E.S.E.A. Title II - Improving Teacher Quality 2024-2025	(I)	84.367		020-24-0042	62,848	07/01/24-09/30/25	62,622	0	62,622	62,622	0
E.S.E.A. Title IV - Student Support and Academic Enrichment 2023-2024	(I)	84.424		144-24-0042	31,179	07/01/23-09/30/24	22,865	22,865	0	0	0
E.S.E.A. Title IV - Student Support and Academic Enrichment 2024-2025	(I)	84.424		144-24-0042	29,748	07/01/24-09/30/25	29,748	0	29,748	29,748	0
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - 2020-2021	(I)/(CV)	84.425U		223-21-0042	2,377,686	03/13/20-09/30/24	1,340,150	870,996	469,154	469,154	0
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	(I)/(CV)	84.425W		181-21-2042	9,913	07/01/21-09/30/24	6,100	6,100	0	0	0
American Rescue Plan - Elementary and Secondary School Emergency Relief - (ARP ESSER) (ESSER 7% Consolidated)	(I)/(CV)	84.425U		225-21-0042	184,800	03/13/20-09/30/24	154,560	119,183	35,377	35,377	0
Passed Through State Commission on Crime and Delinquency:											
School Safety & Mental Health Grant	(I)/(CV)	21.027		42.822.00	131,765	07/01/24-06/30/26	7,255	0	109,373	109,373	102,118
Passed Through Schuylkill County Intermediate Unit:											
Special Education - Grants to States (IDEA)	(I)	84.027	(SE)	62-23-0029	500.606	07/01/24-06/30/25	500.606	0	500.606	500.606	0
Special Education - Preschool Grants (IDEA)	(I)	84.173	(SE)	62-23-0029	1,228	07/01/24-09/30/25	1,228	0	1,228	1,228	0
TOTAL DEPARTMENT OF EDUCATION					4,178,294		2,588,896	1,061,468	1,616,746	1,616,746	89,318
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
Passed Through State Department of Human Services:											
Medical Assistance - Access	(I)	93.778	(MA)	013-11-0338	14,994	07/01/23-06/30/24	11,469	11,469	0	0	0
Medical Assistance - Access	(I)	93.778	(MA)	013-11-0338	15,151	07/01/24-06/30/25	13,395	0	15,151	15,151	1,756
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					30,145		24,864	11,469	15,151	15,151	1,756
U.S. DEPARTMENT OF AGRICULTURE											
Passed Through State Department of Education:											
National School Lunch - 2023-2024	(I)	10.555	(CN)	129-54-080-3	513,244	07-01-23/06-30-24	513,244	0	513,244	513,244	0
National School Lunch - 2023-2024	(S)	N/A		129-54-080-3	34,731	07-01-23/06-30-24	34,731	0	34,731	34,731	0
School Breakfast Program - 2023-2024	(I)	10.553		129-54-080-3	128,546	07-01-23/06-30-24	128,546	0	128,546	128,546	0
School Breakfast Program - 2023-2024	(S)	N/A		129-54-080-3	137,892	07-01-23/06-30-24	137,892	0	137,892	137,892	0
Passed Through State Department of Agriculture:											
National School Lunch (Value of USDA Commodities)	(I)	10.555	(CN)	129-54-080-3	100,994	07-01-23/06-30-24	97,668	(8,337)	100,994	100,994	(5,011)
TOTAL DEPARTMENT OF AGRICULTURE					915,407		912,081	(8,337)	915,407	915,407	(5,011)
SUB-TOTAL					5,123,846		3,525,841	1,064,600	2,547,304	2,547,304	86,063
STATE AWARD EXPENDITURES					172,623		172,623	0	172,623	172,623	0
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 4,951,223		\$ 3,353,218	\$ 1,064,600	\$ 2,374,681	\$ 2,374,681	\$ 86,063

Source Code Legend:

(D) Indicates direct federal financial assistance funding.
(I) Indicates indirect federal financial assistance funding.
(S) Indicates State matching funding.
(CV) Indicates Coronavirus Funding

Other Code Legend:

(A) Indicates value of USDA commodities received in current year.
(B) Indicates beginning inventory value of USDA commodities.
(C) Indicates value of USDA commodities used in current year.
(D) Indicates ending inventory value of USDA commodities.

Federal Cluster Code Legend:

(SE) Indicates Special Education Cluster
(CN) Indicates Child Nutrition Cluster
(MA) Indicates Medicaid Cluster

BLUE MOUNTAIN SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

NOTE 2 - COMMODITIES:

The beginning and ending deferred income figures listed represent the beginning and ending commodities inventories in the Cafeteria Fund. These commodities are received through the State from the U.S. Department of Agriculture. The commodities are valued at amounts assigned to the various items by the U.S. Department of Agriculture when the commodities are offered

NOTE 3 – INDIRECT COSTS:

The District did not charge any indirect costs to any of the federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

NOTE 4 - CLUSTER PROGRAMS:

The following CFDA's have been deemed a cluster of programs by the Office of Management and Budget and, therefore, are treated as one program in determining the major programs to be audited.

