

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

PRELIMINARY OFFICIAL STATEMENT DATED MAY 5, 2026

NEW ISSUE—BOOK-ENTRY ONLY

**RATINGS: S&P “AA” (Stable Outlook) (AG Insured)
Moody’s “A1” (Underlying)
(See RATINGS herein)**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in 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 (the “Code”). 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. See “TAX MATTERS” herein.

\$14,360,000*

**Chestnut Ridge School District
Bedford County, Pennsylvania
General Obligation Bonds, Series of 2026**

Dated: Date of Delivery

Principal Due: March 1, as shown on inside cover

Interest Due: March 1 and September 1

First Interest Payment: September 1, 2026

The General Obligation Bonds, Series of 2026 (the “Bonds”) in the aggregate principal amount of \$14,360,000*, when issued, will be registered in the name of Cede & Co., which is the partnership nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 principal amount 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 a purchaser to be 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, the Bonds are ever issued in certificated form, they will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Chestnut Ridge School District, Bedford County, Pennsylvania (the “School District”), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the related sinking fund 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 irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an annual ad valorem tax on all taxable real property within the School District, within the limits provided by law. (See “SECURITY FOR THE BONDS” and “TAXING POWERS OF THE SCHOOL DISTRICT” herein).

Interest on each of the Bonds is payable initially on September 1, 2026, and thereafter semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Manufacturers and Traders Trust Company, (the “Paying Agent”), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, 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, bond certificates will be issued, and the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office located in Philadelphia, Pennsylvania, at its corporate trust office in Buffalo, New York, or at such other office designated by the Paying Agent (or any successor paying agent at its designated office(s)), and interest on such Bond will be payable by check made out and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See “THE BONDS,” *infra*).

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

Proceeds of the Bonds will be used to fund: (1) the construction of a new Elementary School; (2) various other capital improvement projects throughout the School District, and (3) the costs of issuing and insuring of 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 payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc. (“AG”).

**ASSURED
GUARANTY**

MATURITIES, AMOUNTS, RATES YIELDS/PRICES, AND CUSIPS

See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, of Harrisburg, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Beard Legal Group PC., of Altoona, Pennsylvania, School District Special Counsel and for the Underwriters by Cozen O’Connor, Pittsburgh, Pennsylvania, Limited Scope Underwriters’ Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Municipal Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the book-entry-only system of The Depository Trust Company in New York, New York, on or about June __, 2026.

STIFEL

RAYMOND JAMES®

Dated: _____

*Estimated, subject to change.

\$14,360,000*
Chestnut Ridge School District
Bedford County, Pennsylvania
General Obligation Bonds, Series of 2026

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

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

MATURITIES, AMOUNTS, RATES YIELDS/PRICES, AND CUSIPS

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

⁽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 Underwriters, 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 Underwriters 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.

Chestnut Ridge School District

Bedford County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

John Clark.....	President
Ben Dishong	Vice President
Dennis K. Shaffer	Secretary*
Jody Weaver (Somerset Trust)	Treasurer*
Jennifer Allison.....	Member
Jessica Claycomb.....	Member
Ryan Emerick	Member
Nathan Kissell.....	Member
Erin McGill.....	Member
Adam Egolf.....	Member
Angelique Walason.....	Member

*Non-Voting Member

SUPERINTENDENT

KYLE T. KANE

BUSINESS MANAGER

DENNIS K. SHAFFER

SPECIAL COUNSEL

BEARD LEGAL GROUP PC.

Altoona, Pennsylvania

BOND COUNSEL

ECKERT SEAMANS CHERIN & MELLOTT, LLC

Harrisburg, Pennsylvania

MUNICIPAL ADVISOR

PFM FINANCIAL ADVISORS LLC

Harrisburg, Pennsylvania

UNDERWRITERS

STIFEL, NICOLAUS & COMPANY, INCORPORATED

Pittsburgh, Pennsylvania

RAYMOND JAMES & ASSOCIATES, INC.

Pittsburgh, Pennsylvania

LIMITED SCOPE UNDERWRITERS' COUNSEL

COZEN O'CONNOR

Pittsburgh, Pennsylvania

PAYING AGENT

MANUFACTURERS AND TRADERS TRUST COMPANY

Buffalo, New York

SCHOOL DISTRICT ADDRESS

3281 Valley Road

Fishertown, Pennsylvania 15539

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 PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS OR THE RESOLUTION IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF CERTAIN STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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

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PRELIMINARY OFFICIAL STATEMENT

\$14,360,000*

Chestnut Ridge School District Bedford County, Pennsylvania General Obligation Bonds, Series of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by Chestnut Ridge School District, Bedford County, Pennsylvania (the "School District"), in connection with the offering of its \$14,360,000* aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on April 28, 2026 (the "Resolution") and in accordance with the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Act"), of the Commonwealth of Pennsylvania (the "Commonwealth").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to fund: (1) the construction of a new Elementary School; (2) various other capital improvement projects throughout the School District, and (3) the costs of issuing and insuring of the Bonds.

Sources and Uses of Bond Proceeds

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

Sources of Funds

Par Amount	
Net Original Issue Premium/(Discount)	
<i>Total Sources of Funds</i>	<hr/> <hr/>

Uses of Funds

Construction Fund Deposit.....	
Issuance Costs ⁽¹⁾	
<i>Total Uses of Funds</i>	<hr/> <hr/>

⁽¹⁾ Includes legal fees, municipal advisor fees, printing fees, rating fees, Underwriters' discount, municipal bond insurance premium, paying agent fees, CUSIP fees, and other miscellaneous costs.

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$14,360,000*, will be dated as of the date of delivery thereof to the Underwriters (the "Date of Delivery"), and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on each of the Bonds will be payable initially on September 1, 2026, and, thereafter, semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. Interest shall be computed on the basis of a 30-day month and a 360-day year.

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

Payment of Principal and Interest

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

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

Interest on each of the Bonds will be payable to the registered owner of such Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding September 1, 2026, in which event such Bond shall bear interest from 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 (15th) calendar day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of such Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal 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," each of the Bonds is transferable or exchangeable by the registered owner 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 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 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 Obligation Pledge

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

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness at 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.

There can be no assurance, however, that any payments pursuant to this withholding provision will be made by the date on which such payments are due to the Bondholders. The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally.

Recent Pennsylvania Budget Impasses

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

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

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

After months of negotiations, Governor Josh Shapiro signed the state’s budget for the 2025-26 fiscal year late on November 12, 2025. The \$50.1 billion budget includes (i) \$8.262 billion for the basic education funding appropriation, which is more than a \$100 million increase over the basic education funding appropriation for the 2024-25 fiscal year, and (ii) \$1.526 billion for the special education appropriation, which is a \$40,000,000 increase over the same appropriation for the 2024-25 fiscal year. The budget also increases the Ready

to Learn Block Grant program appropriation by approximately 68% from the 2024-25 fiscal year. In addition, the budget hopes to provide \$175 million in estimated savings for school districts through reforms to the existing cyber charter school law.

During a state budget impasse, school districts in Pennsylvania cannot be certain that state subsidies and revenues will be available from the Commonwealth in a timely manner. This includes many of the major state subsidies 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 Public School Code.**

Act 85 of 2016

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

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

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

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

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

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

Act 85 of 2016 requires that each school district with bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final 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 for the Bonds

A sinking fund for the payment of debt service on the Bonds (the “Sinking Fund”), has been created under the Resolution and shall be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

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

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On August 4, 2025, KBRA announced that it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG’s financial strength rating of “AA” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At December 31, 2025:

- The policyholders’ surplus of AG was approximately \$3,249 million.
- The contingency reserve of AG was approximately \$1,511 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the Securities and Exchange Commission (the "SEC") on February 27, 2026 that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "**BOND INSURANCE – Assured Guaranty Inc.**" or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "**BOND INSURANCE**".

BOND INSURANCE RISK FACTORS

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

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

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

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

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

Neither the School District nor the Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

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 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

REDEMPTION OF BONDS

Optional Redemption

The Bonds stated to mature on and after _____ are subject to redemption prior to maturity at the option of the School District as a whole, or from time to time in part (and if in part, in any order of maturities designated by the School District and within a maturity as selected by lot), on _____ or on any date thereafter, at a redemption price equal to 100% of the principal amount redeemed, together with accrued interest to the date fixed for redemption.

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Resolution, the Bonds stated to mature on March 1, 20__ are subject to mandatory sinking fund redemption prior to maturity on the following dates (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) in the following principal amounts, as drawn by lot by the Paying Agent:

Bonds stated to mature March 1, 20__:

*Stated Maturity

Notice of Redemption

So long as Cede & Co., as nominee of DTC, or any other nominee of DTC, is the registered owner of the Bonds, redemption notices will be sent only to Cede & Co. or DTC. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyances of notices to Beneficial Owners of the Bonds.

Notice of any redemption shall be given by depositing a copy of a redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption addressed to the registered owners of each of the Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

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

If at the time of mailing of a notice of redemption the School District shall not have deposited with the Paying Agent, as sinking fund depositary, money sufficient to redeem all Bonds called for redemption, the notice of redemption may state that it is conditional, i.e., that it is subject to the deposit of sufficient redemption money with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such money is so deposited. If the Bonds to be called for redemption shall have been refunded, money sufficient to redeem such Bonds shall be deemed to be on deposit with the Paying Agent, and the notice of redemption need not state that it is conditional, if the redemption money has been deposited irrevocably with another bank or bank and trust company which shall have been given irrevocable instructions to transfer the same to the Paying Agent not later than the redemption date.

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 the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payment of the redemption price shall be made to Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all Bonds of any particular maturity of a series are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner in such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.

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

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THE SCHOOL DISTRICT

Introduction

The School District is located in Bedford County, Pennsylvania (the “County”), and encompasses the Boroughs of New Paris, Pleasantville, St. Clairsville and Schellsburg, and the Townships of East St. Clair, Juniata, King, Lincoln, Napier, Pavia, and West St. Clair. The census for 2010 for the School District was 10,688.

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.

School Facilities

The School District presently operates one elementary school, one middle school and one senior high school, all as described on the following table. Students in grades 10-12 also have the option of attending The Bedford County Technical Center.

**TABLE 1
CHESTNUT RIDGE SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Rated Pupil Capacity	2025-26 Enrollment
<i>Elementary:</i>					
Chestnut Ridge Central.....	1960	1993	K-2	500	251
<i>Secondary:</i>					
Chestnut Ridge Middle.....	1954/1955	1984/2006	3-7	662	410
Chestnut Ridge Sr. High.....	1982	2007	8-12	608	450

Source: School District officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projected enrollments, as prepared by the School District's administrative officials.

**TABLE 2
CHESTNUT RIDGE SCHOOL DISTRICT
ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2021-22	598	622	1,220	2026-27	630	510	1,140
2022-23	610	591	1,201	2027-28	622	514	1,136
2023-24	597	556	1,153	2028-29	612	502	1,114
2024-25	576	543	1,119	2029-30	605	519	1,124
2025-26	599	512	1,111	2030-31	602	515	1,117

Source: School District officials.

SCHOOL DISTRICT FINANCES

Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by the Superintendent and Business Manager and submitted to the School Board for approval prior to the beginning of the fiscal year.

Financial Reporting

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).

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. The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. Wessel & Company, Certified Public Accountants, of Johnstown, Pennsylvania, currently serves as the School District's auditor.

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

Budgeting Process 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. An annual operating budget is prepared by school district administrative officials on a uniform form furnished by such Department and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act, all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education ("PDE") no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (*see "The Taxpayer Relief Act (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, 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 and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

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

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

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3, 4 and 5 which follow. Table 5 shows audited revenues and expenditures for the past 5 years and the 2025-26 budget. The budget for 2025-26, as adopted June 24, 2025, projected revenues of \$24,719,762 and expenditures of \$25,246,938 which included a budgetary reserve of \$50,000.

**TABLE 3
CHESTNUT RIDGE 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	\$9,798,885	\$10,685,881	\$11,072,580	\$12,781,567	\$15,314,006
Taxes Receivable (Net)	271,096	211,780	211,961	239,453	266,157
Due from Other Funds.....	390,906	395,878	418,031	17,407	31,305
Due from Other Governments	202,539	186,225	305,265	260,126	0
State Revenue Receivable	537,513	512,378	611,415	858,001	667,784
Federal Revenue Receivable	852,686	712,435	600,091	1,501,233	672,410
Other Intergovernmental Rev. Recvb.	0	0	0	0	66,048
TOTAL ASSETS	<u>\$12,053,625</u>	<u>\$12,704,577</u>	<u>\$13,219,343</u>	<u>\$15,657,787</u>	<u>\$17,017,710</u>
LIABILITIES					
Accounts Payable	\$313,744	\$482,985	\$560,675	\$497,015	\$383,904
Accrued Salaries and Benefits.....	2,097,875	2,179,357	2,040,694	1,837,569	2,095,962
TOTAL LIABILITIES	<u>\$2,411,619</u>	<u>\$2,662,342</u>	<u>\$2,601,369</u>	<u>\$2,334,584</u>	<u>\$2,479,866</u>
FUND EQUITIES					
Committed Fund Balance.....	\$6,402,385	\$7,219,168	\$7,921,375	\$7,921,375	\$7,921,375
Unassigned Fund Balance	3,239,621	2,823,067	2,696,599	5,401,828	6,616,469
TOTAL FUND EQUITIES	<u>\$9,642,006</u>	<u>\$10,042,235</u>	<u>\$10,617,974</u>	<u>\$13,323,203</u>	<u>\$14,537,844</u>
TOTAL LIABILITIES AND FUND EQUITIES	<u>\$12,053,625</u>	<u>\$12,704,577</u>	<u>\$13,219,343</u>	<u>\$15,657,787</u>	<u>\$17,017,710</u>

Source: School District PDE-2057 Annual Financial Reports.

**TABLE 4
CHESTNUT RIDGE SCHOOL DISTRICT
SUMMARY OF CHANGES IN FUND BALANCE***

	<u>2021</u>	<u>2022</u>	<u>Actual 2023</u>	<u>2024</u>	<u>2025</u>	<u>Budget 2026⁽¹⁾</u>
Beginning Fund Balance	\$8,939,799	\$9,642,005	\$10,042,236	\$10,617,975	\$13,323,207	\$14,537,846
Revenues over (under) Expenditures	<u>702,206</u>	<u>400,231</u>	<u>575,739</u>	<u>2,705,231</u>	<u>1,214,639</u>	<u>(527,176)</u>
Ending Fund Balance	<u>\$9,642,005</u>	<u>\$10,042,236</u>	<u>\$10,617,975</u>	<u>\$13,323,207</u>	<u>\$14,537,846</u>	<u>\$14,010,670</u>

*Totals may not add due to rounding.

⁽¹⁾ Budget, as adopted June 24, 2025.

Source: School District PDE-2057 Annual Financial Reports, and PDE-2028 Budget.

Revenue

The School District received \$26,621,057 of revenue in 2024-25 and has budgeted revenue of \$24,719,762 in 2025-26. Local sources increased as a share of total revenue in the past five years, from 30.97% percent in 2020-21 to 33.34% percent in 2024-25. Revenue from Commonwealth sources decreased as a share of total revenue in the past five years, from 63.25 percent in 2020-21 to 62.15 percent in 2024-25. Federal sources decreased as a share of total revenue in the past five years from 5.78 percent in 2020-21 to 4.50 percent in 2024-25.

**TABLE 5
CHESTNUT RIDGE SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES*
(Years ending June 30)**

REVENUE:	Actual					Budget
	2021	2022	2023	2024	2025	2026 ⁽¹⁾
Local Sources:						
Real Estate Taxes	\$4,875,832	\$5,037,344	\$5,101,379	\$5,281,484	\$5,554,039	\$5,714,915
Interim Real Estate Taxes.....	7,165	701	0	7,280	3,515	0
Public Utility Realty Tax.....	5,906	6,330	6,214	5,868	0	6,300
Payments in Lieu of Current Taxes/State & Local	8,256	8,149	8,149	6,311	25,212	8,140
Current Per Capita (Sec. 679) Taxes	34,960	36,388	36,105	33,069	29,567	30,000
Total Act 511 Taxes.....	1,151,231	1,287,904	1,374,024	1,461,511	1,533,360	1,340,000
Delinquency on Taxes Levied.....	323,022	197,384	229,204	217,348	244,420	230,000
Earnings from Investments.....	43,212	44,830	384,507	574,830	655,987	250,000
Tuition	149,158	117,599	232,899	248,412	249,508	0
Receipts from Out of State LEAs	0	4,530	6,116	4,530	9,060	0
Revenue from Local Governmental Units	10,280	5,425	11,363	15,662	4,975	0
Federal Rev. Rec'd-Other PA LEAs.....	159,160	130,721	195,888	155,799	65,132	0
Federal IDEA Pass Through Revenue	281,544	319,973	266,115	298,370	297,462	275,526
All Other Local Revenues not Specified	62,860	125,665	96,817	97,851	204,232	138,274
Total Local	\$7,112,588	\$7,322,943	\$7,948,778	\$8,408,325	\$8,876,469	\$7,993,155
State Sources:						
Basic Instructional Subsidy	\$8,382,933	\$8,449,584	\$8,790,541	\$9,187,736	\$9,312,488	\$9,312,693
Tuition-Orphans & Children Placed Priv. Homes	14,863	14,533	1,233	31,710	41,697	5,000
Charter Schools	0	0	0	0	69,423	0
Vocational Education	5,870	44,099	43,402	132,326	148,305	100,000
Migratory Children.....	37	0	0	0	0	0
Special Education.....	1,049,083	1,062,751	1,106,870	1,125,471	1,164,905	1,161,495
Program Rev. Not Listed 7200 Series	0	0	0	0	207	0
Pre-K Counts.....	347,277	297,500	340,000	364,792	357,000	340,000
Transportation	1,245,669	1,080,178	1,248,012	1,314,686	1,428,845	1,375,000
Rentals and Sinking Fund Payments	474,434	496,224	503,476	505,004	529,637	530,017
Health Services	24,567	23,672	24,223	24,156	24,691	23,700
Feminine Hygiene Product Funding.....	0	0	0	0	2,161	0
State Property Tax Reduction Allocation	452,492	452,413	570,078	569,995	673,809	743,512
School Safety & Security Grants.....	35,993	59,203	96,363	64,421	196,755	51,066
PA Smart Grants	8,231	0	272,814	174,776	16,577	0
Ready to Learn Block Grant.....	285,476	285,476	285,476	285,476	496,256	496,276
Other PA Rev. Not Listed in 7000 Series	100,000	0	0	0	0	0
Revenue for Social Security & Medicare Taxes	380,186	344,966	372,149	318,788	363,884	400,000
Revenue for Retirement	1,719,958	1,723,847	1,863,911	1,745,060	1,718,965	1,729,000
Other Sources.....	0	3,808	0	0	0	0
Total State Sources.....	\$14,527,068	\$14,338,255	\$15,518,549	\$15,844,396	\$16,545,605	\$16,267,759
Federal Sources:						
Total Federal Sources	\$1,327,338	\$1,186,772	\$1,130,239	\$2,729,152	\$1,198,984	\$458,848
Other Sources:						
Total Other Sources	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUE.....	\$22,966,994	\$22,847,970	\$24,597,566	\$26,981,873	\$26,621,057	\$24,719,762

*Totals may not add due to rounding.

⁽¹⁾ Budget, as adopted June 24, 2025.

Source: PDE-2057 Annual Financial Reports, and PDE-2028 Budget.

TABLE 5
(continued)
CHESTNUT RIDGE SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
EXPENDITURES*
(Years ending June 30)

EXPENDITURES:	Actual					Budget
	2021	2022	2023	2024	2025	2026⁽¹⁾
Instruction	\$12,913,217	\$13,041,767	\$13,932,692	\$13,827,422	\$13,933,927	\$14,661,825
Pupil Personnel	517,768	585,596	621,736	642,482	713,704	628,754
Instructional Staff.....	552,506	615,467	599,577	519,958	509,530	513,696
Administration	1,500,430	1,440,629	1,513,545	1,552,245	1,511,523	1,715,126
Pupil Health	284,299	222,461	232,615	239,891	237,369	237,730
Business	511,505	443,185	559,912	509,194	542,096	608,082
Operation and Maintenance.....	1,745,194	1,663,497	2,011,602	1,824,881	2,061,524	1,985,252
Student Transportation	1,744,923	1,812,636	1,897,388	1,950,202	2,033,312	2,031,259
Central.....	286,854	259,764	271,188	278,329	279,501	330,247
Other Support Services.....	6,001	5,672	5,687	5,649	74,922	5,733
Operation of Noninstructional Services.....	449,799	504,116	571,222	608,764	578,148	402,888
Facilities, Acquisition, Construction	0	70,642	0	507,486	1,032,430	0
Debt Service.....	0	0	0	0	0	0
Fund Transfers (Out) ⁽²⁾	1,752,292	1,782,307	1,804,661	1,810,140	1,898,432	2,076,346
Budgetary Reserve	0	0	0	0	0	50,000
TOTAL EXPENDITURES.....	\$22,264,787	\$22,447,739	\$24,021,827	\$24,276,642	\$25,406,418	\$25,246,938
 SURPLUS (DEFICIT)						
OF REVENUES OVER						
EXPENDITURES.....	\$702,206	\$400,231	\$575,739	\$2,705,231	\$1,214,639	(\$527,176)

*Totals may not add due to rounding.

⁽¹⁾ Budget, as adopted June 24, 2025.

⁽²⁾ Represents a transfer from the General Fund to the Debt Service Fund.

Source: PDE-2057 Annual Financial Reports, and PDE-2028 Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

In General

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 more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“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. Additionally, in accordance with Act No. 6 of 2016, wages or compensation paid to individuals on active military service is not “earned income” for the purposes of local income taxes levied and collected after December 31, 2015.

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 four fiscal years are as follows:

<u>Fiscal Year</u>	<u>Applicable Index</u>
2021-22	4.1%
2022-23	4.6%
2023-24	5.5%
2024-25	7.2%
2025-26	5.4%
2026-27	4.7%

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 in 2009 or any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

Status of the Bonds Under Act 1

The Bonds described in this Preliminary Official Statement are not expected to be eligible for an exception to the Index limits of Act

The information set forth above is a summary of Act 1 and its impact. This summary is not intended to be an exhaustive interpretation of any provision of Act 1, and a prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.

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 and currently does not intend to place such a referendum on the ballot.

Limitation on Estimated Ending Unreserved Fund Balances

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

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

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

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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, Bedford County and the municipalities within the School District.

**TABLE 6
CHESTNUT RIDGE SCHOOL DISTRICT
TAX RATES**

	Real Estate (mills)	Per Capita⁽¹⁾ (\$)	Real Estate Transfer⁽²⁾ (%)	Wage and Income (%)
2021-22	8.8640	5.00	1.00	0.50
2022-23	9.1299	5.00	1.00	0.50
2023-24	9.3581	5.00	1.00	0.50
2024-25	9.9196	5.00	1.00	0.50
2025-26	10.3164	5.00	1.00	0.50

⁽¹⁾ Act 511 taxes.

⁽²⁾ Subject to sharing 50% with local municipality.

Source: School District PDE-2028 Budgets and Pennsylvania Department of Community and Economic Development – Municipal Statistics.

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

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
<i>School District</i>	8.8640	9.1299	9.3581	9.9196	10.3164
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
East St. Clair Township.....	0.4000	0.4000	0.4000	0.4000	0.4000
Juniata Township.....	0.1800	0.1800	0.1800	0.1800	0.1800
King Township.....	1.0850	1.0850	1.0850	1.0850	1.0850
Lincoln Township.....	0.1000	0.1000	1.0000	1.0000	1.0000
Napier Township	0.3200	0.5200	0.5200	0.5200	0.7500
New Paris Borough	0.6000	0.6000	0.6000	0.6000	0.6000
Pleasantville Borough.....	5.8900	5.8900	5.8900	5.8900	5.8900
St. Clairsville Borough.....	0.1720	0.1720	0.1720	0.1720	0.1720
Schellsburg Borough	0.0009	0.0009	0.0009	0.0009	0.0009
Pavia Township	0.5000	0.5000	0.5000	0.5000	0.5000
West St. Clair Township.....	0.0800	0.0800	1.0000	1.0000	1.0000
Bedford County	3.7250	3.7250	3.7250	4.7900	5.8500

Source: School District PDE-2028 Budgets and Pennsylvania Department of Community and Economic Development – Municipal Statistics.

Real Property Tax

The real property tax (excluding delinquent collections) produced \$5,554,039 in 2024-25, approximately 20.86 percent of revenues according to the School District’s PDE-2027 Annual Financial Report. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2 percent discount, and those who remit subsequent to 120 days after the invoice date of July 1 are assessed an 8 percent penalty.

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

**TABLE 8
CHESTNUT RIDGE SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2020-21	\$655,054,475	\$650,036,907	99.23%
2021-22	655,420,163	650,371,428	99.23%
2022-23	698,921,930	652,170,914	93.31%
2023-24	701,193,071	653,796,346	93.24%
2024-25	771,020,705	658,729,197	85.44%
Compound Average Annual Percentage Change	4.16%	0.33%	

Source: Pennsylvania State Tax Equalization Board.

**TABLE 9
CHESTNUT RIDGE SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2023-24 Market Value	2023-24 Assessed Value	2024-25 Market Value	2024-25 Assessed Value
<i>School District</i>	\$701,193,071	\$653,796,346	\$771,020,705	\$658,729,197
East St. Clair Township.....	\$172,152,942	\$160,500,189	\$189,972,818	\$162,116,939
Juniata Township.....	86,322,326	81,629,992	95,176,320	81,470,482
King Township.....	72,654,160	68,376,690	78,274,409	69,076,090
Lincoln Township.....	27,443,812	24,810,502	30,838,976	25,077,912
Napier Township	164,266,577	147,437,277	181,709,132	148,891,581
New Paris Borough	4,662,433	5,047,023	5,036,369	5,102,223
Pavia Township	28,070,173	28,015,868	30,992,561	28,346,515
Pleasantville Borough.....	8,224,215	8,240,100	8,637,430	8,281,600
Schellsburg Borough.....	18,281,781	17,452,410	21,186,446	17,513,110
St. Clairsville Borough.....	2,965,658	2,337,500	3,089,798	2,337,500
West St. Clair Township.....	116,148,993	109,948,795	126,106,446	110,515,245
Bedford County	\$3,410,435,327	\$3,290,218,391	\$3,821,180,028	\$3,301,051,281

Source: Pennsylvania State Tax Equalization Board.

**TABLE 10
CHESTNUT RIDGE SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2020-21	2021-22	2022-23	2023-24	2024-25
Residential	\$315,821,637	\$318,685,752	\$319,934,346	\$321,458,786	\$324,882,818
Trailers	39,109,983	39,219,847	38,949,947	39,083,819	39,172,403
Lots	18,818,759	18,584,051	18,942,623	19,040,463	18,736,098
Industrial	1,465,000	1,465,000	1,465,000	\$1,465,000	\$1,465,000
Commercial	46,955,358	47,116,218	47,545,858	47,857,618	48,382,318
Agriculture	200,634,610	198,786,990	198,537,520	198,246,920	200,389,790
Land/Misc.	27,231,560	26,513,570	26,795,620	26,643,740	25,700,770
Total	\$650,036,907	\$650,371,428	\$652,170,914	\$653,796,346	\$658,729,197

Source: Pennsylvania State Tax Equalization Board.