<u>Child Nutrition Cluster</u>		<u>Special Education Cluster (IDEA)</u>		<u>Medicaid Cluster</u>	
<u>CFDA #</u>	<u>Expenditures</u>	<u>CFDA #</u>	<u>Expenditures</u>	<u>CFDA #</u>	<u>Expenditures</u>
10.553	\$ 128,546	84.027	\$ 500,606	93.778	\$ 15,151
10.555	614,237	84.173	1,228		
Total	\$ 742,783	Total	\$ 501,834	Total	\$ 15,151

REQUIRED SUPPLEMENTAL
INFORMATION

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
DISTRICT'S PROPORTION OF THE NET PENSION LIABILITY (ASSET)	0.1212%	0.1262%	0.1230%	0.1253%	0.1360%	0.1144%				
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)	\$ 50,728,000	\$ 56,142,000	\$ 54,684,000	\$ 51,444,000	\$ 66,965,000	\$ 53,519,000	\$ 60,678,000	\$ 61,143,000	\$ 63,036,000	\$ 54,057,000
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 19,142,332	\$ 19,253,387	\$ 18,038,691	\$ 17,721,047	\$ 19,123,224	\$ 15,780,600	\$ 17,021,213	\$ 16,484,996	\$ 16,475,021	\$ 16,052,348
DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	265.00%	291.60%	303.15%	290.30%	350.18%	339.14%	356.48%	370.90%	382.61%	336.75%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.30%

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 6,360,896	\$ 6,607,773	\$ 6,133,316	\$ 5,954,243	\$ 6,352,165	\$ 5,123,000	\$ 5,364,000	\$ 4,735,000	\$ 4,047,000	\$ 3,222,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>6,360,896</u>	<u>6,607,773</u>	<u>6,133,316</u>	<u>5,954,243</u>	<u>6,352,165</u>	<u>5,123,000</u>	<u>5,364,000</u>	<u>4,735,000</u>	<u>4,047,000</u>	<u>3,222,000</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 19,142,332	\$ 19,253,387	\$ 18,038,691	\$ 17,721,047	\$ 19,123,224	\$ 15,780,600	\$ 17,021,213	\$ 16,484,996	\$ 16,475,021	\$ 16,052,348
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	33.23%	34.32%	34.00%	33.60%	33.22%	32.46%	31.51%	28.72%	24.56%	20.07%

See note to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB-PSERS LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
DISTRICT'S PROPORTION OF THE NET OPEB- PSERS LIABILITY (ASSET)									
DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB - PSERS LIABILITY (ASSET)	\$ 2,142,000	\$ 2,274,000	\$ 2,259,000	\$ 2,963,000	\$ 2,943,000	\$ 2,433,000	\$ 2,635,000	\$ 2,522,000	\$ 2,740,000
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 19,142,332	\$ 19,253,387	\$ 18,038,691	\$ 17,721,047	\$ 19,123,224	\$ 15,780,600	\$ 17,021,213	\$ 16,484,996	\$ 16,475,021
DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB - PSERS LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	11.19%	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%	16.63%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB - PSERS LIABILITY	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB-PSERS
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 123,000	\$ 144,000	\$ 143,000	\$ 145,000	\$ 160,000	\$ 131,000	\$ 141,000	\$ 137,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>123,000</u>	<u>144,000</u>	<u>143,000</u>	<u>145,000</u>	<u>160,000</u>	<u>131,000</u>	<u>141,000</u>	<u>137,000</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 19,142,332	\$ 19,253,387	\$ 18,038,691	\$ 17,721,047	\$ 19,123,224	\$ 15,780,600	\$ 17,021,213	\$ 16,484,996
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	0.64%	0.75%	0.79%	0.82%	0.84%	0.83%	0.83%	0.83%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See note to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
DISTRICT'S PROPORTION OF THE NET OPEB LIABILITY (ASSET)									
DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)	\$ 9,479,834	\$ 8,820,523	\$ 8,283,191	\$ 9,652,303	\$ 18,424,791	\$ 17,579,702	\$ 18,051,844	\$ 17,494,670	\$ 17,494,670
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 18,932,232	\$ 18,932,232	\$ 16,511,846	\$ 16,511,846	\$ 17,074,371	\$ 16,657,923	\$ 16,650,928	\$ 16,244,808	\$ 16,475,021
DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED-EMPLOYEE PAYROLL	50.07%	46.59%	50.17%	58.46%	107.91%	105.53%	108.41%	107.69%	106.19%
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See notes to financial statements
which are an integral part of this statement.