**TABLE 11
CHESTNUT RIDGE SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

Year	Flat Billing⁽¹⁾	Current Year Collections Amount (July-June)	Current Year Collections as Percent of Adjusted Levy	Current Year Collections Plus Delinquent Collections Amount⁽²⁾	Total Collections as Percent of Adjusted Levy
2021-22	\$5,332,559	\$5,037,344	94.46%	\$5,234,728	98.17%
2022-23	5,404,231	5,101,379	94.40%	5,330,583	98.64%
2023-24	5,579,907	5,281,484	94.65%	5,498,812	98.55%
2024-25	5,882,413	5,554,039	94.42%	5,798,459	98.57%
2025-26 (est.) ⁽³⁾	6,061,086	5,730,894	94.55%	5,864,237	96.75%

⁽¹⁾ Flat billing plus additions less exonerations.

⁽²⁾ Includes delinquent real estate taxes only.

⁽³⁾ As of March 31, 2026.

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 3.08 percent of total assessed value.

**TABLE 12
CHESTNUT RIDGE SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2025-26**

Owner	2025-26 Assessed Value
Creative Pultrusions Inc.	\$4,947,600
Corle Building Systems Inc.	4,110,950
Cedarrows Farms III LP	1,962,720
ABC & M Investors	1,738,000
Corle, John J	1,691,200
Bedford Technical Products	1,234,600
Boyer Land LLC	1,213,450
Ickes Alan E	1,136,950
UPMC Bedford Memorial	1,120,200
Ridgetop Realty LP	1,108,670
Total	\$20,264,340

Source: School District officials.

Other Taxes

Under Act 511, the School District collected \$1,533,360 in other taxes in 2024-25 according to the School District’s PDE-2057 Annual Financial Report. Among the taxes authorized by Act 511, the Per Capita Tax, the Earned Income Tax and the Real Estate Transfer Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was \$9,252,248.

Per Capita Tax. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the Public School Code) on each resident over 18 years of age yielded \$29,567 in 2024-25, or less than one percent of the School District’s total revenue.

Earned Income Tax. The School District levies a tax of 0.50% on earned income of residents. In 2024-25 the collected portion of this tax yielded \$1,342,958 or 5.04 percent of total revenue.

Real Estate Transfer. The School District levies a tax of 1.00% (subject to sharing) of the value of real estate transfers. In 2024-25 the collected portion of this tax yielded \$160,835 or less than one percent of total revenue.

DEBT AND DEBT LIMITS

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.

The largest subsidy, basic instructional subsidy, is allocated to all school districts based on (1) the per pupil market value of assessable real property in the school district; (2) the per pupil earned income in the school district; and (3) the school district's tax effort, as compared with the tax effort of other school districts in the Commonwealth. School districts also receive subsidies for special education, pupil transportation, vocational education, health service and debt service.

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by the Pennsylvania Department of Education ("DOE"). Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the DOE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (69.59%) or the wealth based Market Value Aid Ratio ("MVAR") currently (55.47%), 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 reimbursable from 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 new moratorium went into effect on May 15, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year.

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

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

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.

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Debt Statement

Table 13 which follows shows the debt of the Chestnut Ridge School District as of May 1, 2026, including the issuance of the estimated Bonds.

**TABLE 13
CHESTNUT RIDGE SCHOOL DISTRICT
DEBT STATEMENT
(As of May 1, 2026)***

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2026 (last maturity 2046).....	\$14,360,000*
TOTAL NONELECTORAL DEBT	\$14,360,000
TOTAL LEASE RENTAL DEBT	\$0
TOTAL PRINCIPAL OF DIRECT DEBT	\$14,360,000

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

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the estimated Bonds, principal of direct debt of the School District will total \$14,360,000. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total \$14,360,000.

TABLE 14
CHESTNUT RIDGE SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of May 1, 2026)*

	<u>Gross Outstanding</u>	<u>Local Effort or Net of Available Funds and Estimated Commonwealth Aid⁽¹⁾</u>
DIRECT DEBT		
Nonelectoral Debt.....	\$14,360,000	\$14,360,000
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	<u>\$14,360,000</u>	<u>\$14,360,000</u>
OVERLAPPING DEBT		
Bedford County, General Obligation ⁽²⁾	\$7,830,002	\$7,830,002
Municipal Debt.....	<u>3,749,255</u>	<u>3,749,255</u>
TOTAL OVERLAPPING DEBT	<u>\$11,579,257</u>	<u>\$11,579,257</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$25,939,257</u></u>	<u><u>\$25,939,257</u></u>
DEBT RATIOS		
Direct Debt Per Capita (2020).....	\$1,416.03	\$1,416.03
Direct Debt Percent 2024-25 Assessed Value	2.18%	2.18%
Direct Debt Percent 2024-25 Market Value	1.86%	1.86%
Direct & Overlapping Debt Per Capita (2020).....	\$2,557.86	\$2,557.86
Direct & Overlapping Debt Percent 2024-25 Assessed Value	3.94%	3.94%
Direct & Overlapping Debt Percent 2024-25 Market Value.....	3.36%	3.36%

*Includes the estimated Bonds offered through this Preliminary Official Statement. The School District adopted a resolution on April 28, 2026, authorizing the issuance of general obligation bonds in the maximum aggregate principal amount of up to \$30,000,000 for capital projects, including those to be financed by the Bonds as described herein.

⁽¹⁾ Gives effect to current appropriations for payment of debt service and estimated future Commonwealth reimbursement on the Bonds based on current Aid Ratio. See “Commonwealth Aid to School Districts.”

⁽²⁾ Pro rata 20.0 percent pro rata share of \$39,238,033.15 principal amount outstanding.

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Debt Limit and Remaining Borrowing Capacity

Electoral debt, i.e., debt approved by the voters at a general or special election, may be incurred without limit. Nonelectoral debt and lease rental debt are subject to a statutory borrowing limit.

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

Total Revenues for 2023-24.....	\$23,388,816
Total Revenues for 2023-24.....	24,305,094
Total Revenues for 2024-25.....	<u>25,567,470</u>
Total Revenues, Past Three Years.....	<u>\$73,261,379</u>
Annual Arithmetic Average (Borrowing Base)	<u>\$24,420,460</u>

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

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$54,946,034	\$14,360,000	\$40,586,034

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

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Debt Service Requirements

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

Table 16 presents data on the extent to which 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
CHESTNUT RIDGE SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

<u>Year</u>	<u>Other General Obligation Debt</u>	<u>Series of 2026</u>		<u>Subtotal</u>	<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>		
2025-26	\$1,899,796				
2026-27	0				
2027-28	0				
2028-29	0				
2029-30	0				
2030-31	0				
2031-32	0				
2032-33	0				
2033-34	0				
2034-35	0				
2035-36	0				
2036-37	0				
2037-38	0				
2038-39	0				
2039-40	0				
2040-41	0				
2041-42	0				
2042-43	0				
2043-44	0				
2044-45	0				
2045-46	0				
Total	\$1,899,796				

*Totals may not add due to rounding.

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

2024-25 State Aid Received	\$16,545,605
2024-25 Debt Service Requirements	\$1,898,432
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2024-25 Debt Service Requirements.....	8.72 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 anticipates issuing an additional \$10 million in long-term debt within the next 1-2 years.

LABOR RELATIONS

School District Employees

There are presently 200 employees of the School District, including 103 teachers and 97 administrators and support personnel. The support personnel include secretaries, custodial and maintenance personnel, cafeteria personnel, teacher's aides, and business personnel.

The School District's teachers are represented by the Chestnut Ridge Education Association, an affiliate of the Pennsylvania State Education Association, under a contract which expires June 30, 2028.

The School District's support staff is represented by the Chestnut Ridge Education Support Professionals Association, ESPA/PSEA/NEA under a contract which will expire on June 30, 2026. Negotiations for the renewal of this contract are currently underway.

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 34.00% for the fiscal year 2025-26 and certified a rate of 33.59% for the fiscal year 2026-27.

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

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

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

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

Annual School District contributions have been as follows:

2020-21	\$2,884,574
2021-22	\$2,917,985
2022-23	\$3,078,196
2023-24	\$2,939,744
2024-25	\$2,971,977
2025-26 (budgeted)	\$3,157,774

At June 30, 2025, the School District reported a liability of \$23,522,000 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 0.0562% which was a decrease of 0.0030% from its proportion measured as of June 30, 2024.

As of June 30, 2025, the PSERS plan was approximately 68.0% funded, with an employer net pension liability of approximately \$38.3 billion. The unfunded actuarial accrued liability was approximately \$42.3 billion as of June 30, 2024. PSERS' rate of return for the 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.pfers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials, Audited Financial Statements, and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009. For a full description of the plan, please refer to Appendix "C" - Audit Report - Fiscal year Ended June 30, 2025.

LITIGATION

At the time of settlement for the Bonds, the President or Vice-President of the Board of School Directors of the School District and its Special Counsel will deliver a certificate, dated as of the date of delivery of and payment for the Bonds, certifying that there is no litigation pending which challenges the validity or enforceability of the Bonds; or in the event that such litigation is pending, a description of the nature of such litigation, together with an opinion of legal counsel approved by the School District, to the effect that such litigation is without legal merit.

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. 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 in aggregate principal amount of the Bonds may appoint a trustee to represent the holders of the Bonds. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX MATTERS

Federal

Exclusion of Interest from Gross Income

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in 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 (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with its covenants contained in the Resolution and its representations in the Tax Compliance Certificate executed by the School District on the date of issuance of the Bonds relating to actions to be taken by the School District after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, inter alia, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

Other Federal Tax Matters

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

Bond Counsel is not rendering any opinion regarding any federal tax matters other than as described under the caption "Exclusion of Interest From Gross Income" above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX B. Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.

Pennsylvania

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

Bond Counsel is not rendering any opinion as to any Commonwealth of Pennsylvania tax matters other than those described under the caption “Pennsylvania” above and expressly stated in the form of the opinion of Bond Counsel included as APPENDIX B hereto.

Prospective purchasers of the Bonds should consult their independent tax advisors with regard to all Commonwealth of Pennsylvania tax matters.

Other

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

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

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 (the “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 not be subject during the Rule for the past five years.

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, a business unit of Standard and Poor’s Financial Services LLC (“S&P”) is expected to assign its municipal bond insured rating of “AA” (Stable Outlook) to this issue of Bonds, has done so with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the payment when due of principal of and interest on the Bonds will be issued by AG. Such ratings reflect only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 55 Water Street, 38th Floor, New York, New York 10041.

Moody's Investors Service is expected to assign its underlying municipal bond rating of "A1" to this issue of Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

BONDHOLDER CONSIDERATIONS

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

State Appropriation Risk

While the Commonwealth's appropriations to the School District were not interrupted during previous budget impasses, there is no assurance future budget impasses will not prevent the Commonwealth from appropriating subsidies to the School District, Act 85 notwithstanding (see "Act 85 of 2016" herein).

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 owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate (as hereafter defined).

Economic Factors Affecting the Financial Condition of the School District

Changes in current economic conditions, on local, regional and national levels, could adversely affect the School District's operating revenues and expenses and, consequently, the School District's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the School District; decreases in real estate tax collections; future contract negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of supplies and materials necessary to provide public services; loss or reduction of State and federal subsidies and reimbursements for operating and capital costs; and delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth's budget, as the same may affect School District revenues or the timely payment thereof.

Uncertainty of Tax Revenues

While present State law authorizes the School District to levy *ad valorem* real estate taxes in order to support the payment of debt service on the Bonds, there can be no firm assurance or guaranty that the School District will realize sufficient revenues through its taxing and other revenue generating powers to make full and timely payment of the debt service on the Bonds. Moreover, the School District's ability to increase certain rates or purposes of taxation is limited by State law. (See "**The Taxpayer Relief Act (Act 1), as Amended**" and "**Status of the Bonds Under Act 1**" herein).

Additionally, the availability of tax and other locally-generated revenue is dependent on the tax base within the School District and the ability of this tax base to support the tax burden imposed in any year not only by the School District, but also by such overlapping taxing authorities as Dauphin County and the component municipalities of the School District.

Actions In the Event of Default

If the School District fails or neglects to budget, appropriate and pay debt service on the Bonds when due, a holder or trustee may petition the Court of Common Pleas of the County of Dauphin, and upon a finding of such failure or neglect, the Court may direct, by order of mandamus, the School District to pay into the sinking fund established for the Bonds the first tax moneys or other available revenues or moneys thereafter received. Such judgment could mandate that the School District pay such debt service prior to all other School District expenses, including School District employee wages and benefits. Notwithstanding such provisions of law, courts generally exercise wide discretion in deciding whether to grant a writ of mandamus, and the judges who enter such orders are usually elected to the bench by local voters. Additionally, municipal officials presented with a writ could resign rather than carry out the mandamus order, in which case it is uncertain the extent to which bond purchasers would be able to cause other School District officials to pay amounts then due and owing.

In the event the School District defaults in the payment of the principal of or the interest on the Bonds after the same shall come due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Act provides that the holders of 25% in aggregate principal amount of such Bonds then outstanding may, upon appropriate action, appoint a trustee to represent the Bond purchasers. The trustee may, and upon request of the holders of 25% in principal amount of such Bonds then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Bond purchasers as is more specifically set forth in the Act. Such representation by the trustee shall be exclusive.

Competing Commonwealth Intercept Authorities

Under current Pennsylvania law, Commonwealth subsidies to school districts can be intercepted for purposes other than to pay debt service then due and owing on school district debt. For example, Pennsylvania law authorizes the diversion of Commonwealth Subsidies directly to charter schools if the relevant school district fails to transfer such subsidies to the charter school. Additionally, Pennsylvania law authorizes the diversion of state subsidies to the Pennsylvania Public School Employees' Retirement System ("PSERS") if the school district fails to fully fund its annual contribution to the retirement system.

Pension Plans and Pension Funding Pressure

Future changes in actuarial assumptions, benefit plan modifications or variations in actual experience from actuarial assumptions may result in additional unfunded liability (and amortization payments) or over-funding (and credits), as the case may be, that are not currently reflected in reports prepared by the PSERS actuary.

The School District's annual pension contribution obligation may increase over the next several years. As PSERS' pension obligations rise, it should be expected that the annual amount payable by the School District to PSERS will also rise, potentially absorbing a greater share of available revenues and leaving less funding for student learning and negatively impacting the available sources of funds the School District has to pay debt service on the Bonds and its other indebtedness. See "**Pension Program**" herein.

No Assurance of Secondary Market for the Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price. Moreover, while the Underwriters expect to reoffer the Bonds in the secondary market, the Underwriters are not specifically required to do so.

Impact of Economic Conditions on Project Costs and Schedule

The estimated costs of, and the projected schedule for, the capital project to be financed with proceeds of the Bonds (please see "**PURPOSE OF THE ISSUE**" herein) are subject to change based on factors related to prevailing economic conditions. Volatility in general economic conditions that could result in impacts may include, but are not limited to, cost increases due to demand for labor and materials, material and/or labor shortages due to demand and supply chain issues, and unforeseen site conditions. The impact of any of or all of these factors may impede the ability of the School District to complete the capital project within the current budget and on the predicted schedule.

Risk of Audit by Internal Revenue Service

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

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, as representative on behalf of itself and Raymond James & Associates, Inc. (collectively the “Underwriters”) have agreed, subject to certain conditions, to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds, if any of such Bonds are purchased. The Bonds will be purchased by the Underwriters for a purchase price of \$___, equal to the par value of the Bonds less an underwriter’s discount of \$__ plus/minus an original issue premium/(discount) of \$__.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School District.

LEGAL OPINIONS

The Bonds are offered with the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, of Harrisburg, Pennsylvania, Bond Counsel to the School District. Certain other legal matters will be passed upon for the School District by Beard Legal Group PC., of Altoona, Pennsylvania, School District Special Counsel and for the Underwriters as Limited Scope Underwriters’ Counsel by Cozen O’Connor, Pittsburgh, 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. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS

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

CHESTNUT RIDGE SCHOOL DISTRICT,
BEDFORD COUNTY, PENNSYLVANIA

By: _____
President, Board of School Directors

**APPENDIX A – Demographic and Economic
Information Relating to the Chestnut Ridge School District**

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Population

Table A-1 which follows shows population trends for the School District, Bedford County and the Commonwealth. The School District's population decreased between 2010 and 2020.

**TABLE A-1
POPULATION TRENDS**

<u>Area</u>	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2000-2010</u>
Chestnut Ridge School District.....	10,688	10,141	-0.52%
Bedford County	49,762	47,577	-0.45%
Commonwealth.....	12,702,379	13,002,700	0.23%

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

**TABLE A-2
AGE COMPOSITION**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>
Bedford County	19.3%	55.5%	25.2%
Pennsylvania.....	20.1%	59.5%	20.4%

Source: U.S. Bureau of the Census - American Community Survey 5-year Estimates 2020-2024.

Employment

Overall Nonfarm Jobs data is not compiled for the School District or municipalities within it, but such data is compiled for the Bedford County Labor Market Area (the “LMA”), an area which includes the School District.

**TABLE A-3
BEDFORD COUNTY LABOR MARKET AREA
(Bedford County)
December 2025**

<u>ESTABLISHMENT DATA</u>	<u>Industry Employment</u>				<u>Net Change From:</u>	
	<u>Dec 2025</u>	<u>Nov 2025</u>	<u>Oct 2025</u>	<u>Dec 2024</u>	<u>Nov 2025</u>	<u>Dec 2024</u>
Bedford County Labor Market Area	17,200	17,300	17,400	17,100	-100	100
Data benchmarked to March 2024	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information & Analysis.

Major employers within or near the School District include:

-
- Employer**
 Wal-Mart Associates Inc
 State Government.
 New Enterprise Stone & Lime Co Inc
 Omni Bedford Springs Resort
 Rockland Inc
 JLG Industries Inc
 Recreational Equipment Inc
 John Corle Companies Inc
 Captive-Aire Systems Inc
 Bedford Area School District
-

Source: PA Department of Labor & Industry – Center for Workforce Information & Analysis – Q3 2025.

Table A-4 shows trends in labor force, employment and unemployment for Bedford County and the Commonwealth. The unemployment rate for Bedford County has been higher than the statewide average.

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>	Compound Average Annual % Rate⁽²⁾
<i>Bedford County</i>							
Civilian Labor Force	22,500	22,300	22,800	23,200	23,300	22,900	0.88%
Employment	20,400	21,000	21,800	22,300	22,400	21,900	2.37%
Unemployment	2,100	1,300	1,000	900	900	1,000	-19.09%
Unemployment Rate	9.30%	5.90%	4.50%	3.90%	3.80%	4.30%	
<i>Pennsylvania</i>							
Civilian Labor Force	6,501,000	6,425,000	6,471,000	6,561,000	6,577,000	6,558,000	0.29%
Employment	5,927,000	6,048,000	6,203,000	6,321,000	6,337,000	6,318,000	1.69%
Unemployment	574,000	377,000	268,000	240,000	239,000	240,000	-19.67%
Unemployment Rate	8.80%	5.90%	4.10%	3.70%	3.60%	3.70%	

⁽¹⁾ As of December 2025.

⁽²⁾ Compound Average Annual Percentage Rate calculate from 2020-2024.

Source: PA Department of Labor and Industry – Local Area Unemployment Statistics (LAUS).

Income

The data on Table A-5 show trends in per capita income for the School District, Bedford County and Pennsylvania over the 2010-2020 period. Per capita income in the School District is higher than per capita income in the County but lower than in the Commonwealth.

**TABLE A-5
TRENDS IN PER CAPITA INCOME***

<u>Area</u>	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change 2010-2010
<i>School District</i>	\$21,176	\$28,150	2.89%
<i>Bedford County</i>	20,545	26,950	2.75%
<i>Pennsylvania</i>	26,374	35,518	3.02%

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

Source: U.S. Census Bureau - 2010 & 2020 American Community Surveys 5-year estimates.

Commercial Activity

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

**TABLE A-6
TOTAL RETAIL SALES**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bedford County.....	\$675,097,818	\$730,997,696	\$800,403,896	\$790,894,237	\$989,522,292
Pennsylvania	274,685,600,234	297,770,326,880	310,912,244,437	317,239,286,955	403,629,014,772

Source: Claritas, Inc.

Educational Institutions

The follows educational institutions are located within Bedford County or within commuting distance: Allegany College, Bedford County Center in Everett; Penn State University, Altoona; Penn State University, State College; California University of Pennsylvania, California; Juniata College, Huntingdon; Shippensburg University, Shippensburg; University of Pittsburgh, Johnstown; Indiana University of Pennsylvania, Indiana; Frostburg University, Frostburg, Maryland; and Allegany College of Maryland, Cumberland, Maryland.

Additional educational opportunities are available to both secondary and post-secondary students through the Bedford County Technical Center.

Medical Facilities

Bedford County residents are served by a hospital which has received national recognition in various forums: Recently merged with the University of Pittsburgh Medical Center, UPMC Bedford Memorial is a 59-bed acute care general hospital with units for medical, surgical, obstetrical, intensive care, coronary care, telemetry, and palliative care services and offers a variety of diagnostic capabilities. The emergency facilities include 24-hour, in house coverage by emergency medicine physicians, a licensed heliport for emergency transport, and a trauma center affiliation. A number of other health care centers are located within 35 miles of Bedford, including Altoona Regional Health Systems and Conemaugh Health Systems.

Two nursing homes are located within the County. Donahoe Manor has 72 licensed beds; Pennknoll Village has 133 licensed beds.

Transportation Facilities

Bedford County is located in the foothills of the Southern Allegheny Mountains within a 500-mile radius of more than 40 percent of the nation's population, less than four hours from Baltimore, Washington, Pittsburgh, and Philadelphia. The county has an exceptional transportation network with more Interstate Highway miles than any other county in Central Pennsylvania.

County residents and businesses are served by the Bedford County Airport, capable of handling turbo-prop commuter and executive aircraft on its 4,500-foot runway. US Air Express commuter flights from Pittsburgh International Airport are available at the Altoona-Blair County Airport and the Johnstown-Cambria County Airport, both approximately a 30 minute drive from Bedford.

Commercial and cargo air service is also available through the Altoona-Blair County Airport and the Johnstown-Cambria County Airport.

Emergency Response

Police protection is provided by the Pennsylvania State Police and by local police departments. Numerous volunteer fire companies and ambulance services provide fire protection and ambulance/EMT service in the County.

The Borough of Bedford serves as the central trading center for the County, and the Bedford Interchange of Interstate Route 76 (the Pennsylvania Turnpike) is located in Bedford County. In addition, the Breezewood Interchange of the Turnpike is located in the County and connects I-76 to I-70. These interchanges are the location of numerous motels, service stations, and restaurants and a stopover point for travelers from all parts of the United States. In addition to the Pennsylvania Turnpike and Interstate 70, the area is also served by U.S. Route 30 (east/west), U.S. Route 220 and Interstate 99 (both north/south), and Pennsylvania Routes 31, 36, 56, 96 and 326.

Motor freight service is available throughout the County from terminals for four (4) major carriers and several other truck lines.

Housing

According to the United States Census Bureau 2020-2024 American Community Survey estimates, there are 23,705 housing units in Bedford County of which 77.5% are occupied.

Utilities

The Pennsylvania Electric Company and West Penn Power Company, among others, provide electric service to County residents. Twin Gas Company and the South Penn Gas Company maintain natural gas lines which provide natural gas to some area residents.

Recreation and Tourism

The area is noted for its natural beauty, historic background, and outdoor recreation. The setting and easy accessibility of the area contribute to the level of tourist travel. The area offers excellent opportunities for hunting and fishing. Shawnee State Park is popular for outdoor activities by residents as well as tourists. The Raystown Dam is a popular boating, swimming, fishing and camping area which is near the School District. Also located in the area is Blue Knob State Park and State Game Lands.

The Omni Bedford Spring Resort and Spa, located in Bedford, Pennsylvania is a 2,200 acre resort that boasts an award winning 18-hole golf course designed by Donald Ross, three restaurants, indoor and outdoor pools, 25 miles of hiking trails and a 30,000 square foot Springs Eternal Spa.

Source: Bedford County Development Association

APPENDIX B
Bond Counsel Opinion

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[FORM OF BOND COUNSEL OPINION]

_____, 2026

Re: Chestnut Ridge School District
Bedford County, Pennsylvania
\$____,____000 General Obligation Bonds, Series of 2026

To The Purchasers of the Within-Described Bonds:

We have served as bond counsel to Chestnut Ridge School District, Bedford County, Pennsylvania (the “School District”), in connection with the issuance by the School District of its \$____,____,000 aggregate principal amount General Obligation Bonds, Series of 2026 (the “Bonds”), under the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the “Act”), and a Resolution (the “Resolution”) adopted on April 28, 2026, by the Board of School Directors of the School District (the “Board”).

The Bonds are being issued to undertake capital projects including: (1) the construction of a new elementary school, and (2) planning, designing, acquiring, constructing and furnishing alterations and renovations to various other capital improvement projects throughout the School District, and to pay costs and expenses of issuing the Bonds.

As Bond Counsel for the School District, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania (the “Commonwealth”); (b) the Act; (c) the relevant provisions of the Public School Code of 1949, as amended; (d) the Resolution and the Debt Statement of the School District filed with the Pennsylvania Department of Community and Economic Development (the “Department”); (e) the proceedings of the Board with respect to the authorization, issuance and sale of the Bonds; (f) a Certificate of Approval issued by the Department in respect of the proceedings authorizing the issuance of the Bonds; and (g) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof (the “Tax Compliance Certificate”) of officials of the School District having responsibility for issuing the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the “Code”), an opinion of Special Counsel to the School District as to various matters, and the other documents, certifications and instruments listed in a closing index filed with the Paying Agent (hereinafter defined) on the date of original delivery of the Bonds. We also have examined a fully executed and authenticated Bond for each series, or a true copy thereof, and assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering the opinion set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We also have relied, in the opinion set forth below, upon the opinion of the Special Counsel to the School District as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

Based on the foregoing, we are of the opinion that:

1. The School District is authorized under the provisions of the Constitution and the laws of the Commonwealth to issue the Bonds for the purposes therein set forth; the School District has properly authorized the issuance thereof; and the Department has duly approved such issuance.
2. The School District has established a sinking fund for the Bonds (the “Sinking Fund”) with _____, as paying agent, registrar and sinking fund depository (the “Paying Agent”), and has covenanted in the Resolution to deposit in the Sinking Fund amounts sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable and to apply the amounts so deposited to the payment of such principal and interest.
3. The School District has effectively covenanted: (i) to include the amount of debt service on the Bonds in each fiscal year of the School District in which such sums are due and payable in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from the Sinking Fund or any other of its general revenues or funds, the principal or redemption price of and interest on the Bonds on the dates and in the places and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the School District has pledged, with respect to the Bonds, its full faith, credit and taxing power, within the limits established by law.
4. The Bonds have been duly authorized, executed, authenticated, issued and delivered, and are the legal, valid and binding general obligations of the School District, payable from the general revenues of the School District from whatever source derived, within the limits established by law, and are enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors’ rights.
5. Under the laws of the Commonwealth 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; however, under the laws of the Commonwealth as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth taxes and local taxes within the Commonwealth.
6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing

compliance by the School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering this opinion, we have assumed compliance by the School District with the covenants contained in the Resolution and the representations in the Tax Compliance Certificate relating to actions to be taken by the School District after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, among other things, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

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APPENDIX C
Audited Financial Statements

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Chestnut Ridge School District

3281 Valley Rd, Fishertown, PA 15539

Phone: (814) 839-4195 • Fax: (814) 839-2088

SINGLE AUDIT REPORTING PACKAGE

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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**CHESTNUT RIDGE SCHOOL DISTRICT
SINGLE AUDIT REPORTING PACKAGE
JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chestnut Ridge School District
Fishertown, Pennsylvania

Report on the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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 Chestnut Ridge School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Chestnut Ridge 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

Chestnut Ridge School District's management is responsible for the preparation and fair presentation of these 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 Chestnut Ridge School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Chestnut Ridge 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 Chestnut Ridge 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 District's proportionate share of the Net Pension Liability and Net OPEB Liability, Schedule of the District's Contributions – Pension and OPEB, Schedule of Changes in Total OPEB Liability – District Plan and budgetary comparison on pages 40-45 be presented to supplement the basic financial statements. Such information, 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 the financial reporting for placing 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.