BLUE MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2025

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
CONTRIBUTION DEFICIENCY (EXCESS)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
DISTRICT'S COVERED-EMPLOYEE PAYROLL	\$ 18,932,232	\$ 18,932,232	\$ 16,511,846	\$ 16,511,846	\$ 17,074,371	\$ 16,657,923	\$ 16,650,928	\$ 16,244,808
CONTRIBUTIONS AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information is presented for as many years as is available.

See note to financial statements
which are an integral part of this statement.

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APPENDIX D
Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the **BLUE MOUNTAIN SCHOOL DISTRICT**, Schuylkill County, Pennsylvania (the “School District”), in connection with the issuance of its General Obligation Bonds, Series of 2026, dated as of July __, 2026 (the “Bonds”) in the aggregate principal amount of \$11,400,000. The Bonds are being issued pursuant to a Resolution duly adopted by the Board of School Directors of the School District on May 27, 2026 (the “Resolution”). The School District makes the following certifications and representations as an inducement to the Participating Underwriter and others to purchase the Bonds:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the holders or beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

“Annual Report” shall mean any Annual Report provided by the School District pursuant to and as described in Sections 3 and 4 of this Disclosure Certificate.

“Business Day” shall mean a day other than a Saturday, a Sunday or a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized by law or executive order to be closed.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

“State Depository” shall mean any public or private depository or entity designated by the Commonwealth as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports. (a) The School District shall, within 270 days following the close of each of its fiscal years, beginning with the fiscal year ending June 30, 2026, provide to the MSRB through EMMA at <http://www.emma.msrb.org/> an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package in PDF format, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report. In the event the School District’s audited financial statements are not available by the 270 day deadline, the School District will provide its internal financial statements with a notice as to when its audited financial statements are expected to be available, and will submit its audit report when available.

If the School District is unable to provide to the MSRB an Annual Report by the dates required in the preceding paragraph, the School District shall send or cause to be sent a notice to the MSRB stating in substance that the School District has not provided an Annual Report as required by this Section 3 and the date that the School District anticipates filing the Annual Report.

SECTION 4. Content of Annual Reports. The School District’s Annual Report shall contain or incorporate by reference the following financial information and operating data with respect to the School District:

- the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards
- a summary of the budget for the current fiscal year
- the aggregate assessed value and market value of all taxable real estate for the current fiscal year
- the taxes and millage rates imposed for the current fiscal year
- the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year’s levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year’s levy and as an aggregate dollar amount)
- a list of the ten (10) largest real estate taxpayers and, for each, the total assessed

value of real estate for the current fiscal year

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each other document so incorporated by reference. The School District reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be in a manner consistent with the Rule.

SECTION 5. Reporting of Listed Events.

(a) The School District will, in a timely manner, file with EMMA, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of Bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the

obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such actions, other than pursuant to its terms, if material;

- (13) appointment of a successor or additional trustee or a change of name of a trustee, if material;
- (14) in a timely manner, to provide to the MSRB through the EMMA System, notice of any failure to provide required annual financial information on or before the dates specified above;
- (15) Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affected security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

(b) Whenever the School District obtains knowledge of the occurrence of a Listed Event, the School District shall as soon as possible (with respect to those Listed Events where a determination of materiality by the School District is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities Laws.

(c) If (i) a Determination of materiality by the School District is not relevant to the obligation to give notice of a Listed Event or (ii) the School District determines (with respect to those Listed Events where a determination of materiality by the School District is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the School District shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Trustee.

(d) For purposes of the Listed Events in Section 5(a)(13), the School District and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: “Note: for the purposes of the event identified in subparagraph (b)(5)(I)C(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.”

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Whenever the School District obtains knowledge of the occurrence of a Listed Event, the School District shall, or shall cause the Dissemination Agent (if not the School District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing notice of Listed Events described above in subsections (h) and (i) above need not be given under this Section any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds.

SECTION 6. Dissemination Agent. The School District may, at any time and from time to time, appoint or engage another person (the “Dissemination Agent”) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor, and without notice to holders of the Bonds.

SECTION 7. Termination of Disclosure Obligation. The School District’s obligations under this Disclosure Certificate shall terminate at such time as the School District is no longer an “obligated person” with respect to the Bonds, as such phrase is defined in the Rule.

SECTION 8. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

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

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, The School District causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors, all as of July __, 2026.

BLUE MOUNTAIN SCHOOL DISTRICT,
Schuylkill County, Pennsylvania

By: _____
Michelle Vesay, President

APPENDIX E
Specimen Municipal Bond Insurance Policy

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