Required Supplementary Information

Chestnut Ridge School District has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chestnut Ridge School District's financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2026, on our consideration of Chestnut Ridge 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 the effectiveness of Chestnut Ridge School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chestnut Ridge School District's internal control over financial reporting and compliance.



WESSEL & COMPANY
Certified Public Accountants

January 14, 2026

CHESTNUT RIDGE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 15,315,851	\$ 409,291	\$ 15,725,142
Taxes receivable	600,659	-	600,659
Due from other governments	1,212,883	-	1,212,883
Other receivables	193,359	7,260	200,619
Inventory	-	20,065	20,065
Total Current Assets	<u>17,322,752</u>	<u>436,616</u>	<u>17,759,368</u>
Non-current Assets:			
Fixed Assets (net of depreciation)	20,634,417	11,739	20,646,156
Total Non-current Assets	<u>20,634,417</u>	<u>11,739</u>	<u>20,646,156</u>
Deferred Outflows:			
Defined benefit pension plan	5,954,625	210,700	6,165,325
Other post-retirement benefits	827,537	30,674	858,211
Total Deferred Outflows	<u>6,782,162</u>	<u>241,374</u>	<u>7,023,536</u>
Total Assets and Deferred Outflows	<u>\$ 44,739,331</u>	<u>\$ 689,729</u>	<u>\$ 45,429,060</u>
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>			
Current Liabilities:			
Accounts payable	\$ 383,904	\$ -	\$ 383,904
Internal balances	(31,305)	31,305	-
Compensated absences	16,113	-	16,113
Accrued salaries and benefits	2,095,962	-	2,095,962
Accrued interest	5,543	-	5,543
Current portion of long-term debt	1,883,000	-	1,883,000
Total Current Liabilities	<u>4,353,217</u>	<u>31,305</u>	<u>4,384,522</u>
Non-current Liabilities:			
Voluntary termination benefits	55,630	-	55,630
Other post-employment benefits	3,009,452	111,548	3,121,000
Compensated absences	126,557	-	126,557
PSERS net pension liability	22,718,300	803,700	23,522,000
Bonds payable	-	-	-
Total Non-current liabilities	<u>25,909,939</u>	<u>915,248</u>	<u>26,825,187</u>
Total Liabilities	<u>30,263,156</u>	<u>946,553</u>	<u>31,209,709</u>
Deferred Inflows:			
Unearned revenues	-	8,648	8,648
Defined benefit pension plan	3,203,989	113,300	3,317,289
Other post-retirement benefits	1,552,580	57,548	1,610,128
Total Deferred Inflows	<u>4,756,569</u>	<u>179,496</u>	<u>4,936,065</u>
Net Position:			
Net investments in capital assets	18,745,874	11,739	18,757,613
Unrestricted	<u>(9,026,268)</u>	<u>(448,059)</u>	<u>(9,474,327)</u>
Total Net Position	<u>9,719,606</u>	<u>(436,320)</u>	<u>9,283,286</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 44,739,331</u>	<u>\$ 689,729</u>	<u>\$ 45,429,060</u>

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

CHESTNUT RIDGE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Unallocated depreciation	\$ 733,296	\$ -	\$ -	\$ -	\$ (733,296)	\$ -	\$ (733,296)
Instruction	11,038,812	-	6,008,648	-	(5,030,164)	-	(5,030,164)
Support Services	8,002,194	-	24,691	-	(7,977,503)	-	(7,977,503)
Non-Instructional services	532,091	56,151	1,821,245	-	1,345,305	-	1,345,305
Interest on long-term debt	27,942	-	-	529,637	501,695	-	501,695
Total Governmental Activities	20,334,335	56,151	7,854,584	529,637	(11,893,963)	-	(11,893,963)
Business-Type Activities							
Food Services	855,862	248,582	763,637	-	-	156,357	156,357
Total Primary Government	\$ 21,190,197	\$ 304,733	\$ 8,618,221	\$ 529,637	\$ (11,893,963)	\$ 156,357	\$ (11,737,606)
General Revenues							
Property taxes levied for general purposes - Net				\$ 6,244,740	\$ -	\$ 6,244,740	
Earned income tax				1,342,959	-	1,342,959	
Other taxes for general purposes - Net				489,601	-	489,601	
Grants, subsidies, and contributions not restricted				9,312,487	-	9,312,487	
Investment Earnings				656,005	461	656,466	
Miscellaneous income				148,303	-	148,303	
Total General Revenues, Special and Extraordinary Items, and Transfers				18,194,095	461	18,194,556	
Changes in Net Position				6,300,132	156,818	6,456,950	
Net Position - Beginning of Year				3,419,474	(593,138)	2,826,336	
Net Position - End of Year				\$ 9,719,606	\$ (436,320)	\$ 9,283,286	

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

CHESTNUT RIDGE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	Governmental Fund Types			Total Governmental Fund Types
	General	Debt Service	Capital Projects	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 15,314,006	\$ -	\$ 1,845	\$ 15,315,851
Receivables:				
Taxes receivable	266,157	-	-	266,157
Due from other funds	31,305	-	-	31,305
Due from other governments	1,212,883	-	-	1,212,883
Other receivables	193,359	-	-	193,359
Total Assets	<u>\$ 17,017,710</u>	<u>\$ -</u>	<u>\$ 1,845</u>	<u>\$ 17,019,555</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts payable	\$ 383,904	\$ -	\$ -	\$ 383,904
Accrued salaries and benefits	2,095,962	-	-	2,095,962
Total Liabilities	<u>2,479,866</u>	<u>-</u>	<u>-</u>	<u>2,479,866</u>
Fund Balance				
Restricted	-	-	-	-
Committed	7,921,375	-	-	7,921,375
Assigned	-	-	1,845	1,845
Unassigned	6,616,469	-	-	6,616,469
Total Fund Balance	<u>14,537,844</u>	<u>-</u>	<u>1,845</u>	<u>14,539,689</u>
Total Liabilities and Fund Balance	<u>\$ 17,017,710</u>	<u>\$ -</u>	<u>\$ 1,845</u>	<u>\$ 17,019,555</u>

CHESTNUT RIDGE SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Total Fund Balances - Governmental Funds \$ 14,539,689

Amounts reported for governmental activities in the Statement
of Net Position are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported as assets in governmental funds. The cost
of the assets is \$44,960,194 and the accumulated depreciation is \$24,325,777. 20,634,417

Property taxes receivable will be collected this year, but are not
available soon enough to pay for the current period's expenditures
and therefore are not included in the General fund. 334,502

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

Bonds payable	\$	(1,883,000)	
Accrued interest on bonds		(5,543)	
Voluntary termination benefits		(55,630)	
Post employment benefits		(3,009,452)	
PSERS Net Pension Liability		(22,718,300)	
Compensated absences		<u>(142,670)</u>	
			(27,814,595)

Deferred inflows and outflows related to participation in the Other
Post-Employment Benefit Plans and PSERS cost sharing pension plan
which are not reported in the funds:

Deferred Outflows - defined benefit plan		5,954,625	
Deferred Inflows - defined benefit plan		(3,203,989)	
Deferred Outflows - OPEB		827,537	
Deferred Inflows - OPEB		<u>(1,552,580)</u>	
			<u>2,025,593</u>

Total Net Position - Governmental Activities \$ 9,719,606

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

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

	Governmental Fund Types			Total
	General	Debt Service	Capital Projects	
<u>Revenues</u>				
Local sources	\$ 8,910,386	\$ -	\$ 18	\$ 8,910,404
State sources	16,545,604	-	-	16,545,604
Federal sources	1,165,082	-	-	1,165,082
Total Revenues	26,621,072	-	18	26,621,090
<u>Expenditures</u>				
Current:				
Instruction	13,945,746	-	-	13,945,746
Support services	7,951,676	-	-	7,951,676
Noninstructional services	578,147	-	-	578,147
Debt Service	-	1,898,432	-	1,898,432
Capital outlay - Facilities acquisition construction and improvement services	1,032,430	-	-	1,032,430
Total Expenditures	23,507,999	1,898,432	-	25,406,431
Excess of Revenues Over/(Under) Expenditures	3,113,073	(1,898,432)	18	1,214,659
Other Financing Sources/(Uses):				
Proceeds from refunding bonds issued	-	-	-	-
Uses from refunding bonds	-	-	-	-
Interfund transfers	(1,898,432)	1,898,432	-	-
Total Other Financing Sources/(Uses)	(1,898,432)	1,898,432	-	-
Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	1,214,641	-	18	1,214,659
Fund Balances - Beginning of Year	13,323,203	-	1,827	13,325,030
Fund Balances - End of Year	\$ 14,537,844	\$ -	\$ 1,845	\$ 14,539,689

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

Total net change in fund balances - governmental funds \$ 1,214,659

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	1,217,098	
Depreciation expense	<u>(733,296)</u>	483,802

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Outstanding tax revenues increased by this amount this year.

13,376

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not effect the statement of activities and repayment of principal reduces the liability.

Princ. Payments	1,865,000
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In the statement of activities, compensated absences are measured by the amount earned or agreed to during the year. In governmental funds, they are measured by the financial resources used during the year. This amount represents the decrease between the amounts earned versus the amounts used.

5,737

The Other Post Employment Benefit (OPEB) obligation in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

27,374

Contributions to the pension plan are recognized as an expenditure in the governmental funds when they are due, and thus requires the use of current financial resources. The net pension liability and deferred inflows and outflows related to participation in the PSERS cost sharing pension plan in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

2,706,888

The voluntary termination benefits obligation in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

(22,194)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due.

This is the additional interest paid over the actual accrued interest during the year.

5,490

Change in net position of governmental activities

\$ 6,300,132

CHESTNUT RIDGE SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

ASSETS AND DEFERRED OUTFLOWS

	<u>Food Service</u>
Assets	
Cash and cash equivalents	\$ 409,291
Other receivables	7,260
Inventories	20,065
Fixed assets, net	11,739
Total Assets	448,355
Deferred Outflows	
Defined benefit pension plan	210,700
Post-employment benefit plan	30,674
Total Assets	\$ 689,729

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Liabilities	
Due to other funds	\$ 31,305
PSERS net pension liability	803,700
Post-employment benefit liability	111,548
Total Liabilities	946,553
Deferred Inflows	
Unearned revenues	8,648
Defined benefit pension plan	113,300
Post-employment benefit plan	57,548
Total Deferred Inflows	179,496
Net Position	
Investment in capital assets	11,739
Unrestricted	(448,059)
Total Net Position	(436,320)
Total Liabilities, Deferred Inflows and Net Position	\$ 689,729

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

CHESTNUT RIDGE SCHOOL DISTRICT
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Food Service
Operating Revenues:	
Food Service Revenue	\$ 248,582
Total Operating Revenues	248,582
Operating Expenses:	
Personnel services - Salaries	279,964
Purchase of professional & technical services	574,337
Supplies	691
Depreciation	870
Total Operating Expenses	855,862
Operating (Loss)	(607,280)
Nonoperating Revenues	
Earnings on investments	461
State sources	116,345
Federal sources	647,292
Total Non-Operating Revenues	764,098
Change in Net Position	156,818
Net Position at Beginning of Year	(593,138)
Net Position at End of Year	\$ (436,320)

See Independent Auditor's Report and
Accompanying Notes to Financial Statements

CHESTNUT RIDGE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Food Service
Cash Flows From Operating Activities	
Cash received from users	\$ 249,677
Cash payments to employees for services	(430,507)
Cash payments to suppliers for goods and services	(576,035)
Net Cash (Used In) Operating Activities	(756,865)
Cash Flows From Non-Capital Financing Activities	
State sources	116,345
Federal sources	647,292
Net Cash Provided By Non-Capital Financing Activities	763,637
Cash Flows From Capital and Related Financing Activities	
Cash Payments to Purchase Fixed Assets	-
Net Cash (Used In) Capital and Related Financing Activities	-
Cash Flows From Investing Activities	
Earnings on investments	461
Net Cash Provided By Investing Activities	461
Net Change in Cash During the Year	7,233
Cash and Cash Equivalents - Beginning of Year	402,058
Cash and Cash Equivalents - End of Year	\$ 409,291
Reconciliation of Operating (Loss) to Net Cash (Used In)	
Operating Activities:	
Operating (Loss)	\$ (607,280)
Adjustments to reconcile loss from operations to net cash used for change in operating activities:	
Depreciation	870
Accounts receivable	(1,745)
Inventories	(1,190)
Deferred outflows	9,391
Accounts Payable	(13,713)
Due to other funds	13,896
PSERS Net Pension Liability	(149,300)
Other post-employee benefit liability	(9,456)
Deferred revenue	2,840
Deferred inflows	(1,178)
Net Cash (Used In) Operating Activities	\$ (756,865)

CHESTNUT RIDGE SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

ASSETS AND DEFERRED OUTFLOWS

	<u>Student Activity</u>
Assets	
Cash and cash equivalents	\$ 140,267
Total Assets	140,267
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>	
Liabilities	
Accounts payable	\$ -
Total Liabilities	-
Net Position	
Held in trust to benefit students	140,267
Total Net Position	140,267
Total Liabilities, Deferred Inflows and Net Position	\$ 140,267

CHESTNUT RIDGE SCHOOL DISTRICT
STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Student Activities
Operating Revenues:	
Student Activities Revenue	\$ 157,465
Total Operating Revenues	157,465
Operating Expenses:	
Student Activities Disbursements	155,598
Total Operating Expenses	155,598
Change in Net Position	1,867
Net Position	
Beginning of Year	138,400
End of Year	\$ 140,267

CHESTNUT RIDGE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Chestnut Ridge School District, "District", provides elementary and secondary education to approximately 1,600 students in Bedford County. The District is a municipal branch of the State of Pennsylvania. It is governed by a nine member elected school board.

The financial statements of the District have been prepared using the basis of accounting applicable to the various fund types. The accounting policies of the District conform to generally accepted accounting principles as applicable to school districts. The more significant of the government's accounting policies are described below.

Reporting Entity

The District is controlled by a School Board which has oversight responsibility over the public education activities in the District. The financial statements have been prepared to reflect all activity of the District. The District does not serve as an oversight unit over any other governmental unit and, therefore, the reporting entity consists of only the District.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

FUND FINANCIAL STATEMENTS

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. The fiduciary fund is reported by type.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five (5) generic fund types and three (3) broad fund categories as follows:

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

Capital Projects Fund – The Capital Projects Fund accounts for resources that are limited to expenditures for capital outlays.

Debt Service Fund – The Debt Service Fund accounts for resources that are restricted, committed or assigned to expenditure for principal and interest. This fund is also used to accumulate the resources to make future debt service payments.

PROPRIETARY FUNDS

Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The District's proprietary fund is:

Food Service Fund – The Food Service Fund is used to account for the operation of food services provided to the student population and staff. The fund is established with the intention to recover part or all of its cost through user charges.

FIDUCIARY FUNDS

Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District's agency fund is:

Student Activities Fund - Accounts for funds held by student groups in activity accounts.

Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Position.

FUND FINANCIAL STATEMENTS

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The statement of changes in fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty (60) days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 3). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets

The District is required by law to adopt annual budgets for the General Fund. Each budget is presented on a modified accrual basis of accounting which is consistent with generally accepted accounting principles. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- A proposed budget for the next fiscal year beginning July 1, must be adopted at least thirty (30) days prior to adoption of the final budget.
- Public notice must be given at least ten (10) days prior to board action on the final budget.
- The proposed budget must be made available for public inspection at least twenty (20) days before the board plans to vote on the final budget.
- The final general fund budget must be adopted by June 30 for the next fiscal year, and must be filed with the Pennsylvania Department of Education within fifteen (15) days of final adoption.

Once a budget is approved, it can be amended at the Function and Fund level only; by approval of a majority of the members of the Board of Education in the last nine months of the fiscal year. All amendments are made at the Board's regular monthly meetings and are reflected in the official minutes of the Board. Amounts reported as original budgeted amounts are the original board approved appropriations. The amounts reported as the final budgeted amounts on the enclosed financial statements are as amended. All annual appropriations lapse at fiscal year-end.

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within ninety days of the date acquired by the District.

The School Code authorizes the District to invest in obligations of the United States, obligations of the Commonwealth of Pennsylvania or to deposit funds in federally insured banking institutions. If deposits in banking institutions exceed the federally insured amounts, the banking institution must post additional collateral to secure District deposits.

Inventories, Materials, and Supplies

On the government-wide financial statements inventory is reported at cost using the first-in first out basis. Proprietary fund inventories include \$20,065 of food commodities donated by the federal government. These commodities are valued using the USDA cost as provided by the Department of Agriculture.

Capital Assets

Capital assets including land, land improvements, buildings and equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. These assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred (if any) during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during this fiscal year.

Site improvements, buildings, equipment, and infrastructure of the District are depreciated using the straight line method over the following estimated useful lives:

Buildings	50 years
Site improvements	7-30 years
Equipment	5-20 years
Infrastructure	50 years

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as any gains or losses on refundings of debt, are deferred and amortized over the life of the bonds.

In the 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 actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions, which requires the governmental funds' fund balances to be classified into the following five categories:

Non-spendable fund balance – fund balance permanently restricted and unavailable for current operations.

Restricted fund balance – fund balance temporarily restricted for specified purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance – fund balance temporarily restricted for specified purposes established by a formal action by the School Board. Formal action by the School Board is also necessary to modify or rescind a fund balance commitment.

Assigned fund balance – fund balance intended for a specific purpose that does not meet the criteria to be classified as restricted or committed. The School Board has authorized the Business Manager as the official authorized to assign fund balance to a specific purpose.

Unassigned fund balance – fund balance available for operations without any restriction.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers.

Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures, during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Pronouncements

GASB Statement No. 102, Certain Risk Disclosures, is effective for periods beginning after June 15, 2024. The adoption of this Statement had no effect on previously reported amounts

Pending Changes in Accounting Principles

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. The County is required to adopt Statement No. 103 for its 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets. The County is required to adopt Statement No. 104 for its 2026 financial statements.

The School District has not completed the various analysis required to estimate the financial statement impact of the new pronouncement.

NOTE 2 CASH AND INVESTMENTS

The organization has a policy that requires all deposits and investments, other than U.S. government obligations, to be covered by Federal insurance or to be fully collateralized by the financial institution issuing the investment or acquiring the deposit. Deposits that are not insured by the Federal Deposit Insurance Corporation are collateralized using the pooled asset method to one hundred percent (100%) of value as required by Pennsylvania Law.

The securities pledged as collateral are held by the trust department of a financial institution or by its agents in the financial institution’s name. When certificates of deposit are purchased, the Organization or its agent either holds the actual certificate of deposit or receives a safekeeping certificate as its proof of ownership.

Pennsylvania Law limits investment and deposit types the organization may purchase as follows:

- (a) U.S. Treasury bills.
- (b) Short-term obligations of the U.S. government or its agencies.
- (c) Demand, savings, and time deposits with institutions insured by the FDIC or the National Credit Union Share Funds or collateralized with securities as provided by law.
- (d) Obligations of the United States or any of its agencies, the Commonwealth of Pennsylvania or any of its agencies or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies providing the obligations are backed by the full faith and credit of the political subdivision.

Deposits

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the District’s cash and cash equivalents are measured at fair value Level 1.

Cash and cash equivalents as of June 30, 2025, are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 15,725,142
Fiduciary funds:	
Cash and investments	<u>140,267</u>
 Total Cash and Investments	 <u>\$ 15,865,409</u>

Cash and cash equivalents as of June 30, 2025, consist of the following:

Deposits with financial institutions	\$ 16,090,982
Pennsylvania School District Liquid Asset Fund (PSDLAF)	<u>683</u>
 Total Cash and Investments	 <u>\$ 16,091,665</u>

NOTE 3 TAXES RECEIVABLE

Real estate taxes for the School District are collected from four boroughs and seven townships within the District as follows: New Paris Borough, Pleasantville Borough, Schellsburg Borough, St. Clairsville Borough, East St. Clair Township, Juniata Township, King Township, Lincoln Township, Napier Township, Pavia Township, and West St. Clair Township. The tax on real estate in these taxing districts for public school purposes for fiscal year 2025 was 9.90 mills (\$9.90 per \$1,000 of assessed valuation) as levied by the board. Assessed valuations of property are determined by each County and the elected tax collectors are responsible for collection.

The schedule of real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 – August 31	2% discount period
September 1 – October 31	Face payment period
November 1 – December 31	5% penalty period
January 15	5% penalty period

The recorded balances in taxes receivable on the Governmental Funds – Balance Sheet at June 30, 2025, are as follows:

Real estate transfer	\$	13,154
Earned Income		217,067
Delinquent taxes		35,936
		35,936
	\$	266,157

NOTE 4 FIXED ASSETS

	Balance June 30, 2024	Additions	Disposals	Balance June 30, 2025
Government Activities:				
Capital assets, not being depreciated:				
Land	\$ 52,940	\$ ---	\$ ---	\$ 52,940
Construction in progress	239,825	993,987	---	1,233,812
	292,765	993,987	---	1,286,752
Capital assets, being depreciated:				
Site improvements	1,703,151	---	---	1,703,151
Buildings and improvements	36,124,871	118,538	---	36,243,407
Furniture and equipment	5,622,310	104,573	---	5,726,884
	43,450,332	223,111	---	43,673,442
Total capital assets, being depreciated				
	43,450,332	223,111	---	43,673,442
Total accumulated depreciation	(23,592,482)	(733,296)	---	(24,325,779)
Capital assets, being depreciated, net	19,857,850	(510,185)	---	20,634,416
Governmental activities, capital assets, net	\$ 20,150,615	\$ (483,802)	\$ ---	\$20,634,416

	Balance June 30, 2024	Additions	Disposals	Balance June 30, 2025
Business-type Activities:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 132,221	\$ ---	\$ ---	\$ 132,221
Less accumulated depreciation for:				
Furniture and equipment	<u>(119,612)</u>	<u>(870)</u>	<u>---</u>	<u>(120,472)</u>
Business-type activities capital assets, net	<u>\$ 12,609</u>	<u>\$ (870)</u>	<u>\$ ---</u>	<u>\$ 11,739</u>

For the year ended June 30, 2025, depreciation expense for the governmental activities was \$733,296. The expense was not allocated at the function level. Depreciation expense for the business-type activities was \$870.

NOTE 5 LONG TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
General Oblig. Bonds Series of 2021	\$ 3,748,000	\$ ---	\$ (1,865,000)	\$ 1,883,000	\$ 1,883,000
	3,748,000		(1,865,000)	1,883,000	1,883,000
Compensated Absences	148,406	---	(5,736)	142,670	16,113
	<u>\$ 3,896,406</u>	<u>\$ ---</u>	<u>\$ (1,870,736)</u>	<u>\$ 2,025,670</u>	<u>\$ 1,899,113</u>

Total interest expense for the year ended June 30, 2025 was \$33,432.

2021 General Obligation Note

In August 2021, the District issued General Obligation Note, Series of 2021 for \$8,985,000 with a fixed interest rate of 0.892%. The proceeds of the bond were used to refund the District's General Obligation Bonds, Series of 2014, 2016, and 2017 and to pay the cost of issuance. This transaction is expected to save the District approximately \$175,670.

Debt Maturity

An analysis of debt service requirements to maturity on these obligations is as follows:

2021 General Obligation Note

Years Ending June 30:	Principal	Interest	Total
2026	<u>\$ 1,883,000</u>	<u>\$ 16,797</u>	<u>\$ 1,899,797</u>
	<u>\$ 1,883,000</u>	<u>\$ 16,797</u>	<u>\$ 1,899,797</u>

NOTE 6 COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The District has adopted the following policies to accrue and account for these benefits.

The District accrues a liability for vacation leave earned, but not used, during the current or prior periods and for which employees can receive compensation in a future period. Additionally, the current portion of the liability is reflected on the District's balance sheet if it is to be paid from expendable, available financial resources. The District accrued the current portion for compensated absences in the amount of \$16,113.

The District also accrues a liability for sick leave as the benefits are earned, if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on an employee's termination or retirement.

In accordance with the aforementioned, the District accrued \$126,557 for the long term portion of compensated absences as of June 30, 2025.

NOTE 7 INTERFUND TRANSACTIONS

Individual interfund receivables and payables at June 30, 2025 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 31,305	\$ ---
Food Service	---	31,305
	<u>\$ 31,305</u>	<u>\$ 31,305</u>
	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ ---	\$ 1,898,432
Debt Service Fund	1,898,432	---
	<u>\$ 1,898,432</u>	<u>\$ 1,898,432</u>

NOTE 8 DEFINED BENEFIT PENSION PLAN

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 five hundred (500) hours of service in the school year, and part-time per diem public school employees who render at least eighty (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.state.pa.us.

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

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

Death benefits are payable upon the death of an active member who has reached age sixty-two (62) with at least one (1) year of credited service (age sixty-five (65) with at least three (3) years of credited service for Class T-E and Class T-F members) or who has at least five (5) years of credited service (ten (10) 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:

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

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

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

Employer Contributions:

The school districts' contractually required contribution rate for fiscal year ended June 30, 2024 was 32.42% 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 \$2,892,434 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$23,522,000 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's proportion was 0.0562 percent, which was a decrease of 0.003 from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$1,693,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ ---	\$ ---
Changes in assumptions	---	---
Net difference between projected and actual investment earnings	3,317,289	---
Changes in proportions	---	2,589,882
Difference between employer contributions and proportionate share of total contributions	---	---
Contributions subsequent to the measurement date	---	3,575,443
	<u>\$ 3,317,289</u>	<u>\$ 6,165,325</u>

\$3,575,443 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:

2026	\$ 516,000
2027	(220,000)
2028	<u>(79,000)</u>
	<u>\$ 217,000</u>

Changes in Actuarial assumptions

The total pension liability as of June 30, 2024, was determined by rolling forward the System's total pension liability as of the June 30, 2023 actuarial valuation 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 at 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.

- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate – decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.

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.

Discount Rate

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-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	\$ 30,986,000	\$ 23,552,000	\$ 17,220,000

Pension 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.state.pa.us.

NOTE 9 OTHER POST EMPLOYMENT BENEFITS (OPEB)

PSERS - 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, 2025, 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

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.

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, 2024 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$62,486 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$1,000,000 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 .563 percent, which was a decrease of .0029% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of \$17,000. 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	\$ ---	\$ ---
Changes in assumptions	---	---
Net difference between projected and actual investment earnings	---	1,610,128
Changes in proportions	789,059	---
Difference between employer contributions and proportionate share of total contributions		
Contributions subsequent to the measurement date	<u>69,152</u>	<u>---</u>
	<u>\$ 858,211</u>	<u>\$ 1,610,128</u>

\$69,153 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 ended June 30:

2026	\$ (43,000)
2027	(51,000)
2028	(8,000)
2029	(13,000)
2028	---
	<u>\$ (115,000)</u>

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.

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

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022, determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 31, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments consist primarily of short-term assets designed to protect the principal of 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>	

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.

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.

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:

	Dollar Amounts in Thousands		
	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	1,000,000	1,000,000	1,000,000

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	Current Discount Rate	1% Increase
	3.21%	4.21%	5.21%
District's proportionate share of the net OPEB liability	1,130,000	1,000,000	892,000

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.

District OPEB Plan

The District self-insures various medical and pharmacy benefits for eligible retirees.

Eligibility Criteria

Teachers and support staff are eligible to purchase coverage upon retirement under PSERS.

Duration of Healthcare Benefits

Retiree coverage may continue until age 65, or death or qualification of Medicare if earlier. Spouse coverage may continue until age 65, death, qualification of Medicare or cessation of retiree’s coverage if earlier.

Participant Contributions for Healthcare Coverage:

Retiree and spouse pay the full premium amount.

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

At June 30, 2025, the District reported a net OPEB liability of \$2,121,000.

For the year ended June 30, 2025, the District recognized OPEB expense of \$66,000 as shown below:

Service Cost	\$	84,000
Interest on total OPEB liability		87,000
Recognition of economic/demographic gains or losses		17,000
Recognition of assumption changes or inputs		<u>(122,000)</u>
 Total OPEB Expense	 \$	 <u>66,000</u>

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 Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ (80,000)	\$ 130,000
Changes in assumptions	<u>(563,000)</u>	<u>76,000</u>
	<u>\$ (643,000)</u>	<u>\$ 206,000</u>

\$643,000 reported as deferred inflows and \$206,000 reported as deferred outflows of resources related to changes made in actuarial assumptions. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2026	\$ (105,000)
2027	(75,000)
2028	(86,000)
2029	(20,000)
2030	(22,000)
Thereafter	<u>(129,000)</u>
	<u>\$ (437,000)</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2025, was determined by rolling forward the District's Total OPEB Liability as of June 30, 2024 to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Discount Rate – 5.20% - Bond Buyer 20 Year Bond GO Index.
- Salary growth - assumed salary increases are based on the rates utilized in the Actuarial Valuation for the Pennsylvania Public School Employees' Retirement System and vary by age.
- Assumed Healthcare cost trends are expected to rise 6.70% in the next year and in excess of 3.70% for the foreseeable future.
- Mortality rates were based on the PubG-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021.
- Participation rate:
 - Professional Staff – 90% of active members eligible to purchase coverage at retirement will do so.
 - Support Staff – 25% of active members eligible to purchase coverage at retirement will do so.

The following assumptions were used to determine the contribution rate:

- The discount rate has increased to 1.27% based on the Bond Buyer 20 Year Bond GO Index.
- Per capita claims costs were updated as described below.
- Future retiree healthcare trend rates were updated.
- The assumed election rate for future Support Staff retirees has been reduced.
- Assumed termination, retirement and salary increase rates have been updated.
- The assumed election rate for future Support Staff retirees has been decreased.
- The mortality assumption has been updated from the RP-2014 Mortality Tables with Mortality Improvement Projection Scale MP2019 to the PubG-H2010 Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2021 from 2010 base year and projected forward on a generational basis with Scale MP-2021.

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

The following presents the net OPEB liability for June 30, 2025, calculated using the valuation healthcare cost trends as well as what the net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	Dollar Amounts in Thousands		
	1% Decrease	Current Trend Rate	1% Increase
District net OPEB liability	1,883,000	2,121,000	2,403,000

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 5.20%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
District's proportionate share of the net OPEB liability	2,295,000	2,121,000	1,958,000

NOTE 10 COMMITMENTS AND CONTINGENCIES

Grant Programs

The District participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditures, which may be disallowed pursuant to the terms of these grant programs.

Risk Financing

The District is exposed to various risks of loss related to torts; theft of, damage to; and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

Voluntary Termination Benefits

During the year, the District extended voluntary benefits to eligible retirees. Individuals retiring with one (1) up to one hundred ninety-nine (199) unused sick and personal days shall be accrued at the rate of (\$75) seventy-five per day. Teachers retiring with two hundred (200) or more unused sick and personal days shall be accrued at (\$100) one hundred per day for all days. Upon retirement under the PSERS from active service in the Chestnut Ridge School District, the employee shall be entitled to choose one (1) of the following two (2) options regarding the use of this account:

- The employee shall be entitled to invest payment for all unused sick and personal days in an approved Health Reimbursement Account. The District will establish this Health Reimbursement Arrangement in a manner consistent with and to meet all of the principals of Sections 105 and 106 of the Internal Revenue Code as amended.
- The money shall remain with the District and shall be used to provide medical insurance coverage for the employee and any eligible dependents, until the account is exhausted. Under both of these options, no money can be withdrawn.

- In addition to the payout above, current year retirees received an additional benefit of \$10,000 as an early retirement incentive. This amount was also placed into the retiree's Health Reimbursement Account. As of June 30, 2025, the District recognized a liability for voluntary termination benefits in the amount of \$55,630 on the government-wide financial statements.

NOTE 12 SUBSEQUENT EVENTS

Subsequent events have been considered through January 14, 2026, the date the financial statements were available to be issued. The District is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

REQUIRED
SUPPLEMENTARY
INFORMATION

CHESTNUT RIDGE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
PSERS PENSION PLAN
LAST 10 FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.0562%	0.0592%	0.0572%	0.0598%	0.0607%	0.0596%	0.0601%	0.0619%	0.0638%	0.0648%
District's proportionate share of the net pension liability (asset)	\$ 23,522,000	\$ 26,336,000	\$ 25,430,000	\$ 24,552,000	\$ 29,888,000	\$ 27,882,000	\$ 28,851,000	\$ 30,571,000	\$ 31,617,000	\$ 28,069,000
District's covered-employee payroll	\$ 8,921,000	\$ 9,070,000	\$ 8,411,000	\$ 8,485,000	\$ 8,533,454	\$ 8,219,815	\$ 8,088,090	\$ 8,243,434	\$ 8,261,540	\$ 8,336,311
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	263.67%	290.36%	302.34%	283.36%	350.25%	339.20%	356.71%	370.85%	382.70%	336.71%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

*The years presented in this schedule are all of the years in which information is available.

CHESTNUT RIDGE SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 PSERS PENSION PLAN
 LAST 10 FISCAL YEARS*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,892,434	\$ 2,858,548	\$ 2,990,903	\$ 2,814,358	\$ 2,776,625	\$ 2,778,341	\$ 2,602,703	\$ 2,504,992	\$ 2,362,876	\$ 1,993,816	\$ 1,618,322
Contributions in relation to the contractually required contribution	<u>2,892,434</u>	<u>\$ 2,858,548</u>	<u>2,990,903</u>	<u>2,814,358</u>	<u>2,776,625</u>	<u>2,778,341</u>	<u>2,602,703</u>	<u>2,504,992</u>	<u>2,362,876</u>	<u>1,993,816</u>	<u>1,618,322</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,921,000	\$ 9,070,000	\$ 8,411,000	\$ 8,485,000	\$ 8,533,000	\$ 8,533,454	\$ 8,219,815	\$ 8,088,090	\$ 8,243,434	\$ 8,261,540	\$ 8,336,311
Contributions as a percentage of covered-employee payroll	32.42%	31.52%	35.56%	33.17%	32.54%	32.56%	31.66%	30.97%	28.66%	24.13%	19.41%

*The years presented in this schedule are all of the years in which information is available.

CHESTNUT RIDGE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
PSERS OPEB PLAN
LAST 10 FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability (asset)	0.0563%	0.0592%	0.0573%	0.0599%	0.0608%	0.05960%	0.0601%	0.0619%
District's proportionate share of the net OPEB liability (asset)	\$ 1,000,000	\$ 1,071,000	\$ 1,055,000	\$ 1,419,000	\$ 1,314,000	\$ 1,268,000	\$ 1,253,000	\$ 1,261,000
District's covered-employee payroll	\$ 8,920,587	\$ 9,069,693	\$ 8,411,000	\$ 8,485,081	\$ 8,533,454	\$ 8,219,815	\$ 8,088,090	\$ 8,243,434
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	11.21%	11.81%	12.54%	16.72%	15.40%	15.43%	15.49%	15.30%
System fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.43%	5.56%	5.56%	5.73%

*The years presented in this schedule are all of the years in which information is available.

CHESTNUT RIDGE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PSERS OPEB PLAN
LAST 10 FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 60,509	\$ 67,915	\$ 67,143	\$ 66,240	\$ 67,945	\$ 69,958	\$ 66,265	\$ 65,505	\$ 67,164
Contributions in relation to the contractually required contribution	60,509	67,915	67,143	66,240	67,945	69,958	66,265	65,505	67,164
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,921,000	\$ 9,070,000	\$ 8,411,000	\$ 8,485,000	\$ 8,533,000	\$ 8,220,000	\$ 8,088,000	\$ 8,243,000	\$ 8,261,000
Contributions as a percentage of covered-employee payroll	0.68%	0.75%	0.80%	0.78%	0.80%	0.85%	0.82%	0.79%	0.81%

*The years presented in this schedule are all of the years in which information is available.

CHESTNUT RIDGE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
OPEB PLAN - DISTRICT
LAST 10 FISCAL YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total pension liability								
Service cost	\$ 84,000	\$ 102,000	\$ 99,000	\$ 114,000	\$ 110,000	\$ 106,000	\$ 102,000	\$ 130,000
Interest on total OPEB liability	87,000	88,000	83,000	42,000	41,000	78,000	81,000	79,000
Change in assumptions	(222,000)	(265,000)	(79,000)	315,000	10,000	(545,000)	30,000	(243,000)
Benefit payments, including refunds of member contributions	(105,000)	(99,000)	(39,000)	(65,000)	(52,000)	(34,000)	(81,000)	(67,000)
Net change in pension liability	(156,000)	(174,000)	64,000	406,000	109,000	(395,000)	132,000	(101,000)
Total OPEB liability/(asset) - beginning	2,277,000	2,451,000	2,387,000	1,981,000	1,872,000	2,267,000	2,135,000	2,236,000
Total OPEB liability/(asset) - ending	<u>\$ 2,121,000</u>	<u>\$ 2,277,000</u>	<u>\$ 2,451,000</u>	<u>\$ 2,387,000</u>	<u>\$ 1,981,000</u>	<u>\$ 1,872,000</u>	<u>\$ 2,267,000</u>	<u>\$ 2,135,000</u>

*Notes to Schedule:

- (1) The years presented in this schedule are all of the years in which information is available.
- (2) The District has not accumulated any assets in a trust to pay for OPEB related benefits.

CHESTNUT RIDGE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 8,044,349	\$ 8,044,349	\$ 8,910,386	\$ 866,037
State sources	15,586,726	15,586,726	16,545,604	958,878
Federal sources	450,832	450,832	1,165,082	714,250
Total Revenues	24,081,907	24,081,907	26,621,072	2,539,165
Expenditures				
Regular programs	9,626,454	9,626,454	8,754,131	872,323
Special programs	2,749,471	2,749,471	3,022,549	(273,078)
Vocational programs	1,003,762	1,003,762	1,023,946	(20,184)
Other instructional programs	1,019,853	1,019,853	1,145,120	(125,267)
Pupil personnel services	640,134	640,134	713,710	(73,576)
Instructional staff services	539,753	539,753	497,403	42,350
Administrative services	1,609,519	1,609,519	1,511,834	97,685
Pupil health	249,603	249,603	237,370	12,233
Business services	556,615	556,615	542,097	14,518
Operation & maintenance of plant services	1,810,159	1,810,159	2,061,525	(251,366)
Student transportation services	1,969,940	1,969,940	2,033,313	(63,373)
Central and other support services	297,614	297,614	279,502	18,112
Other support services	5,649	5,649	74,922	(69,273)
Student activities	415,349	415,349	578,147	(162,798)
Capital Outlay	-	-	1,032,430	(1,032,430)
Total Expenditures	22,493,875	22,493,875	23,507,999	(1,014,124)
Other Financing Sources/(Uses)				
Budgetary Reserve	(50,000)	(50,000)	-	50,000
Interfund transfers out to other funds	(2,074,982)	(2,074,982)	(1,898,432)	176,550
Total Other Financing Sources/(Uses)	(2,124,982)	(2,124,982)	(1,898,432)	226,550
Net Changes in Fund Balances	(536,950)	(536,950)	1,214,641	1,751,591
Fund Balance - Beginning of Year			<u>13,323,203</u>	
Fund Balance - End of Year			<u>\$ 14,537,844</u>	

CHESTNUT RIDGE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR THEN ENDED JUNE 30, 2024

SCHEDULE A

PASS THROUGH GRANT OR/FEDERAL GRANT OR/PROJECT TITLE	SOURCE CODE	ASSISTANCE LISTING NUMBER	PASS THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATE	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT July 1	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT June 30
U.S. DEPARTMENT OF AGRICULTURE									
Child Nutrition Cluster:									
Passed Through the Pennsylvania Department of Agriculture:									
Value of USDA Donated Commodity	I	10.555	2-05-05-150	July 01, 2023- June 30, 2024	N/A	\$ -	\$ (5,809)	\$ 5,809	\$ -
Value of USDA Donated Commodity	I	10.555	2-05-05-150	July 01, 2024- June 30, 2025	N/A	42,045	-	50,693	8,648
Passed Through the Pennsylvania Department of Education:									
Child Nutrition Cluster:									
National School Lunch Program	I	10.555	362	July 01, 2024- June 30, 2025	N/A	381,653	-	381,653	-
National School Breakfast Program	I	10.553	367	July 01, 2024- June 30, 2025	N/A	154,914	-	154,914	-
Total Child Nutrition Cluster						<u>578,612</u>	<u>(5,809)</u>	<u>593,069</u>	<u>8,648</u>
Child Care & Adult Care Food Program	I	10.558	359	July 01, 2024- June 30, 2025	N/A	52,650	-	52,650	-
State Breakfast	S	N/A	513	July 01, 2024- June 30, 2025	N/A	8,501	-	8,501	-
State Lunch	S	N/A	512	July 01, 2024- June 30, 2025	N/A	19,303	-	19,303	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>\$ 659,066</u>	<u>\$ (5,809)</u>	<u>\$ 673,523</u>	<u>\$ 8,648</u>
U.S. DEPARTMENT OF JUSTICE									
Passed through Other Intermediate Sources:									
Incredible Years	I	16.803		July 01, 2023- June 30, 2024	\$ 10,248	\$ 4,915	\$ 4,915	\$ -	\$ -
Incredible Years	I	16.803		July 01, 2024- June 30, 2025	9,890	9,890	-	9,890	-
TOTAL U.S. DEPARTMENT OF JUSTICE					<u>\$ 14,805</u>	<u>\$ 4,915</u>	<u>\$ 4,915</u>	<u>\$ 9,890</u>	<u>\$ -</u>
U.S. DEPARTMENT OF EDUCATION									
Passed through the Pennsylvania Department of Education:									
Title I Improving Basic Program	I	84.010	230082	July 01, 2023 - Sept. 30, 2024	\$ 382,562	\$ 106,958	\$ 106,958	\$ -	\$ -
Title I Improving Basic Program	I	84.010	240082	July 01, 2024 - Sept. 30, 2025	\$ 337,669	252,092	-	304,244	52,152
Total Title I, Part A :						<u>359,050</u>	<u>106,958</u>	<u>304,244</u>	<u>52,152</u>
Title II Improving Teacher Quality	I	84.367	230082	July 01, 2023 - Sept. 30, 2024	\$ 48,680	1,051	1,051	-	-
Title II Improving Teacher Quality	I	84.367	240082	July 01, 2024 - Sept. 30, 2025	\$ 50,079	29,940	-	35,129	5,189
Total Title II:						<u>30,991</u>	<u>1,051</u>	<u>35,129</u>	<u>5,189</u>
Title IV, Part A - Student Support	I	84.424	230082	July 01, 2023- Sept. 30, 2024	\$ 25,379	3,733	3,733	-	-
Title IV, Part A - Student Support	I	84.424	240082	July 01, 2024- Sept. 30, 2025	\$ 28,810	23,048	-	26,790	3,742
Total Title IV:						<u>26,781</u>	<u>3,733</u>	<u>26,790</u>	<u>3,742</u>
COVID-19 ARP ESSER	I	84.425D	210082	March 13,2020- September 30, 2024	\$ 2,841,983	1,498,500	1,090,818	407,682	-
COVID-19 ESSER 7% Set Aside	I	84.425D	210082	March 13,2020- September 30, 2024	\$ 157,776	35,610	(6,264)	41,874	-
COVID-19 ARP ESSER Summer Program	I	84.425D	210082	March 13,2020- September 30, 2024	\$ 31,555	14,917	(3,251)	18,168	-
COVID-19 ARP ESSER After School	I	84.425D	210082	March 13,2020- September 30, 2024	\$ 31,555	14,917	(2,317)	17,234	-
COVID-19 ARP ESSER Homeless	I	84.425D	210082	March 13,2020- September 30, 2024	\$ 12,393	6,651	6,187	(616)	(1,080)
COVID-19 Medical Access	I	84.425D	007082	July 1, 2023- June 30, 2024	\$ 48,066	-	(21,946)	21,946	-
Total COVID-19 ESSER Funds:						<u>1,570,595</u>	<u>1,063,227</u>	<u>506,288</u>	<u>(1,080)</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

CHESTNUT RIDGE SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR THEN ENDED JUNE 30, 2024

SCHEDULE A

PASS THROUGH GRANT OR/FEDERAL GRANT OR/PROJECT TITLE	SOURCE CODE	ASSISTANCE LISTING NUMBER	PASS THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATE	PROGRAM OR AWARD AMOUNT	TOTAL RECEIVED FOR THE YEAR	ACCRUED OR (DEFERRED) REVENUE AT July 1	EXPENDITURES	ACCRUED OR (DEFERRED) REVENUE AT June 30
<u>Passed through the Appalachia Intermediate Unit 08:</u>									
IDEA Cluster:									
IDEA	I	84.027	98008	July 01, 2023- June 30, 2024	\$ 269,882	269,882	269,882	-	-
IDEA (619)	I	84.173A	98008	July 01, 2023- June 30, 2024	\$ 618	618	618	-	-
IDEA	I	84.027	98008	July 01, 2024- June 30, 2025	\$ 271,929	-	-	271,929	271,929
IDEA (619)	I	84.173A	98008	July 01, 2024- June 30, 2025	\$ 3,597	-	-	3,597	3,597
Total IDEA Cluster:						<u>270,500</u>	<u>270,500</u>	<u>275,526</u>	<u>275,526</u>
21 st Century - Cohort 12	I	84.287	FC4100012172	March 1, 2024 - February 28, 2025	\$ 201,700	201,700	-	201,700	-
21 st Century - Cohort 12	I	84.287	FC4100012172	March 1, 2025 - February 28, 2026	\$ 254,800	-	-	93,409	93,409
Total Pass Through Appalachia Intermediate Unit 08:						<u>472,200</u>	<u>270,500</u>	<u>570,635</u>	<u>368,935</u>
<u>Passed through other LEA'S:</u>									
21 st Century - Cohort 10(Elementary)	I	84.287C	FC4100012172	October 1, 2023- Sept. 30, 2024	N/A	39,528	39,528	-	-
21 st Century - Cohort 11	I	84.287C	FC4100012172	November 1, 2023-Oct 31, 2024	N/A	16,255	16,255	-	-
21 st Century - Cohort 11	I	84.287C	FC4100012172	November 1, 2024-Oct 31, 2025	N/A	17,407	-	51,309	33,902
Total 21st Century Cluster:						<u>73,190</u>	<u>55,783</u>	<u>51,309</u>	<u>33,902</u>
TOTAL U.S. DEPARTMENT OF EDUCATION						<u>\$ 2,532,807</u>	<u>\$ 1,501,252</u>	<u>\$ 1,494,395</u>	<u>\$ 462,840</u>
TOTAL FINANCIAL ASSISTANCE						<u>\$ 3,206,678</u>	<u>\$ 1,500,358</u>	<u>\$ 2,177,808</u>	<u>\$ 471,488</u>
LESS: STATE AWARDS						<u>(27,804)</u>	<u>-</u>	<u>(27,804)</u>	<u>-</u>
TOTAL FEDERAL AWARDS						<u>\$ 3,178,874</u>	<u>\$ 1,500,358</u>	<u>\$ 2,150,004</u>	<u>\$ 471,488</u>
SOURCE CODES:									
	I	- INDIRECT							
	S	- STATE							

CHESTNUT RIDGE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

The schedule of expenditures of federal awards includes the federal grant activity of the Chestnut Ridge School District and is prepared under the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NOTE 2 VALUE OF USDA DONATED COMMODITIES INVENTORY

Inventories are accounted for under the first-in, first-out method. Purchased commodities are valued at fair value. Donated commodities are based on USDA valuations.

NOTE 3 INDIRECT COST RATE

For the year ended June 30, 2025, Chestnut Ridge School District did not elect to use the 10% de minimus indirect cost rate as allowed in the Uniform Guidance, section 414.

NOTE 4 AMOUNTS PASSED TO SUBRECIPIENTS

Chestnut Ridge School District did not provide federal awards to subrecipients during the year ended June 30, 2025

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

Board of Directors
Chestnut Ridge School District
Fishertown, Pennsylvania

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Chestnut Ridge School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Chestnut Ridge School District's basic financial statements, and have issued our report thereon date January 14, 2026.

Internal Control over Financial Reporting

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

Compliance and Other Matters

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

Purpose of this Report

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

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WESSEL & COMPANY
Certified Public Accountants

January 14, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH UNIFORM GUIDANCE**

Board of Directors
Chestnut Ridge School District
Fishertown, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Chestnut Ridge School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chestnut Ridge School District's major federal programs for the year ended June 30, 2025. Chestnut Ridge 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, Chestnut Ridge 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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Chestnut Ridge 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 Chestnut Ridge 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 Chestnut Ridge 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 Chestnut Ridge 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 GAAS, *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 Chestnut Ridge School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Chestnut Ridge 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 Chestnut Ridge 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 Chestnut Ridge 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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.

A handwritten signature in blue ink that reads "Wessel & Company". The signature is written in a cursive, flowing style.

WESSEL & COMPANY
Certified Public
Accountants

January 14, 2026

**CHESTNUT RIDGE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

SUMMARY OF AUDITOR'S RESULTS

Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X Yes _____ No

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CHESTNUT RIDGE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2025

NONE

CHESTNUT RIDGE SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2025

NONE NECESSARY

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APPENDIX D
Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

Re: CHESTNUT RIDGE SCHOOL DISTRICT,
Bedford County, Pennsylvania
\$ __, __, __ General Obligation Bonds, Series of 2026
Dated _____, 2026

_____, 2026

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by CHESTNUT RIDGE SCHOOL DISTRICT, Bedford County, Pennsylvania (the “Issuer”), in connection with the issuance of its \$ __, __, __, aggregate principal amount, General Obligation Bonds, Series of 2026, dated _____, 2026 (the “Bonds”). The Bonds are being issued pursuant to a Resolution duly enacted by the governing body of the Issuer (the “Resolution”). The Issuer makes the following certifications and representations as an inducement to the Participating Underwriters and others to purchase the Bonds:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of Bondholders 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 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 filed by the Issuer pursuant to, and as described in, Section 3(a) of this Disclosure Certificate.

“Bondholder” shall mean any registered owner of the Bonds or any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding through any nominee, securities depository or other intermediary) or (ii) is treated as the holder of any Bonds for federal income tax purposes.

“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 or required by law or executive order to close.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

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

“Listed Events” shall mean any of the events listed in Section 3(c) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the final official statement relating to the Bonds prepared by or on behalf of the Issuer and distributed in connection with the offering and sale of the Bonds by the Participating Underwriters.

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

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

“SEC” shall mean the United States Securities and Exchange Commission.

SECTION 3. Required Filings. The Issuer will file with the MSRB:

(a) **Annual Reports**. Annually, not later than **April 1st** following the close of each of the Issuer’s fiscal years, beginning with its fiscal year ending June 30, 2026, the following financial information and operating data for the Issuer:

- i. financial statements for the most recent fiscal year (unaudited, if the annual audit is not yet available) prepared in accordance with generally accepted accounting principles for local government units;
- ii. a summary of the budget for the current fiscal year (i.e., the fiscal year following the fiscal year of the financial statements being provided in accordance with the preceding subparagraph (i)); and
- iii. an annual update of the operating data contained in the Official Statement under “TABLE 6: CHESTNUT RIDGE SCHOOL DISTRICT TAX RATES”, “TABLE 8: CHESTNUT RIDGE SCHOOL DISTRICT REAL PROPERTY ASSESSMENT DATA”, “TABLE 11: CHESTNUT RIDGE SCHOOL DISTRICT REAL PROPERTY TAX COLLECTION DATA” AND “TABLE 12: CHESTNUT RIDGE SCHOOL DISTRICT TEN LARGEST REAL PROPERTY TAXPAYERS”.

(b) **Audited Financial Statements**. If not submitted as part of the annual financial information of the Issuer in accordance with subparagraph (a) above, then when and if available, audited financial statements of the Issuer.

(c) **Notice of Listed Events**. In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the Issuer will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults, if material;
- iii. unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. unscheduled draws on credit enhancements reflecting financial difficulties;
- v. substitution of credit or liquidity providers, or their failure to perform;
- vi. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- vii. modifications to rights of holders of the Bonds, if material;
- viii. bond calls, if material, and tender offers;
- ix. defeasances;
- x. release, substitution, or sale of property securing repayment of the Bonds, if material;
- xi. rating changes;
- xii. bankruptcy, insolvency, receivership or similar event of the Issuer;
- xiii. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- xiv. appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- xv. incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- xvi. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(Note: The events listed above are those specified in the Rule, not all of which may be relevant to the Bonds.)

(d) ***Notices of Late Filing of Annual Information.*** If the Issuer has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3(a) above, the Issuer will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the Issuer expects to file the Annual Report.

SECTION 4. Form of Annual Reports. Each Annual Report may be submitted as a single document or as separate documents comprising a package. Any or all of the items listed above in Section 3(a) may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities which have been filed with MSRB or with the Securities and Exchange Commission. If the document incorporated by reference is a final official

statement, it must be available from the MSRB. The Issuer shall clearly identify each other document so incorporated by reference.

SECTION 5. Notice of Other Events. The Issuer may from time to time choose to provide notice of the occurrence of certain other events affecting the Bonds or the Issuer, in addition to those listed in Section 3(c) above, if, in the judgment of the Issuer, such other event is material with respect to the Bonds, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed in Section 3(c) above.

SECTION 6. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB.

As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using the MSRB's Electronic Municipal Market Access System ("EMMA") at <http://emma.msrb.org>.

SECTION 7. Dissemination Agent. The Issuer 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 Bondholders.

SECTION 8. Termination of Disclosure Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the Issuer no longer remains an "obligated person" with respect to the Bonds, within the meaning of the Rule.

SECTION 9. Certain Rights Reserved. The Issuer reserves the right to modify from time to time the specific types of information provided in accordance with Section 3(a) above 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 Issuer or its operations or financial reporting, but the Issuer will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer 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 Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and Bondholders, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the Issuer causes this Continuing Disclosure Certificate to be executed on its behalf by the (Vice) President of the Board of School Directors of the Issuer, all as of the date set forth above.

CHESTNUT RIDGE SCHOOL DISTRICT,
Bedford County, Pennsylvania

By: _____
(Vice) President of the Board of School Directors

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APPENDIX E
Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)